

# 2019-22 Strategic Plan

13 March 2019  
Zurich



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# Investor Update 2019 – Agenda

Topic	Speaker
2019 – 2022 strategic plan & financial projections	<b>Giorgio Pradelli, Chief Executive Officer Dimitris Politis, Chief Financial Officer</b>
Q&A	

Break

Investment Solutions & Global Markets	Renato Cohn, Deputy CEO & Head of Investment Solutions
Operations & Technology	Christian Flemming, Chief Operating Officer
Risk	Ranjit Singh, Chief Risk Officer

Break

Switzerland & Italy Region	Franco Polloni, Head of Switzerland & Italy Region
Asia Pacific Region	Albert Chiu, Head of Asia Pacific Region
Continental Europe Region	Adrian Kyriazi, Head of Continental Europe Region
Latin America Region	Marcelo Coscarelli, Head of Latin America Region
UK Region	Richard Thomas, Head of UK Region
Wrap-up Q&A	Giorgio Pradelli, Chief Executive Officer

# 2019-22 Strategic Plan

Giorgio Pradelli – Chief Executive Officer

# 2019-22: Profitable growth and effective capital deployment

- **EFG is emerging stronger** from BSI acquisition
- **EFG's business model is distinctive** in the current private banking environment
- **Our execution engine** is now shifting focus towards **profitable growth**
- **Financial targets** 2019-22: Significant **profitable growth** and effective **capital deployment**

## Financial targets 2022

<b>NNA growth</b>	4-6% average <sup>1</sup>
<b>Revenue margin</b>	85 bps
<b>Cost-income ratio</b>	72-75%
<b>RoTE</b>	>15%

**Our solid capital position and profitable growth give us optionality to consider acquisitions to:**

- Increase critical mass in existing markets
- Increase exposure to markets with superior growth potential

Note: Financial targets include Shaw and Partners

<sup>1</sup> Compound Annual Growth Rate (CAGR) over the four-year period

Investor Update 2019

# EFG is emerging stronger from BSI acquisition

# EFG is emerging stronger from integration



## Increased scale

- AuM up from CHF 83 bn in 2015 to CHF 146<sup>1</sup> bn as of today, positioning EFG among the top 10 Swiss private banks
- Migrated to one single platform



## Strong capital position

- Increased total capital ratio from 15.7% in 2015 to 21.6% in 2018



## De-risked portfolio

- Completed de-risking process: voluntarily exiting client relationships not in line with EFG's risk appetite
- Implemented unified risk and compliance framework



## Strong leadership team

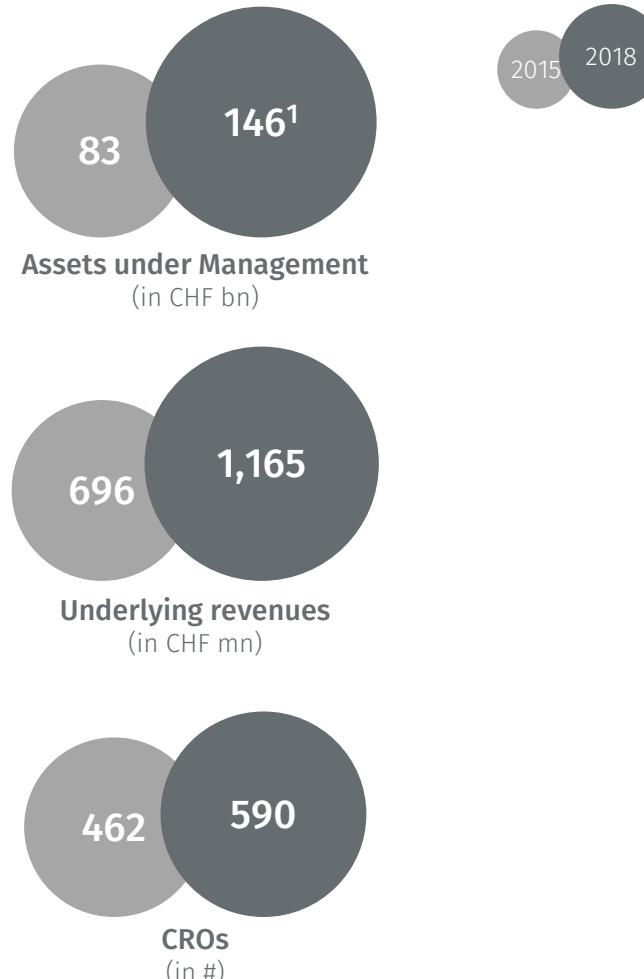
- Strengthened top management, with 8 recent appointments in the top roles
- Streamlined governance structure

<sup>1</sup> Adjusted to include Shaw and Partners and EFG as of 28 February 2019

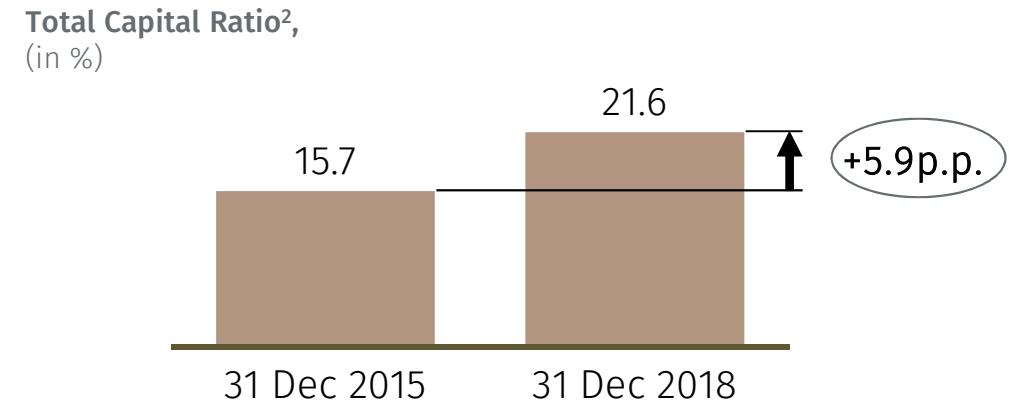
Investor Update 2019

# Among top 10 Swiss private banks with strong capital generation and a de-risked portfolio

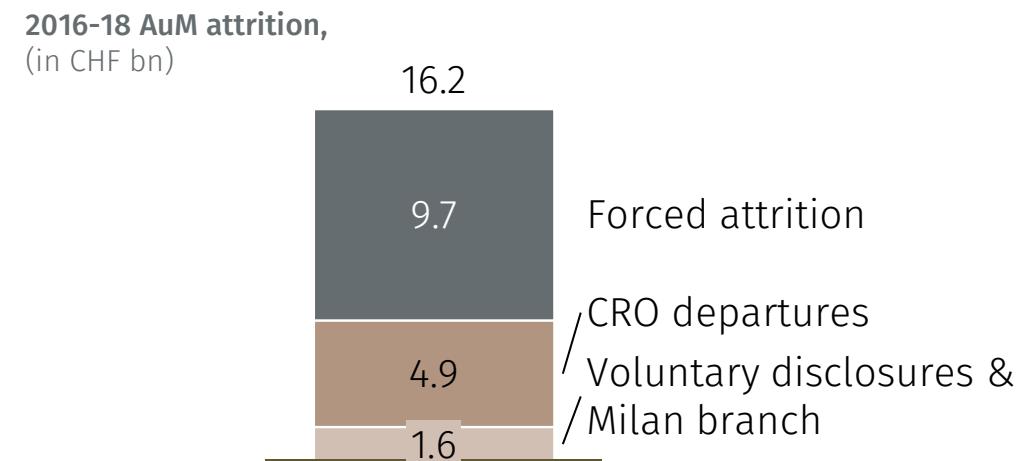
## Improved scale and competitive market position



## Stronger capital generation



## Significant efforts in de-risking the portfolio



<sup>1</sup> Adjusted to include Shaw and Partners as of 28 February 2019

<sup>2</sup> Swiss GAAP fully applied

# Stronger leadership team and enhanced governance

**8 leaders recently joined or have been appointed to new roles within the top team**

## Global Business Committee

### Executive Committee



**Chief Executive Officer**  
Giorgio Pradelli



**Deputy CEO & Head of Investment Solutions**  
Renato H. Cohn



**Chief Financial Officer**  
Dimitris Politis



**Chief Operating Officer**  
Christian Flemming



**Chief Risk Officer**  
Ranjit Singh



**Chief Compliance Officer**  
Yves Aeschlimann



**Head of Switzerland & Italy Region**  
Franco Polloni



**Head of Continental Europe Region**  
Adrian Kyriazi



**Head of UK Region**  
Richard Thomas



**Head of Latin America Region**  
Marcelo Coscarelli



**Head of Asia Pacific Region**  
Albert Chiu



**Private Banking Chairman**  
Anthony Cooke-Yarborough



**Head of Global Markets**  
Maurizio Moranzoni



**Chief Technology Officer**  
Mark Bagnall

EFG's business model is distinctive  
in the current private banking environment

# EFG operates in an attractive market

## Private banking is an attractive industry

**CHF  
63 tn**

HNW  
Personal  
Financial  
Assets (PFA)<sup>1</sup>

**>10%**

RoE for  
private  
banks,  
above cost  
of capital

## Global wealth will continue to grow, in a volatile environment

**6%** Growth of  
HNW PFA<sup>1</sup> until  
2022

**55%**

Higher  
volatility  
index  
YTD 2019 vs  
2017

## Different dynamics between emerging and mature markets

**~3-5%**

Growth of  
HNW PFA<sup>1</sup>  
p.a. in  
**mature**  
markets  
until 2022

**~7-10%**

Growth of  
HNW PFA<sup>1</sup>  
p.a. in  
**emerging**  
markets  
until 2022

## Transparency and compliance as key competitive factors

- New regulations triggering **additional disclosures to clients**
- Solid **risk and compliance framework essential** for profitable growth

<sup>1</sup> Personal financial assets > USD 1 mn

SOURCE: McKinsey Wealth Pools 2018, Bloomberg

We want to be a leading Swiss private bank, renowned for its distinctive client and CRO approach

## Our vision

**What we aspire to be**

“We want to be a leading Swiss private bank renowned for its unique client approach.”

## Our mission

**What we do**

“We are a pure-play private bank, offering comprehensive, first-class investment, wealth, and credit solutions to private and institutional clients on a global scale.”

# What EFG stands for...

**Swiss pure-play  
private bank  
with a global  
presence...**

**... renowned for  
its distinctive  
client  
approach....**

**... and impartial  
product and  
service offering  
to clients**

**Local know-how  
in a global network**

**Strong client focus  
of EFG CROs**

**Comprehensive  
client solutions**

# What EFG stands for... clients perspective

## EFG serves clients with impartial advice and agility

Our  
clients...

- ...have a **trust-based partnership** with CROs
- ...enjoy continuity and **long-term relationships** with CROs with no forced market segmentation
- ...benefit from a **wide array of products and services** given EFG's open platform complemented by significant in-house expertise
- ...receive **impartial and independent advice** based on individual needs with no conflict of interest
- ...profit from the **agility** of an organisation which is **focused** on providing fast answers

# What EFG stands for... CROs perspective

## EFG serves clients with impartial advice and agility

Our  
CROs...

- ...can build long-term and trust-based partnerships with clients, given that **continuity of client relationships** is guaranteed
- ...can provide truly independent and impartial advice as well as **tailored solutions** to fulfill clients needs
- ...have possibility to **serve clients locally** while giving them access to **EFG's entire global network**
- ...can build **their own team** and have their **individual P&L**
- ...enjoy a transparent **compensation model** linked to performance and conduct
- ...are supported by a team of **dedicated specialists**
- ...operate in a **transparent risk and compliance framework**

# Cornerstones of EFG's CRO model

## Focus on superior service

- Clients are at the heart of everything we do
- Highly experienced and entrepreneurial CROs

## Long-term client relationships and stability

- Longstanding relationships between CROs and clients
- We build our business around people, not products or services

## Open architecture

- Truly independent and impartial advice as well as tailored solutions to fulfill client needs

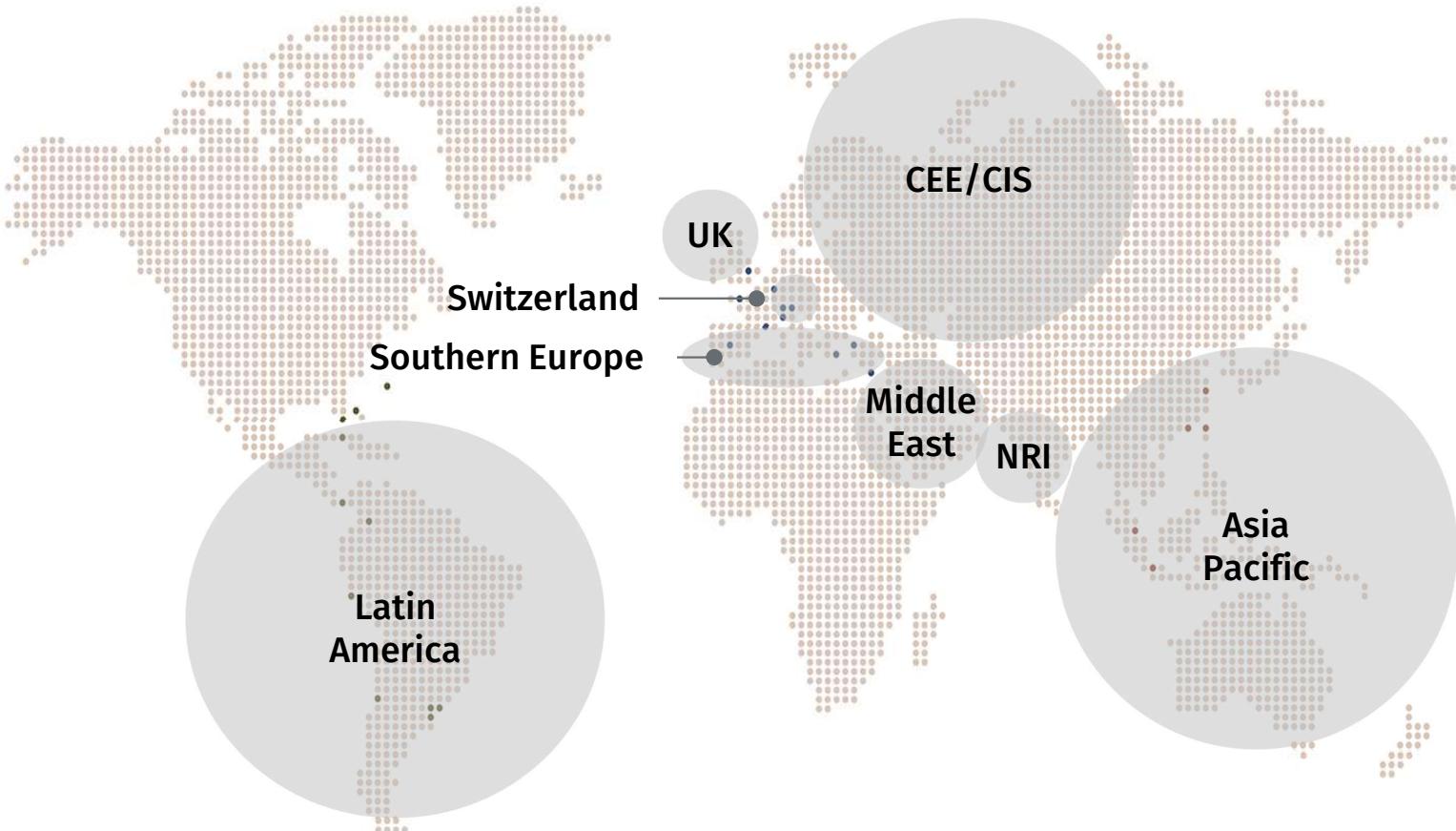
## No forced market segmentation

- CROs focus on a specific region, leveraging expertise and know-how
- CROs develop their own client portfolio

## Distinctive and transparent compensation model

- CRO's variable compensation linked to performance and conduct

# Clear set of target markets



## Main offshore target markets:

- Asia Pacific
- NRI
- Middle East
- CEE / CIS
- Southern Europe
- Latin America

## Main onshore target markets:

- Switzerland
- UK
- Spain
- Italy
- Australia

# Specific target clients served by dedicated solutions

## Clear target clients

Ultra-high-net-worth (UHNW)<sup>1</sup>

- Tailored advisory
- Tailored investment and real estate financing
- Sophisticated trading and direct access
- Succession planning
- Personal wealth structuring

High-net-worth (HNW)<sup>2</sup>

- Tailored financial advisory
- Investment and real estate financing
- Trading and market access
- Succession planning

## EFG's dedicated solutions

Discretionary Solutions

Advisory Solutions

New Capital Strategies

Global Markets Access Capability

Structured Products

Investment Finance Solutions

Real Estate Finance Solutions

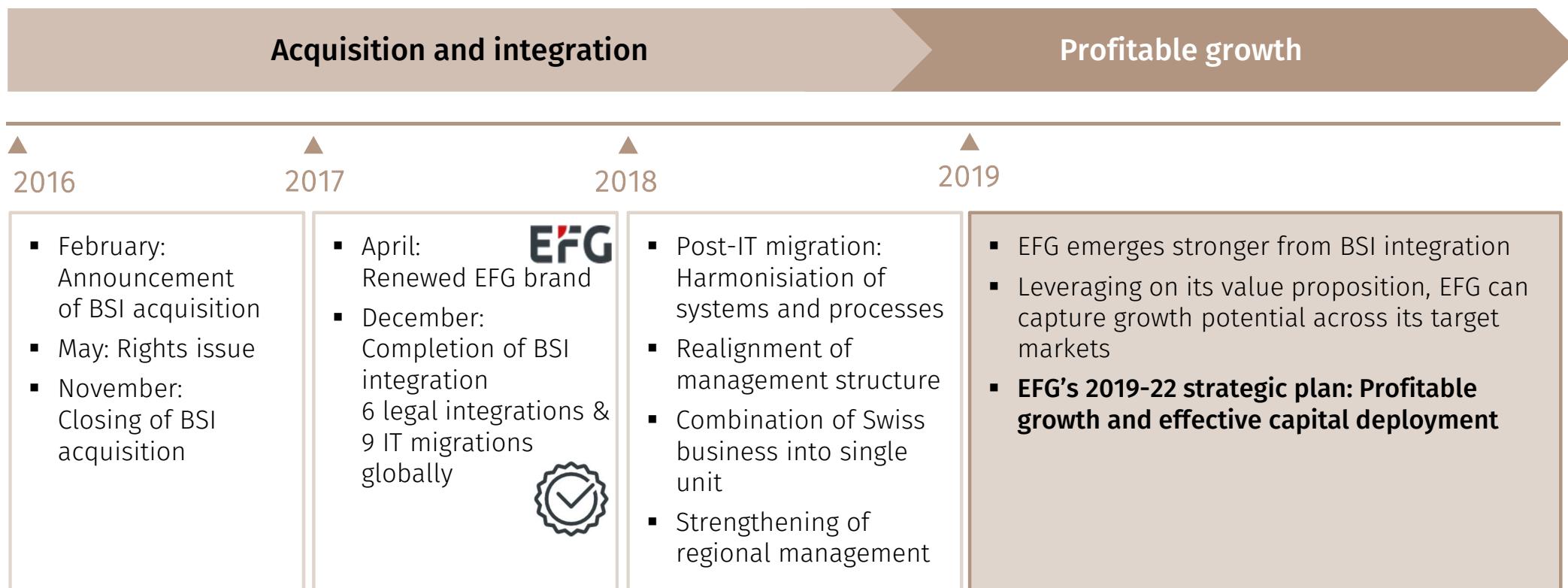
Wealth Solutions

- >280 **Investment Solutions professionals** globally

- >70 **Global Markets professionals** globally

Our execution engine is now shifting focus towards profitable growth

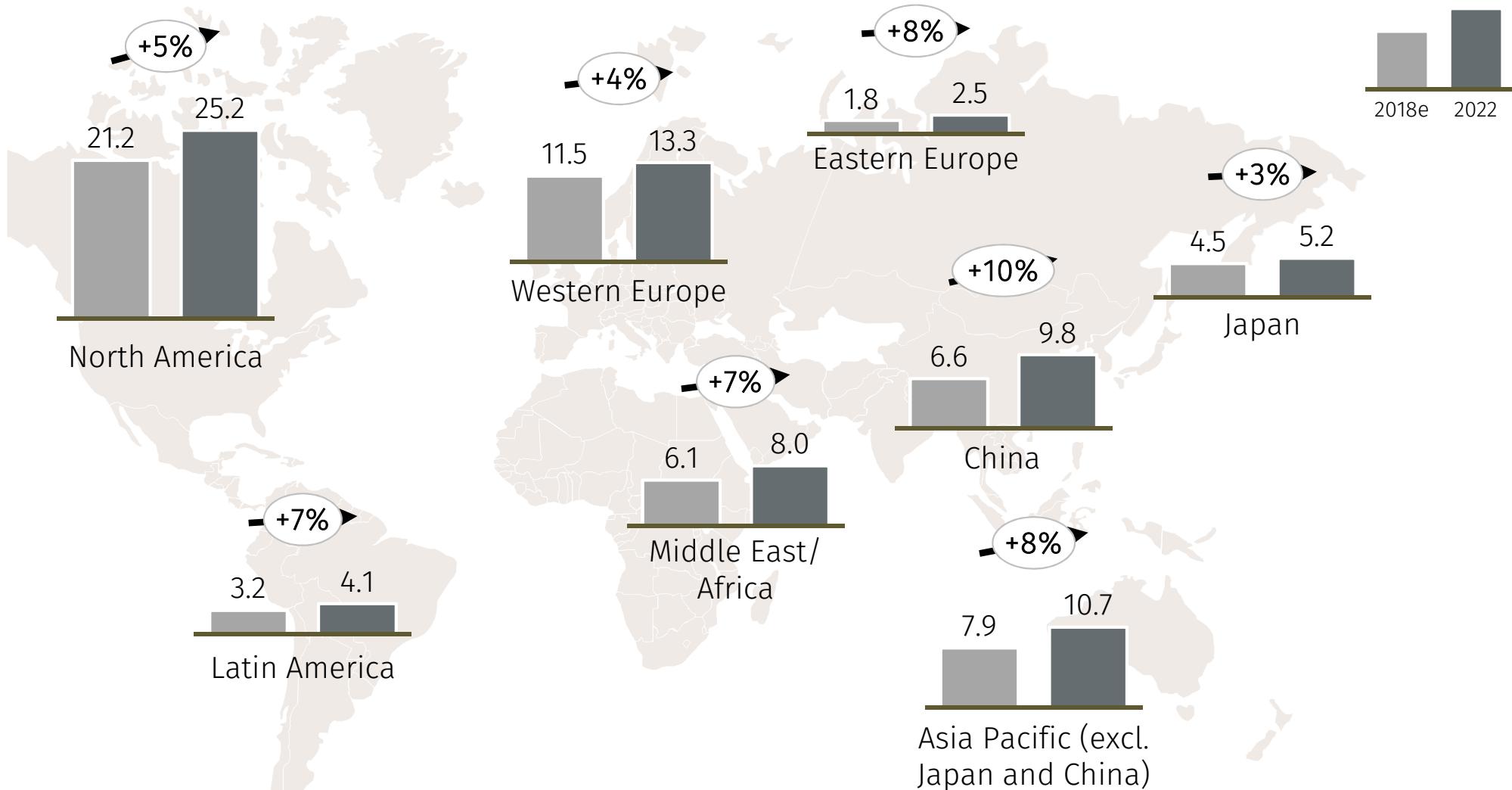
# Shifting focus from integration to profitable growth



# Global wealth will continue to grow...

...with 3-5% in mature markets and 7-10% in emerging markets

HNW personal financial assets<sup>1</sup>, CHF tn



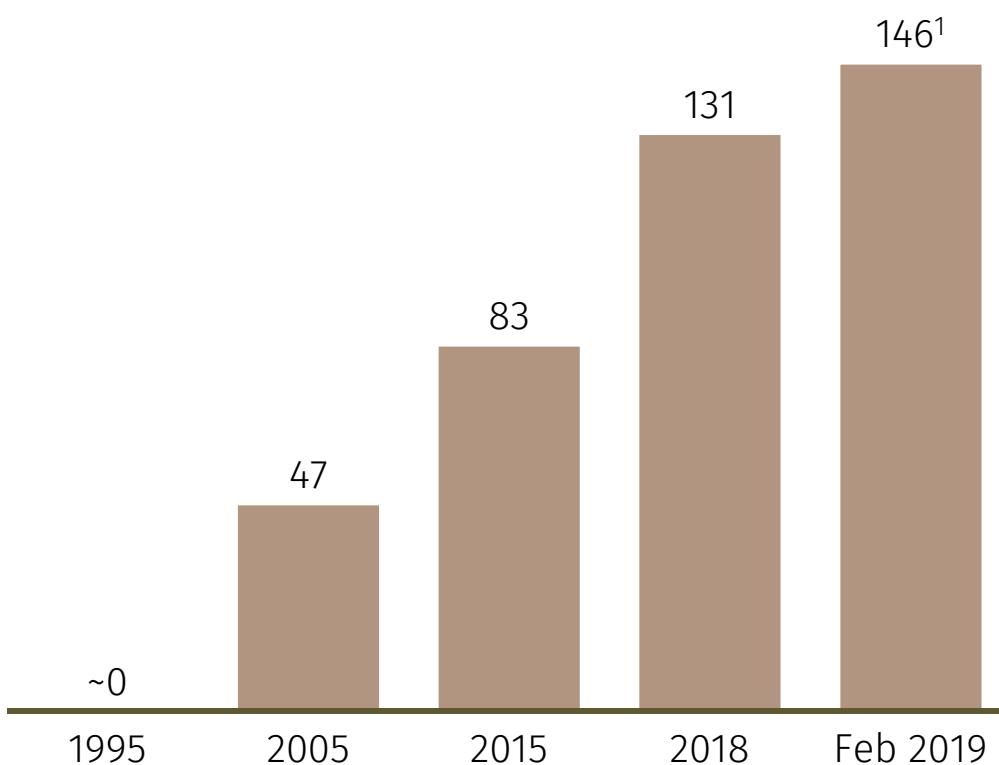
<sup>1</sup> Personal financial assets > USD 1 mn

SOURCE: McKinsey Wealth Pools 2018

# Growth has always been part of our DNA

## Strong historical AuM growth track record

Assets under Management  
(in CHF bn)

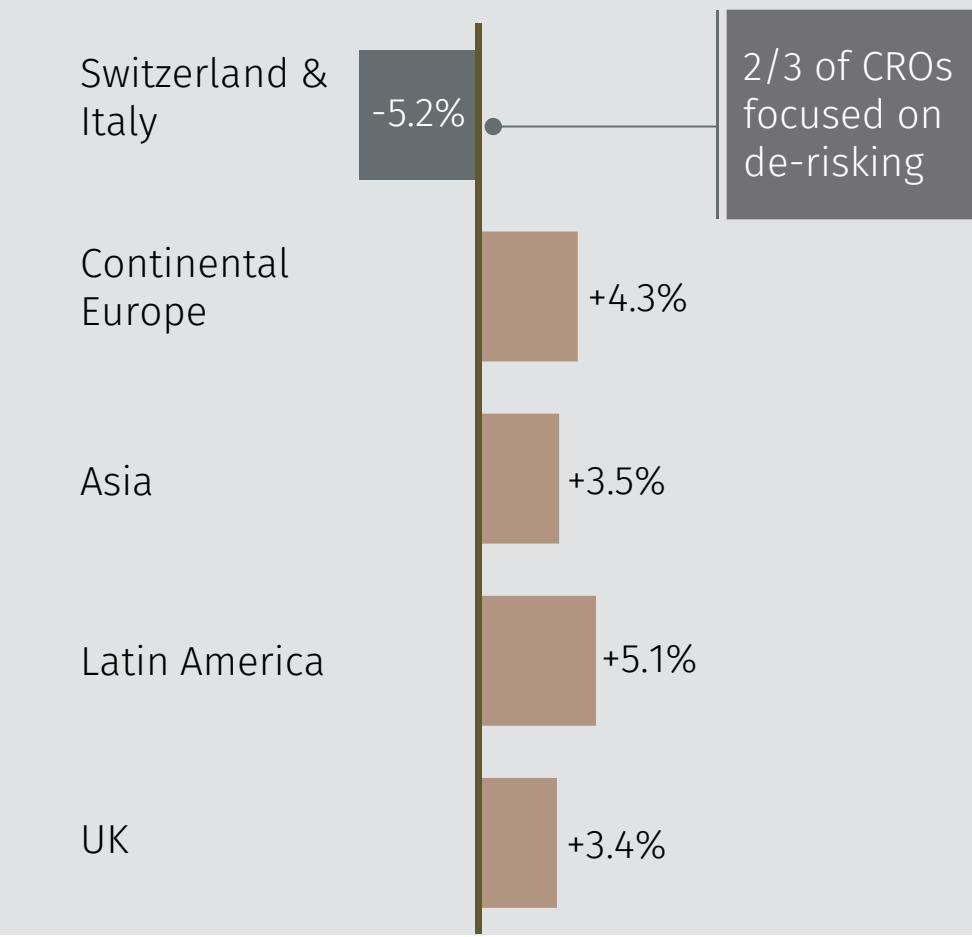


<sup>1</sup> Adjusted to include Shaw and Partners and EFG as of 28 February 2019

Investor Update 2019

## In 2018, all regions were within target, except Switzerland & Italy

Underlying NNA growth, 2018  
(in %)



# Business development initiatives

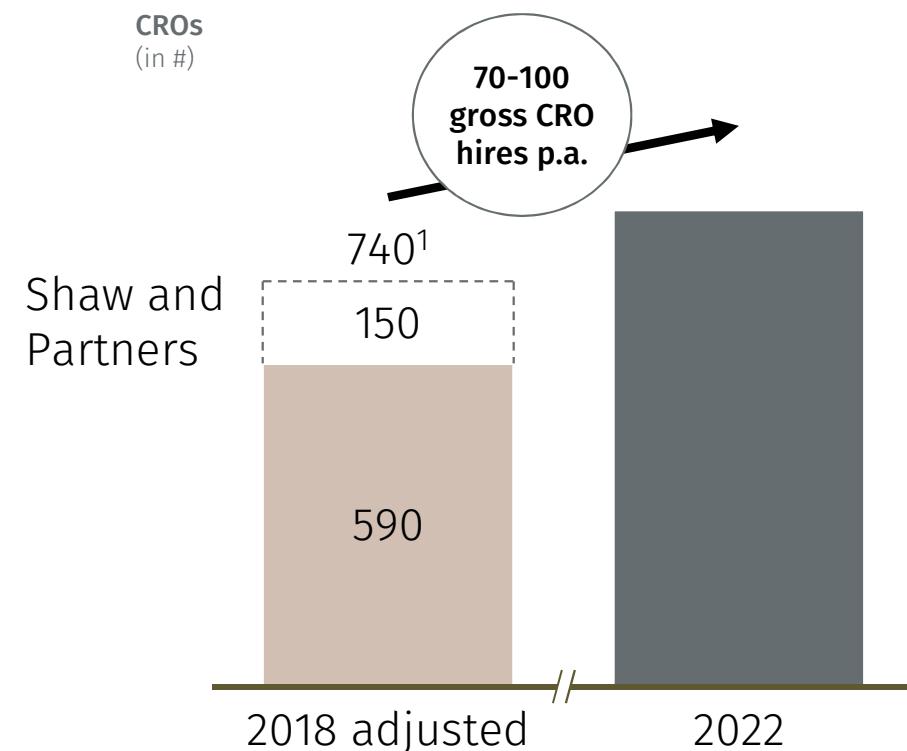
CRO growth	<ul style="list-style-type: none"><li>▪ <b>Hiring of CRO teams as a top priority</b></li></ul>
CRO productivity	<ul style="list-style-type: none"><li>▪ <b>Increase average portfolio size</b> covered by existing CROs</li><li>▪ <b>Improve penetration of high-margin products</b>, leveraging Investment Solutions as well as Global Markets access capabilities</li></ul>
Switzerland back to growth	<ul style="list-style-type: none"><li>▪ <b>Improve Switzerland commercial performance</b> by re-focusing CRO teams from de-risking to growth and new initiatives</li></ul>
New business initiatives in selected markets	<ul style="list-style-type: none"><li>▪ Open a <b>branch in Milan</b> in 1Q 2019</li><li>▪ Set up a <b>branch in Portugal</b> in 2Q 2019</li><li>▪ Expand <b>Middle East activities</b> in UAE in 3Q 2019</li><li>▪ Seize the opportunity in <b>Brazil</b>, building on our partnership with BTG</li><li>▪ Further develop <b>Independent Asset Manager (IAM)</b> segment</li></ul>
External growth	<ul style="list-style-type: none"><li>▪ <b>Play an active role in industry consolidation</b><ul style="list-style-type: none"><li>- Add-on acquisitions in existing locations to increase critical mass</li><li>- Increase exposure in new markets with superior growth</li></ul></li></ul>

# Hiring of CRO teams as top priority

Return to pre-acquisition hiring rates: 70-100 new CROs per annum

- Set up Strategic Recruiting Team, fully dedicated to CRO team hiring
- CRO hiring as a critical **KPI for Global Business Committee (GBC) members and Heads of Private Banking**

Over 50 new CROs already signed or approved in 2019 YTD

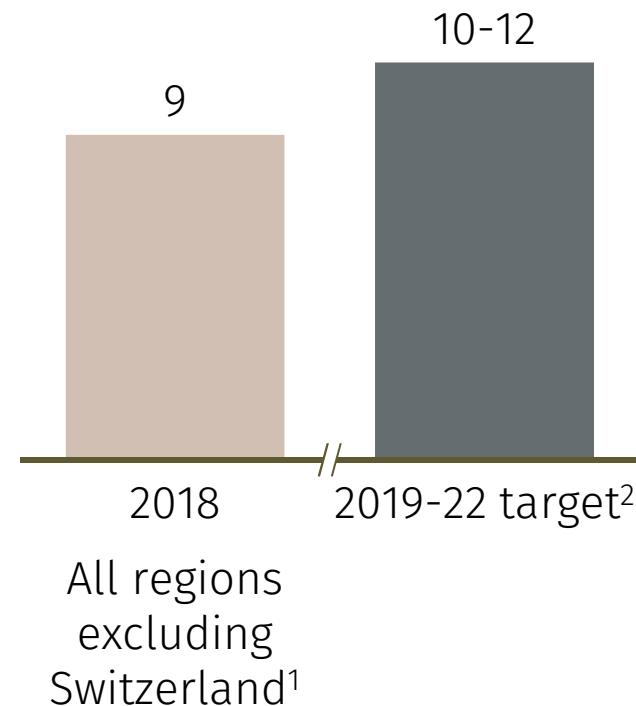


<sup>1</sup> Adjusted to include Shaw and Partners as of 28 February 2019 and EFG as of 31 December 2018

# Capturing upside potential in CRO productivity

- Systematically manage **CROs' client pipeline**
- **Strengthened role of “Head of Private Banking”,** focused on driving commercial performance
- **Creation of the new “Team Leader” role,** focused on CRO coaching and business development
- Strengthen **collaboration** and transmission mechanism between **Investment Counsellors and CROs**

**Underlying NNA/CRO in 2018**  
(in CHF mn)



Note: Excludes Shaw and Partners

1 Includes Asia, Continental Europe, Latin America, UK

2 Average yearly NNA / CRO at group level

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# Switzerland back to growth

## Almost tripling the commercial capacity in Switzerland

- **Refocus CRO teams from de-risking to business development** (from ~60 to 187 CROs)
- **Increase penetration of Swiss HNW residents**, leveraging our domestic platform
- Strengthen coverage of **Independent Asset Manager (IAM)** segment in Switzerland

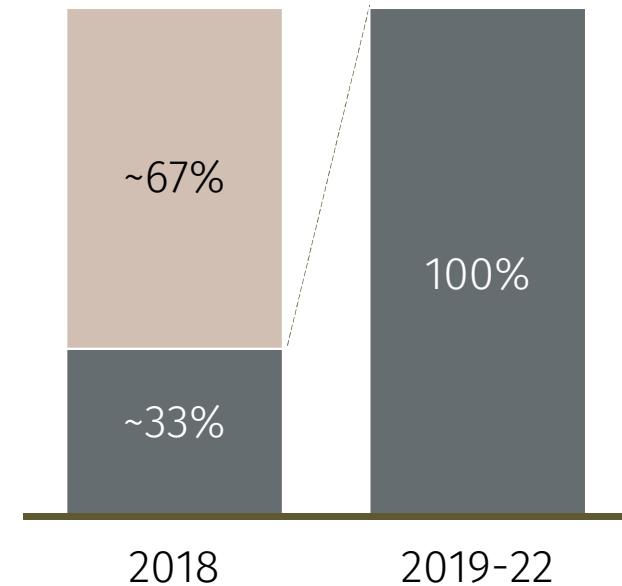
CRO focus  
(in %)

De-risking

~67%

Business  
development

~33%



# Extending our international footprint



Open branch in **Milan** to serve onshore Italian clients  
(opening in 1Q 2019)



Set up branch in **Portugal** (opening in 2Q 2019)



Expand **Middle East activities in UAE** (opening in 3Q 2019)



Seize the **opportunity in Brazil**, building on our **partnership with BTG**

AuM ambition for 2022  
(in CHF bn)

~3



~1.5



~3



~1.5



# Complementing organic with external growth

## Playing an active role in the private banking market consolidation

Targets	Current markets	<ul style="list-style-type: none"><li>▪ <b>Add-on acquisitions</b> to increase critical mass (including asset deals)</li></ul>
	New markets	<ul style="list-style-type: none"><li>▪ <b>Increase exposure</b> to markets with <b>superior growth potential</b></li></ul>
Valuation criteria		<ul style="list-style-type: none"><li>▪ RoI value accretive in 3 years</li></ul>

# Key initiatives to enable growth

## Investment Solutions and Global Markets

- **Increase penetration** of high-margin products
- Unlock potential of **Global Markets capabilities**, providing direct market access to clients

## Operations and technology

- Increase **operational efficiency** of our platform
- **Refocus technology towards digital solutions**, aimed at improving client and CRO tools

## People and talent

- Strengthen **corporate culture**
- Attract, develop and retain talent **while fostering diversity**

## Brand

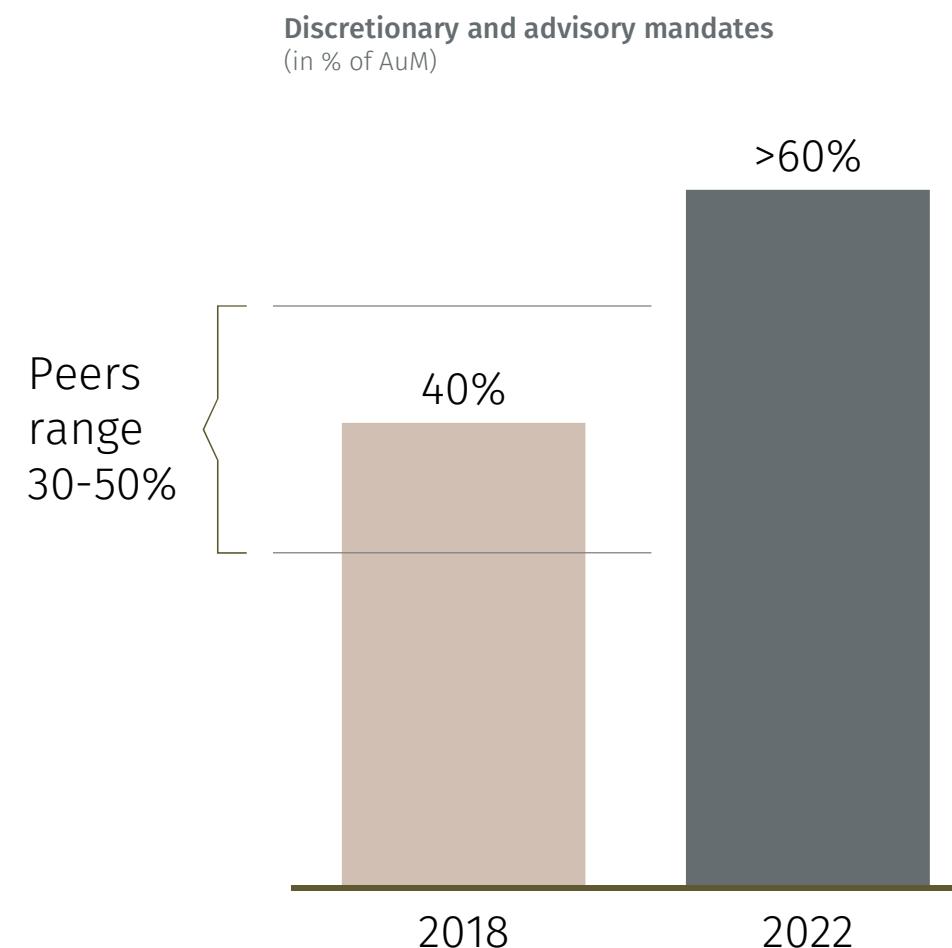
- Continue to build brand awareness **across all EFG locations**
- Leverage digital marketing **capabilities**

## Risk and compliance

- Leverage our **unified risk and compliance framework** for risk control and preemption

# Increasing penetration of high-margin products

- Fully deploy **discretionary** mandates and **advisory** solutions
- Increase number of **Investment Counsellors** and connect them with CROs and clients
- Deploy Digital Advisory Tool to **improve client and CRO experience**
- Unlock potential of **Global Market capabilities and structured products**

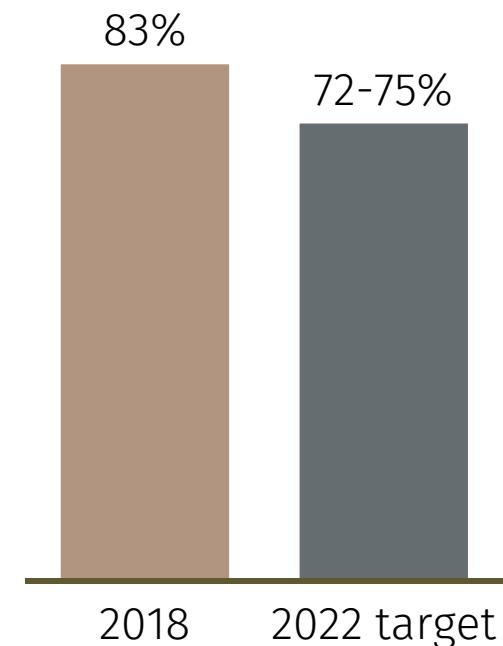


# Increasing efficiency of operating platform

## Operational efficiency

- Re-engineer our processes through streamlining, automation, centralisation to improve client and CRO experience
- Review of personnel and non-personnel G&A expenses
- Further rationalise booking centres

Cost-income ratio  
(in %)



## Digital solutions

- Improve client and CRO experience (Investment Advisory Tool, mobile solutions)
- Further improve digital processes (new account opening process, new credit approval)
- Empower front line to make better use of data to generate commercial leads

# Fostering people, talent and brand

## People

- Encourage **entrepreneurial thinking** across our employees globally
- Fully embed our **corporate values** in key HR processes
- Foster common **corporate culture** through internal communication
- Launch dedicated initiatives to fully value **diversity and inclusion**
- Run a regular **employee survey** to further improve organisational health

## Talent

- Enhance our group-wide **talent & leadership development** programmes
- Nurture junior talent through **new graduate programme** and secondments
- Define a clear **succession plan**, focused on CEO-2 positions

## Brand

- Continue to build **brand awareness** across our core markets
- Leverage **digital marketing capabilities**

# 2022 financial targets

**NNA growth**

4-6%  
average<sup>1</sup>

**Revenue margin**

85 bps

**Cost-income ratio**

72-75%

**RoTE**

>15%

**Capital management guidance**

Minimum CET1 ratio: 14%<sup>2</sup>

Dividend payout: 50%<sup>3</sup>

Note: Financial targets and capital management guidance include Shaw and Partners

1 Compound Annual Growth Rate (CAGR) over the four-year period

2 Based on Swiss GAAP

3 Based on underlying net profit

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# Long-Term Incentive Plan to further align interests with shareholders

- Proposal to introduce a **Long-Term Incentive Plan (LTIP) for senior management<sup>1</sup>**, subject to **achieving medium-term targets**
- **Vesting in 2022, 2023 and 2024**
- **100% Restricted Stock Units**
- **Profitability and growth targets** in line with EFG risk appetite
- **Base case: 8 million shares** (<3% of current shares)
  - Increased incentives for outperformance
  - Penalty for underperformance
  - LTIP forfeited in case of specific minimum financial or business targets are not achieved

# 2019-22 financial targets

Dimitris Politis – Chief Financial Officer

# 2022 financial targets

**NNA growth**

4-6%  
average<sup>1</sup>

**Revenue margin**

85 bps

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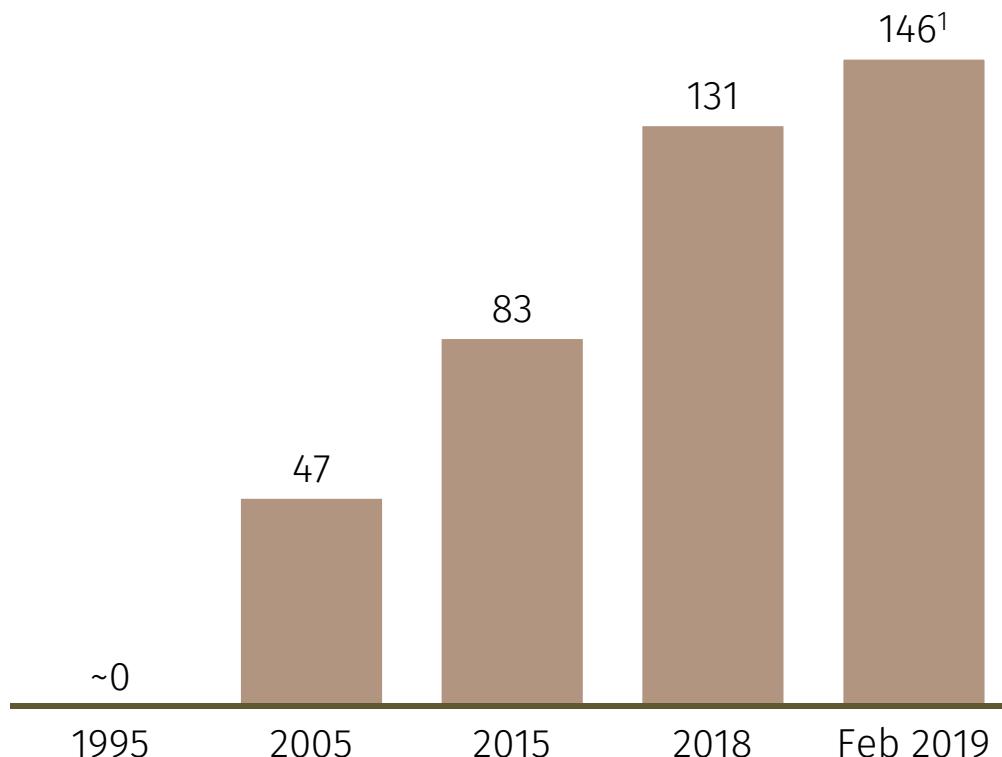
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# Substantial AuM growth potential

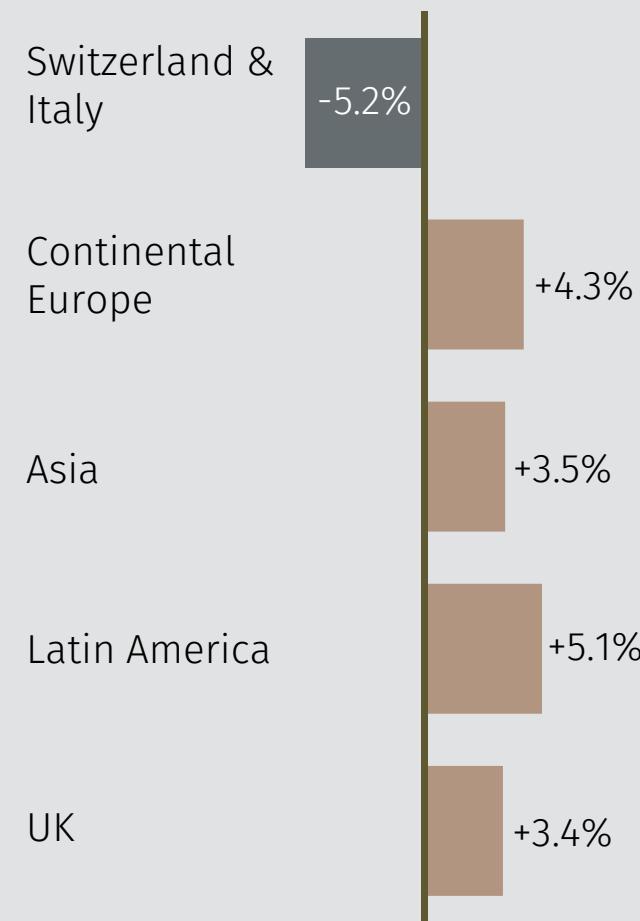
**Growth has always been part of our DNA**

Assets under Management  
(in CHF bn)



**In 2018, all regions were within target, except Switzerland & Italy**

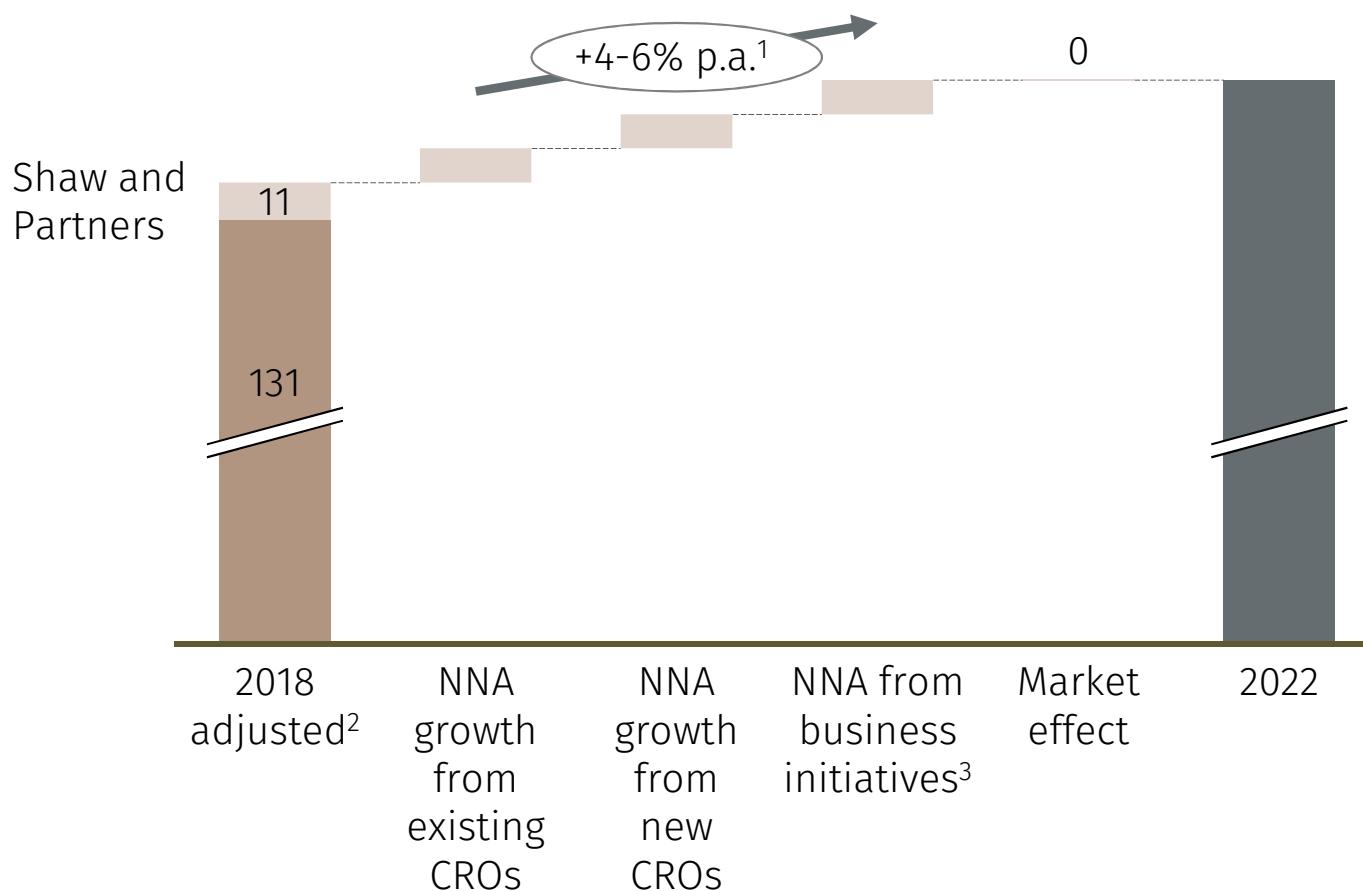
Underlying NNA growth, 2018  
(in %)



<sup>1</sup> Adjusted to include Shaw and Partners and EFG as of 28 February 2019

# Growth targets: 4-6% NNA average growth

**AuM evolution and NNA growth**  
(in CHF bn)



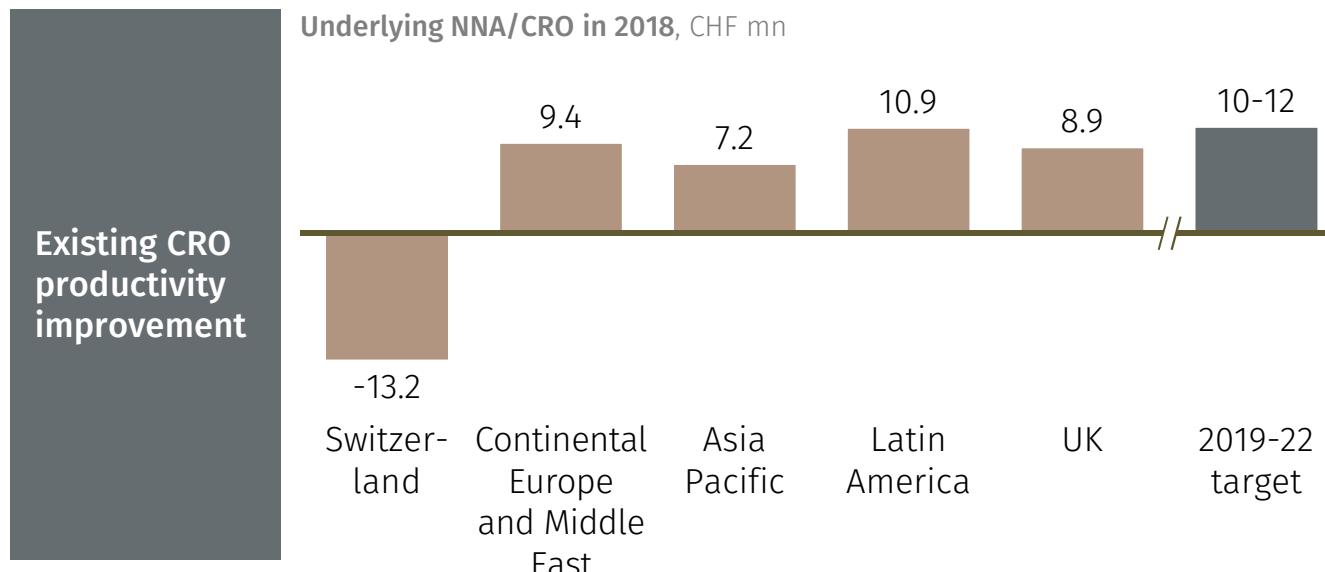
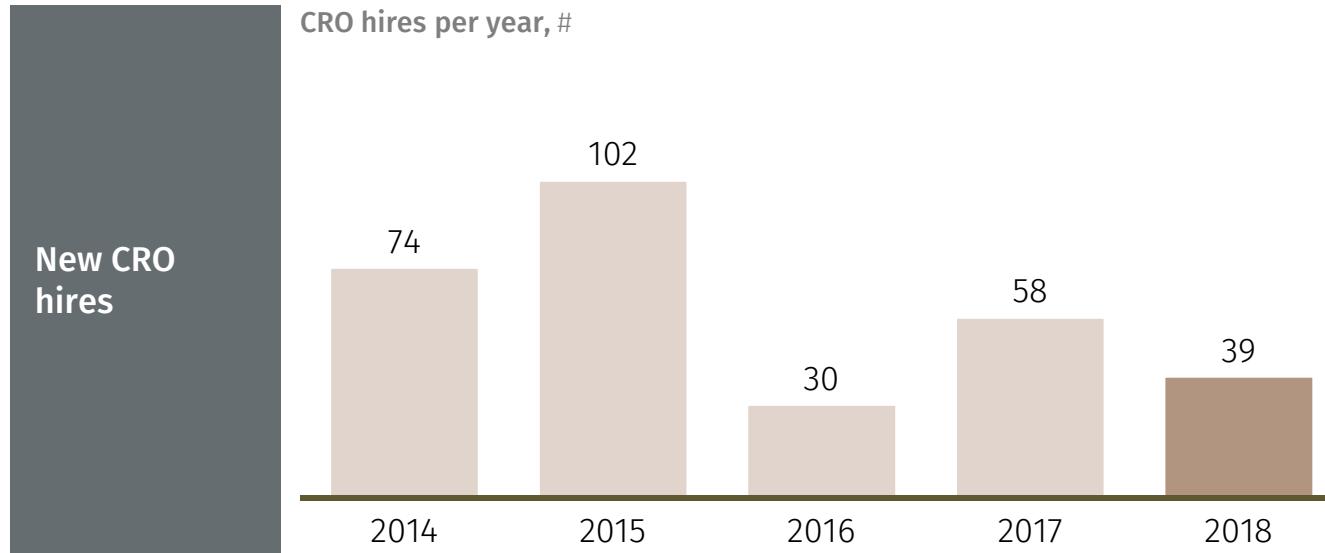
- Balanced approach to growth, based on multiple levers
- AuM growth does not assume any market effects
- Excludes future acquisitions

<sup>1</sup> Compound Annual Growth Rate (CAGR) over the four-year period

<sup>2</sup> Adjusted to include Shaw and Partners and EFG as of 31 December 2018

<sup>3</sup> Business initiatives include Shaw and Partners

# Drivers of NNA growth



- Re-focus on CRO hiring post integration
- Target seasoned CROs/teams
- Strong pipeline in 2019 with over 50 new CROs already signed or approved

- Increase productivity of CROs previously engaged in de-risking
- Continuous performance management of CROs
- New organisation with team leaders to support business development, especially for smaller CRO teams

Note: Excludes Shaw and Partners

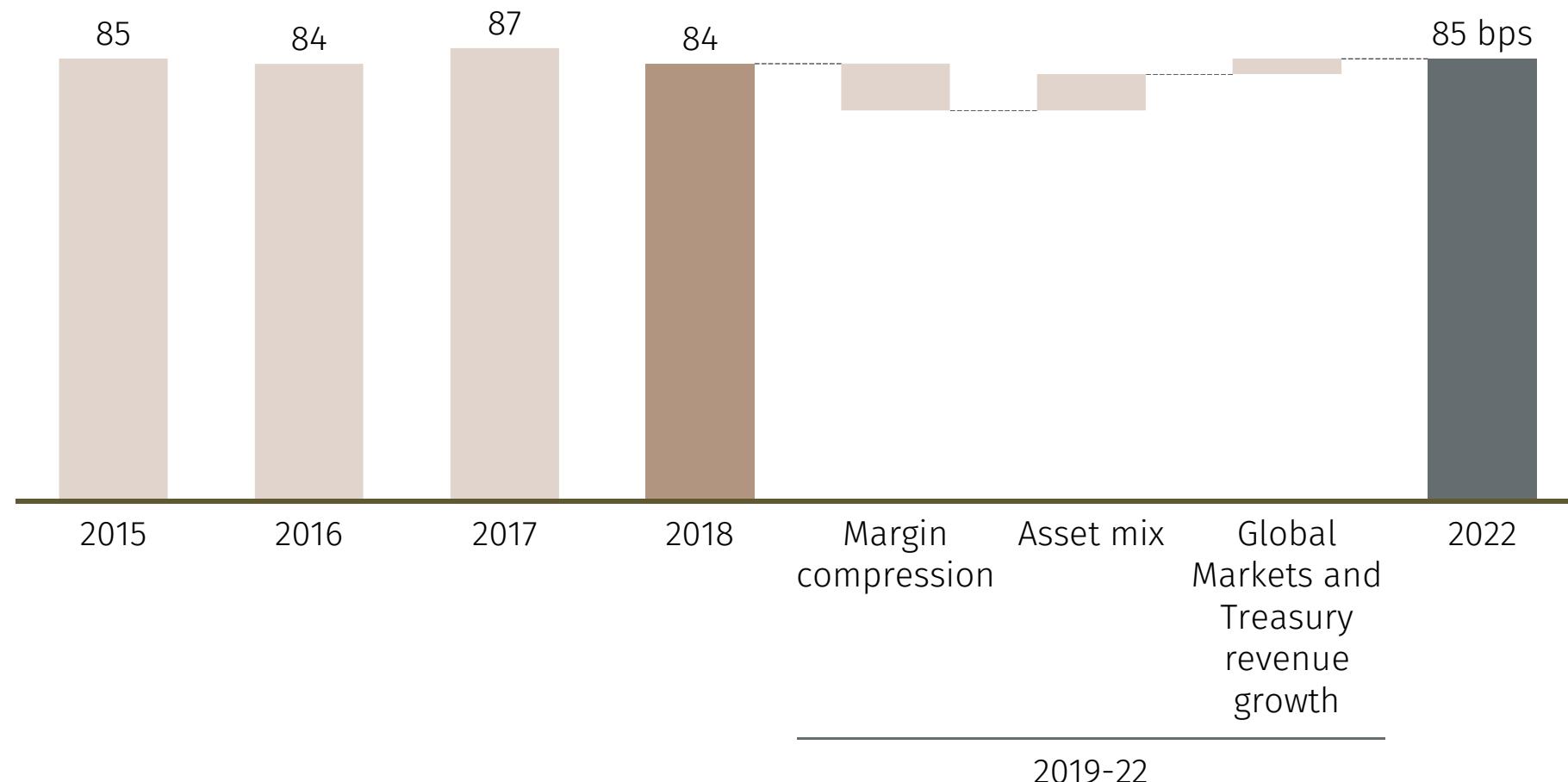
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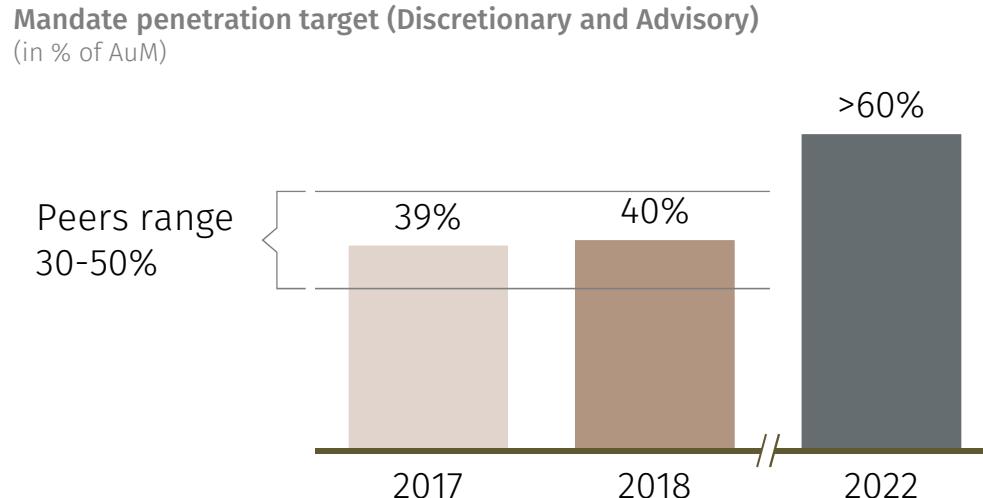
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# Growth targets: 85 bps revenue margin

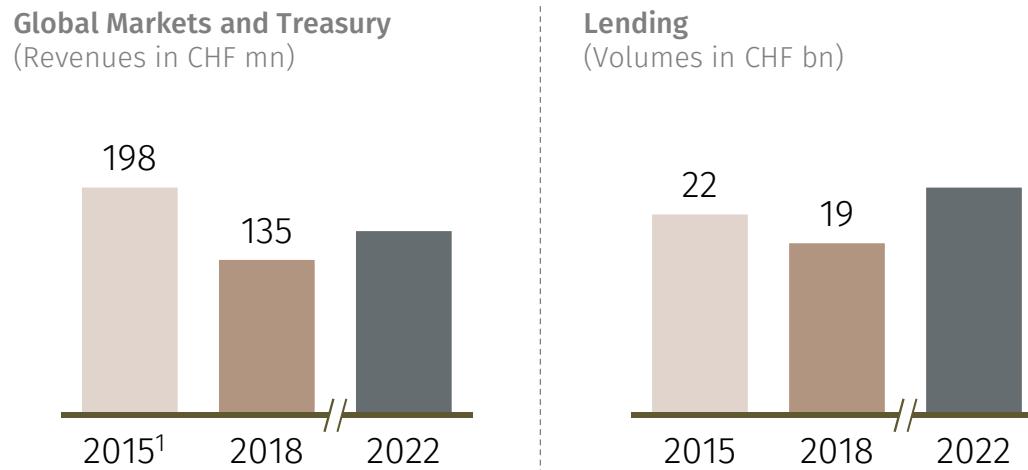
**RoAuM target drivers**  
(in bps)



# Drivers of revenue margin target of 85 bps



- Shift to high-value products and services
- Step change in advisory penetration to meet client needs and regulatory requirements (MiFID II)
- Introduction of multi-tier advisory services catering to different client demands



- Improve use of Global Markets platform by CROs
- Increase lending penetration, leveraging on a highly liquid balance sheet

Note: Excludes Shaw and Partners

<sup>1</sup> Adjusted to show BSI and EFG in 2015

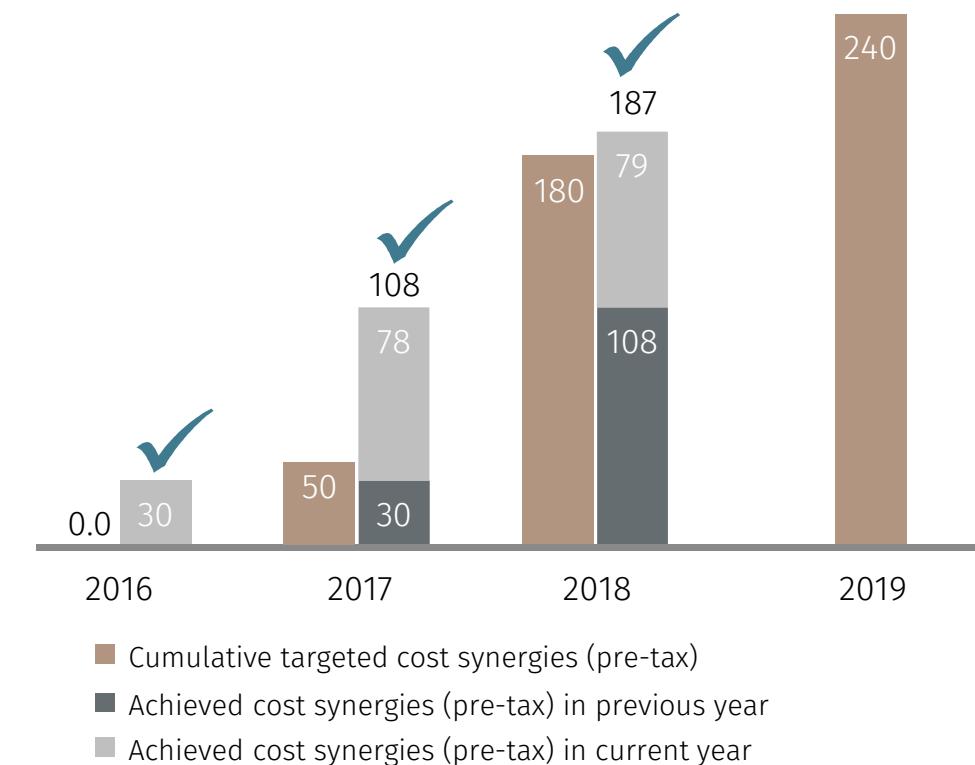
SOURCE: Annual reports, investor presentations

Investor Update 2019

# Update on cost synergies from BSI transaction

**Delivery of additional CHF 79 mn of cost synergies in 2018, exceeding cumulative target**

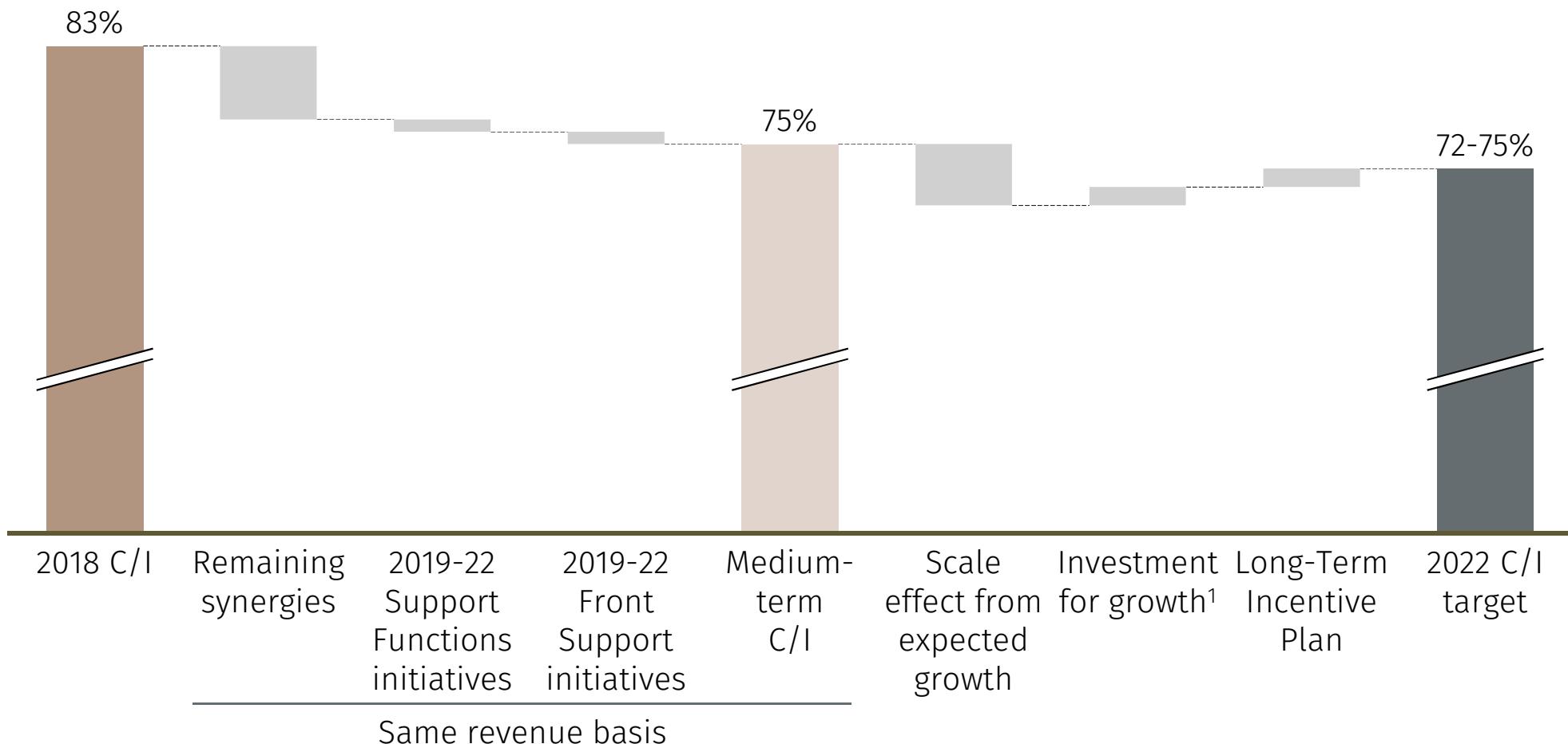
Cumulative targeted cost synergies (pre-tax)  
(in CHF mn)



- Delivered cumulative cost synergies of CHF 187 mn for 2018, exceeding target for the year
- IT migration generated the majority of cost synergies
- Drivers of cost synergies for 2019 will hinge on:
  - Further efficiencies in support and corporate functions, following the full integration of the operating platform
  - Ancillary benefits from rightsizing of FTEs: Lower premises costs, lower travel costs, etc.
  - Targeted cost management actions, e.g. in procurement, to take advantage of enhanced scale

# Further improving efficiency by 2022

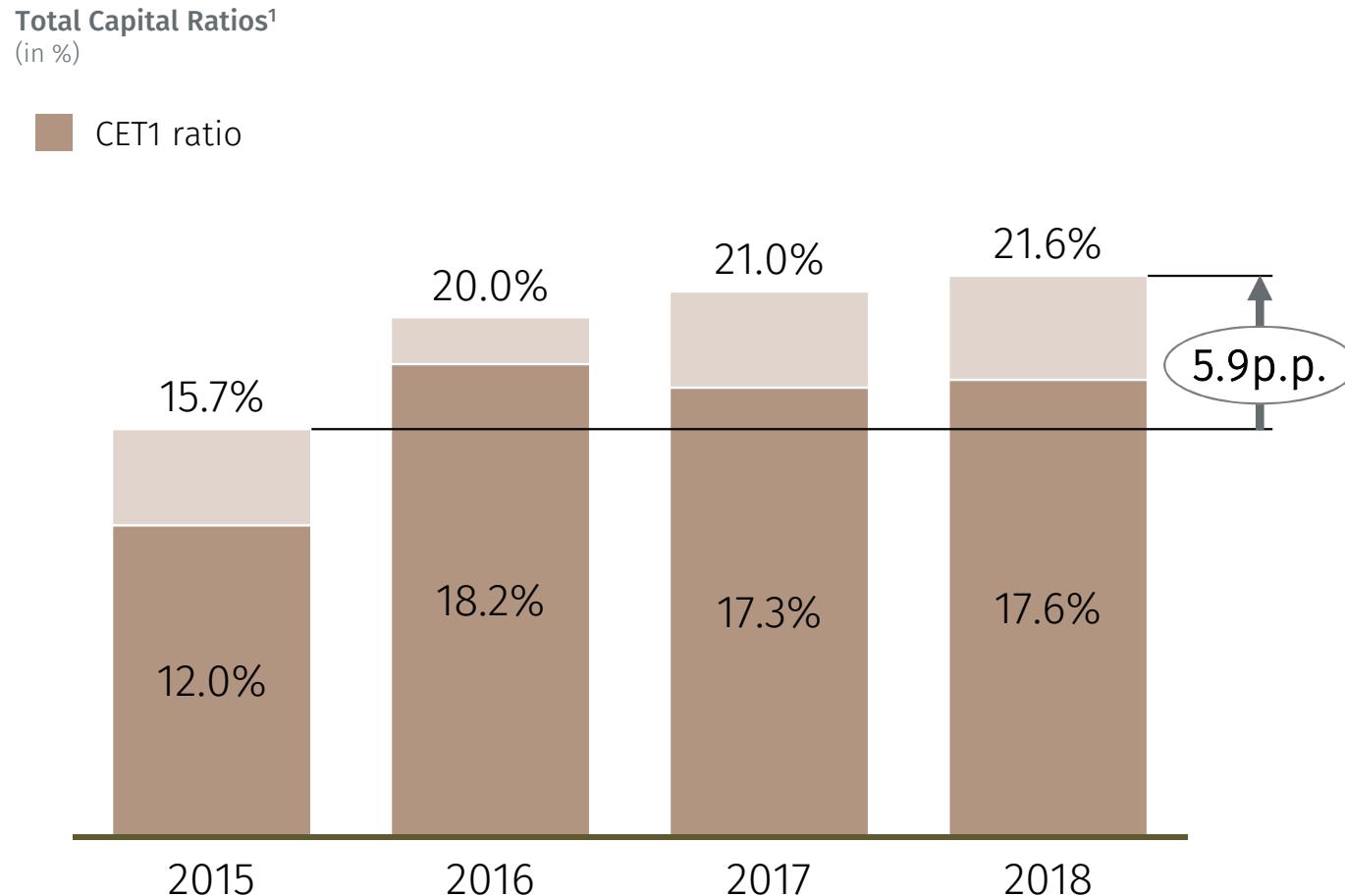
**Cost-income (C/I) target drivers**  
(in %)



<sup>1</sup> Includes new business initiatives

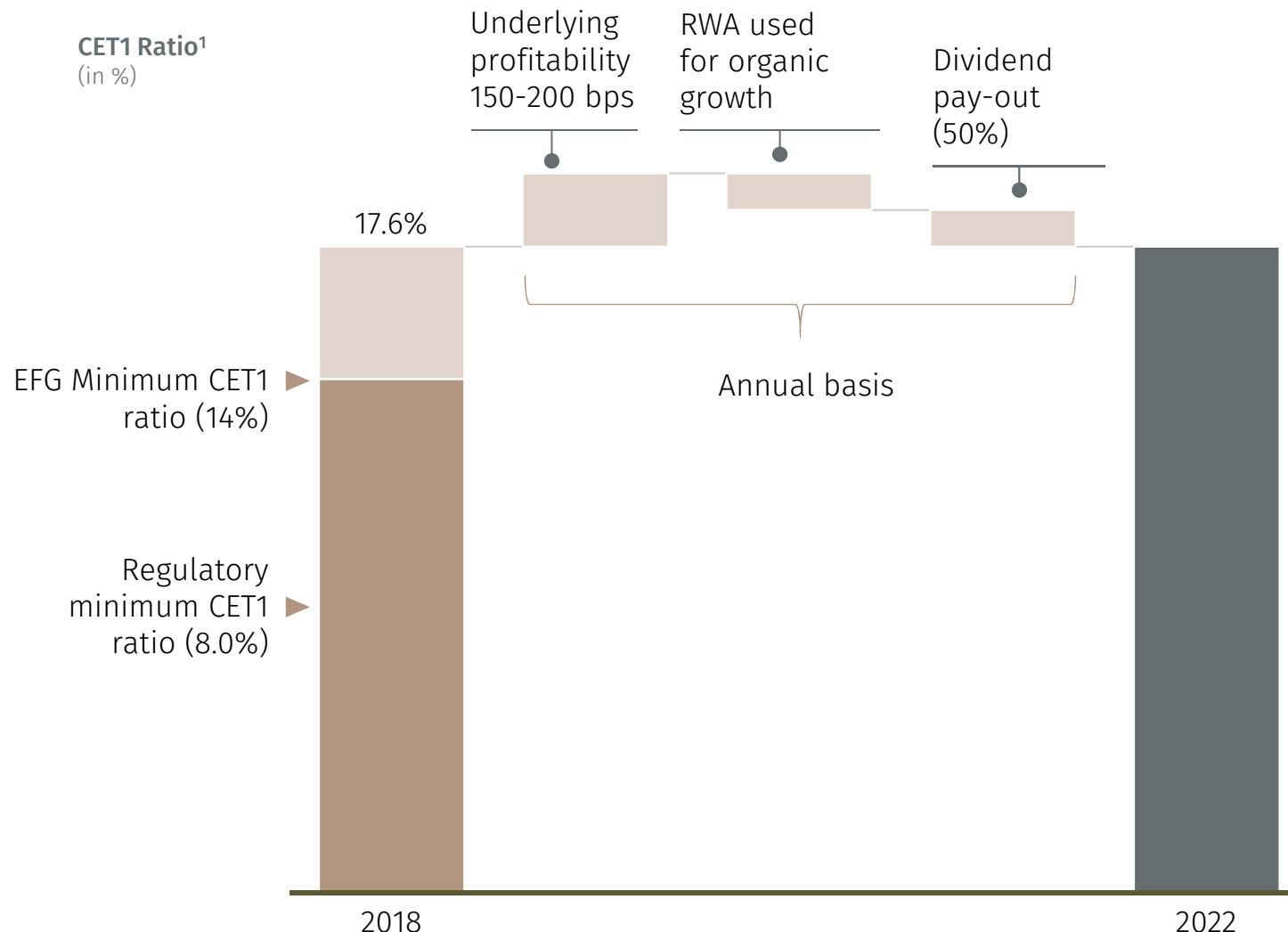
# Strong and improving capital position

**Successfully strengthened capital position to improve EFG's optionality**



- Above average capital position
- Maintenance of dividend payment throughout integration period
- Increase of dividend from CHF 0.25 to CHF 0.30 per share
- Improved capital position, despite one-off integration costs of CHF 268 mn consuming more than 200 bps of capital

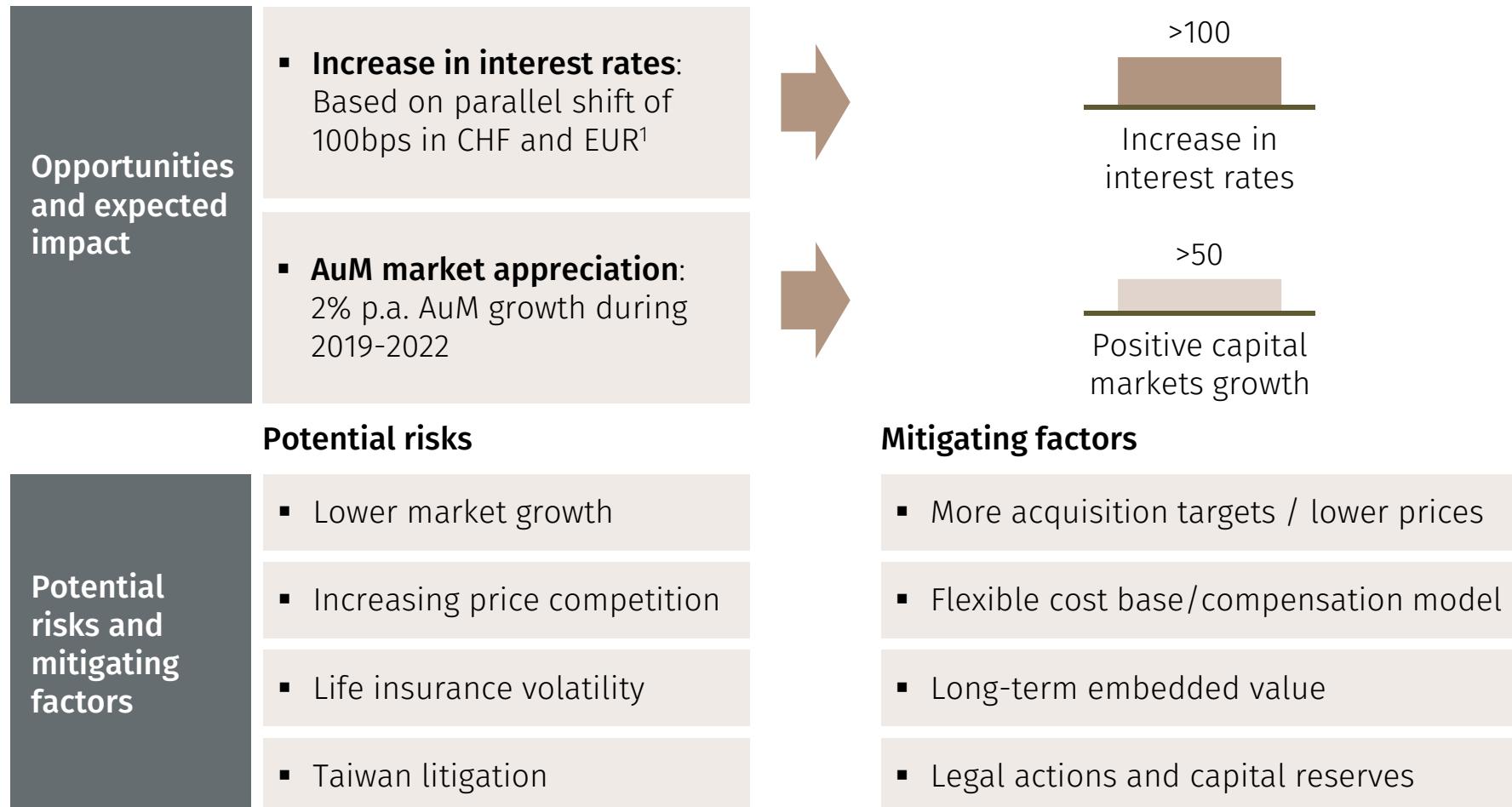
# Capital deployment in the medium term



- Recurring profitability to finance organic growth and enhanced dividend distribution (50% payout)
  - Available capital allows for versatility going forward
    - Deploy capital for acquisitions
    - Return excess capital to shareholders (extraordinary dividend or share buyback)
  - Timing will depend on market conditions and opportunities
  - Clear value creation criteria applied for acquisitions: RoI value accretive in 3 years

## 1 Swiss GAAP fully applied

# Opportunities and potential risks



<sup>1</sup> Assumptions: (i) no change to the interest rate environment in currencies other than CHF and EUR; (ii) currency mix of balance sheet remains stable; (iii) increase of balance sheet size in line with AuM growth

# Executing the plan

Management Control More ↓ Less	2019-2020		2021-2022	
	Cost management	Capital management	Revenue generation	Legacy issues
	Executing remaining synergies		Operational Efficiency	
	Investment for growth, e.g. CRO hiring		Digital solutions	
	Dividend payout ratio increase to 50%			
	Shaw and Partners acquisition <sup>1</sup>		Managing excess capital: Acquisitions / buyback / extraordinary dividends	
	2019 AuM starting point affected by market movement in 2018, coupled with challenging market conditions			
	Switzerland stabilizing		Switzerland back to growth	
	Accelerated CRO hiring, with time lag in revenue generation			
	Increasing penetration of high-margin products			
	Life insurance P&L volatility		Realise life insurance embedded value	

1 Acquisition of 51%

Investor Update 2019

# 2019-22 Strategic Plan: Key takeaways

Giorgio Pradelli – Chief Executive Officer

# 2019-22: Profitable growth and effective capital deployment

- Strong, new, **committed management team**
- EFG's **business model** is **distinctive** and **competitive** in serving clients and attracting CROs
- We have executed the integration and we are **ready to deliver our 2019-22 strategic plan**
- Strong capital position and earning generation gives us **optionality to accelerate value creation and increase returns to shareholders**

## Financial targets 2022

<b>NNA growth</b>	4-6% average <sup>1</sup>
<b>Revenue margin</b>	85 bps
<b>Cost-income ratio</b>	72-75%
<b>RoTE</b>	>15%

## Execution of 2019-22 Strategic Plan already delivering tangible results:

- Over 50 new CROs already signed or approved in 2019 YTD (above CROs hired in FY18)
- Opening of Italy (1Q19), Portugal (2Q19) and Middle East (3Q19)
- Announced acquisition<sup>2</sup> of Shaw and Partners in Australia (CHF 11bn), closing in 2Q19

Note: Financial targets include Shaw and Partners

1 Compound Annual Growth Rate (CAGR) over four-year period

2 Acquisition of 51%

Investor Update 2019

13 March 2019

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# Q&A

# Investor Update 2019 – Agenda

<b>Topic</b>	<b>Speaker</b>
2019 – 2022 strategic plan & financial projections	Giorgio Pradelli, Chief Executive Officer Dimitris Politis, Chief Financial Officer
Q&A	
Break	
<b>Investment Solutions &amp; Global Markets</b>	<b>Renato Cohn, Deputy CEO &amp; Head of Investment Solutions</b>
<b>Operations &amp; Technology</b>	<b>Christian Flemming, Chief Operating Officer</b>
<b>Risk</b>	<b>Ranjit Singh, Chief Risk Officer</b>
Break	
Switzerland & Italy Region	Franco Polloni, Head of Switzerland & Italy Region
Asia Pacific Region	Albert Chiu, Head of Asia Pacific Region
Continental Europe Region	Adrian Kyriazi, Head of Continental Europe Region
Latin America Region	Marcelo Coscarelli, Head of Latin America Region
UK Region	Richard Thomas, Head of UK Region
Wrap-up Q&A	Giorgio Pradelli, Chief Executive Officer

# Investment Solutions & Global Markets

Renato H. Cohn – Deputy Chief Executive Officer and Head of Investment Solutions

# Renato H. Cohn – Deputy Chief Executive Officer and Head of Investment Solutions



- Deputy CEO and Head of Investment Solutions
- Member of EFG's Executive Committee
- Prior work experience:
  - 2015-2017: Group Deputy CEO of BSI SA
  - 2009-2015: Co-Head of BTG Pactual Wealth Management in Sao Paulo
  - Head of Product and Services and Head of Sales Management at UBS Pactual
  - Partner at Banco Pactual
  - Head of Fixed Income Trading Desk at Banco Matrix
- Education:
  - Bachelor of Science in Industrial Engineering from the Escola Politecnica of the University of Sao Paulo
- Brazilian citizen (born: 1972)

# EFG provides dedicated solutions for all client needs

## Clear target clients

Ultra-high-net-worth (UHNWI)<sup>1</sup>

- Tailored advisory
- Tailored investment and real estate financing
- Sophisticated trading and direct access
- Succession planning
- Personal wealth structuring

High-net-worth (HNW)<sup>2</sup>

- Tailored financial advisory
- Investment and real estate financing
- Sophisticated trading and market access
- Succession planning

## EFG's dedicated solutions

Discretionary Solutions

Advisory Solutions

New Capital Strategies

Global Markets Access Capability

Structured Products

Investment Finance Solutions

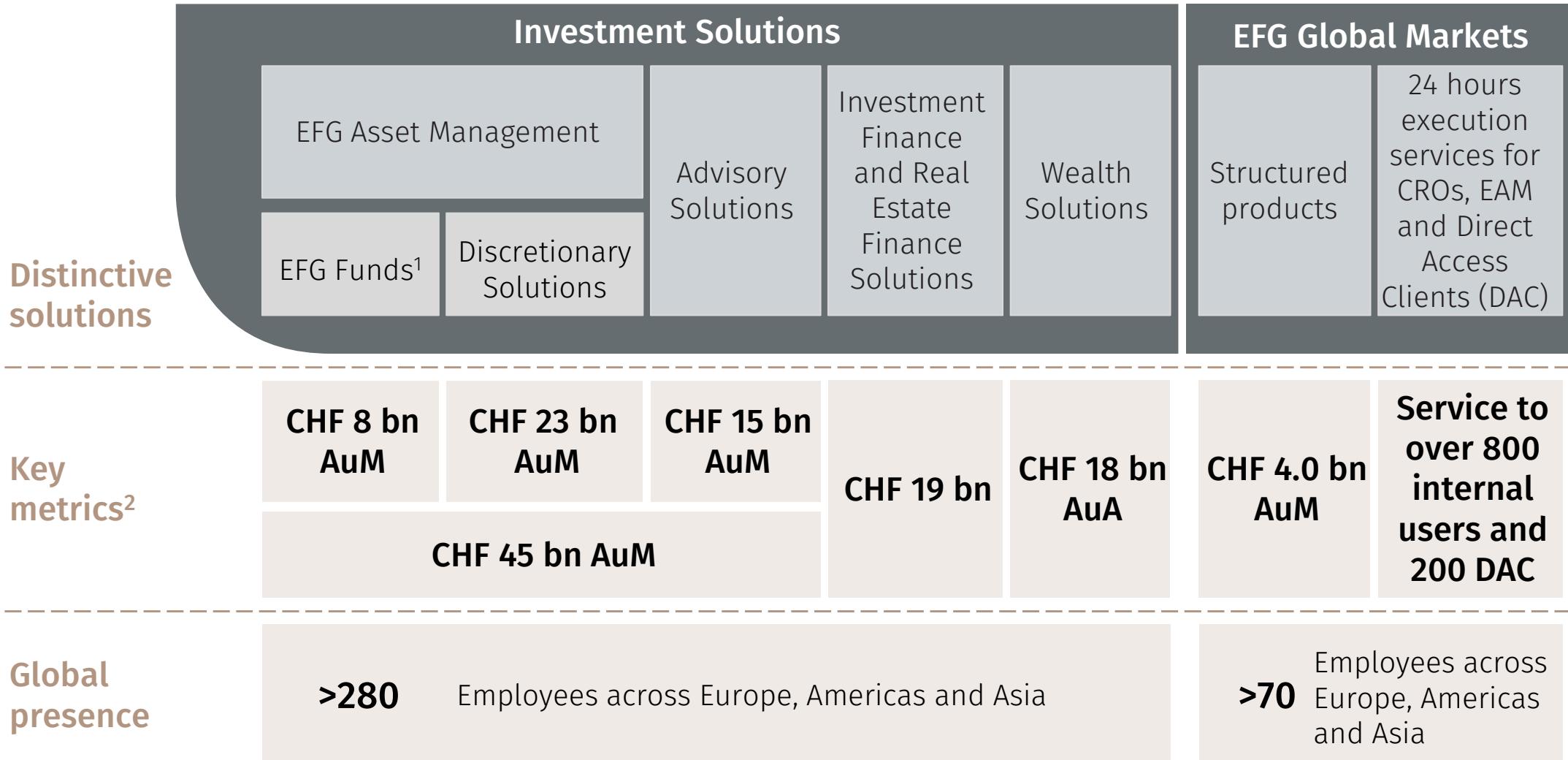
Real Estate Finance Solutions

Wealth Solutions

- >280 **Investment Solutions professionals globally**

- >70 **Global Markets professionals** globally

Our organisation builds on two pillars to provide distinctive solutions...



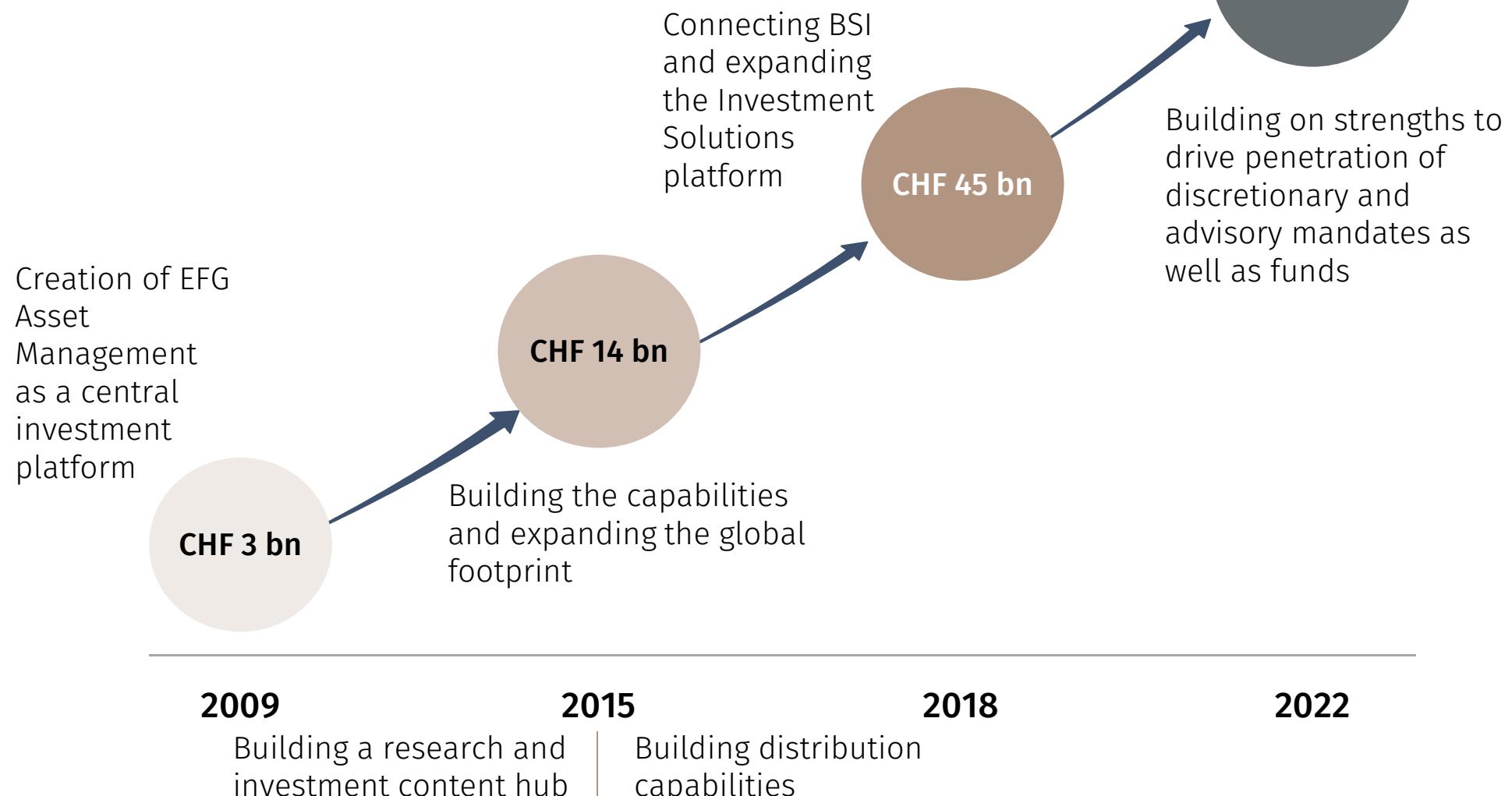
<sup>1</sup> Also includes institutional mandates

<sup>2</sup> Total managed assets for Investment Solutions

Investment Solutions is well prepared to build on strengths to support growth going forward

### Discretionary, Advisory and Funds AuM

CHF bn



# Clients and CROs can rely on a deep pool of expertise

**Deep pools of expertise...**

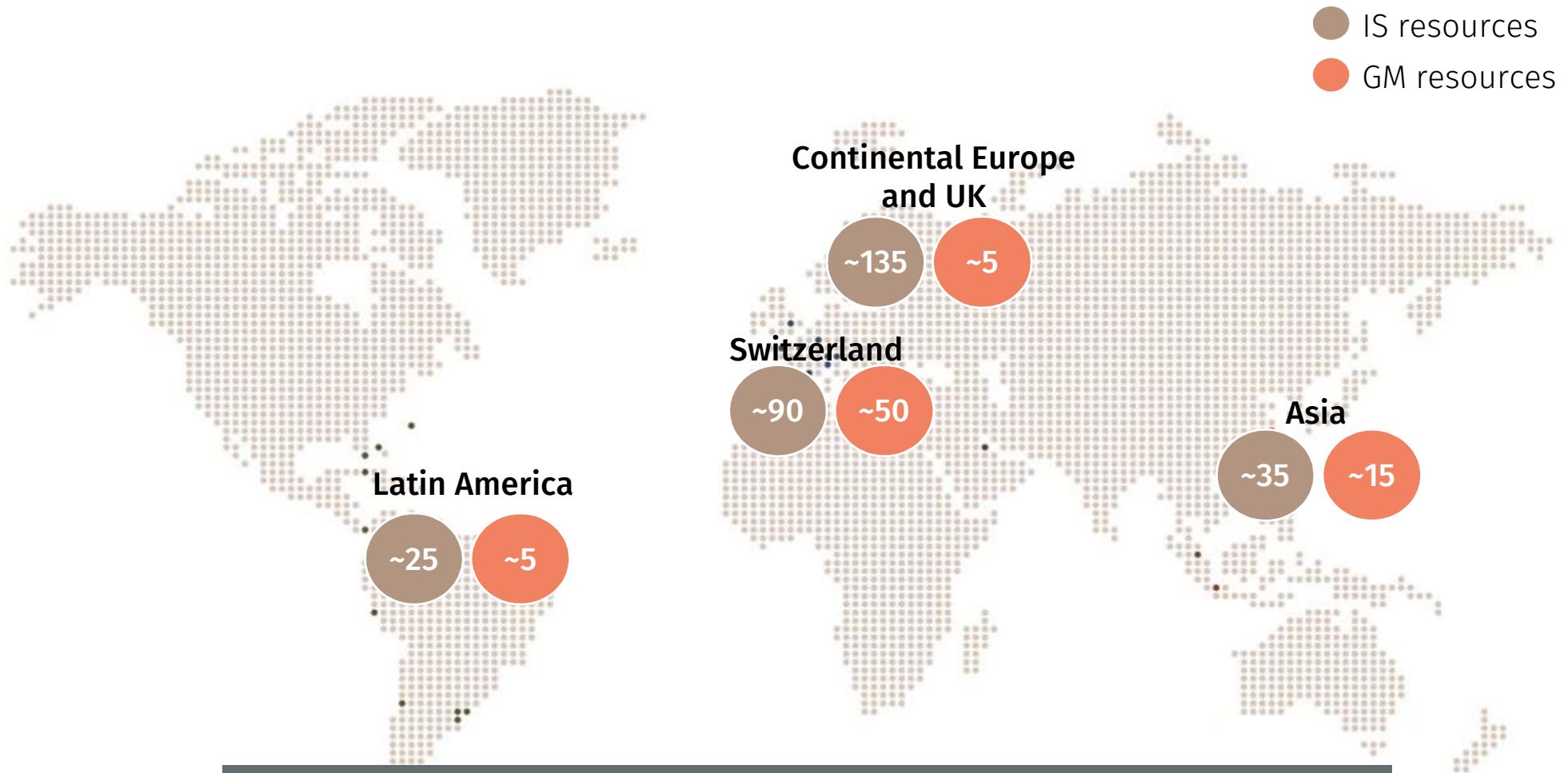


**...made accessible through...**

- 1 **Global presence with local know-how** 
- 2 **Latest research opinions and concrete investment ideas** 
- 3 **Discretionary and advisory mandates** 
- 4 **Dissemination through Central Advisory platform and local Investment Counsellors** 
- 5 **Technology as an enabler** 

**Clients can benefit from one single point of contact, or multiple points, depending on specific demands.**

# 1 Global presence with local know-how



>280 dedicated Investment Solutions (IS) and >70 Global Market (GM) professionals across our 5 global regions

## 2 Latest research opinions ...

### Publication of Macro Economic Reports leveraging from in-house research capabilities

#### DAILY

The market-shaping events of the past 24 hours.

#### WEEKLY

The week's main macroeconomic news.

#### MONTHLY

Global House View  
Investment Ideas;  
Asset allocation  
guidelines.

#### QUARTERLY

Asset class performance, overview covering key regions and includes a special focus.

#### AD HOC

An analysis of prevailing market events.

**INTIME DAILY MARKET NOTE**

**HIGHLIGHTED IN THIS PUBLICATION:** GLOBAL STRATEGIC ASSET ALLOCATION, REGIONAL PORTFOLIO CONSTRUCTION

**INVISION WEEKLY MARKET NOTE**

**HIGHLIGHTED IN THIS PUBLICATION:** GLOBAL STRATEGIC ASSET ALLOCATION, REGIONAL PORTFOLIO CONSTRUCTION

**INVIEW GLOBAL HOUSE VIEW & INVESTMENT PERSPECTIVES**

**KWEEKLY PERFORMANCE AS OF 01/03/2019:**

- 0.01% Hang Seng
- 2.55% Crude Oil WTI
- 2.62% Gold

**CI inclusion increase**

Chinese imports, citing "substantial progress" in trade negotiations, led to a widespread fall in European equities. The FTSE 100 was down 1.2%, while the Stoxx Europe 600 stocks slipped as much as 1.7%, finishing the day. Geopolitical tensions also tightened the continent as the UK government and the European Central Bank. The FTSE 100 was down 0.6% and the Dow Jones and the Cac 40 down 0.5% and 0.4% respectively.

**Debenhams board**

Debenhams' board of directors has voted to accept the offer of £1.2 billion from its private equity owner, Leon Capital, to take the department store chain private. The deal, which is subject to shareholder approval, will be completed by the end of the year. Leon Capital has been in talks with the company since last summer, and the deal is expected to be completed in March.

**UK inflation warning**

UK inflation has risen to 2.7% in February, the highest level since 2012. The Office for National Statistics said the rise was driven by higher food prices and higher energy costs. The Bank of England's Monetary Policy Committee is expected to raise interest rates at its next meeting on March 7.

**INFOCUS MARKET SNAPSHOT FEBRUARY 2019**

**Is the eurozone slipping into recession?**

**Global infrastructure needs**

**LATIN AMERICA**

**BRAZIL VS. MEXICO**

**SPECIAL FOCUS**

**Hedge funds: where now?**

**DISCLAIMER BY NATURE, FLEXIBLE BY DESIGN**

The terms highlighted represent our investment process. Through a disciplined approach, our investment teams and security selection committee work together to manage risk and return across all asset classes. At the global level, regional portfolio management teams have the ability to build diversified portfolios to meet the specific requirements of our clients.

**HIGHLIGHTED IN THIS PUBLICATION:** GLOBAL STRATEGIC ASSET ALLOCATION, REGIONAL PORTFOLIO CONSTRUCTION

# 2 ... and concrete investment ideas ...

## DAILY

Markets Insight

Instant Messaging Tool  
dedicated to Market  
Catalysts and Trade  
Opportunities

## WEEKLY

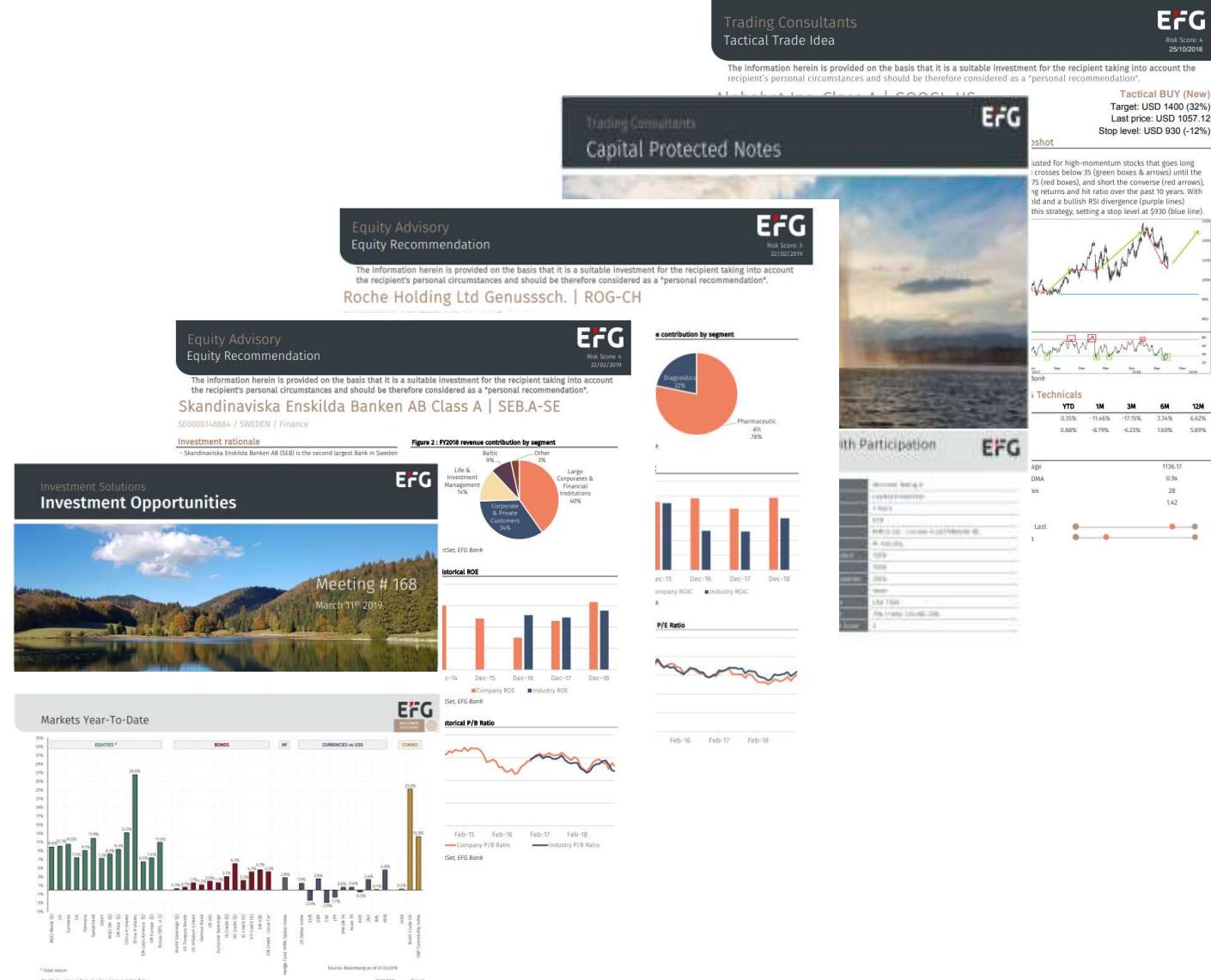
Latest investment themes  
and how to monetise them

Equity catch of the week

Fixed Income buy  
recommended list and  
high conviction ideas

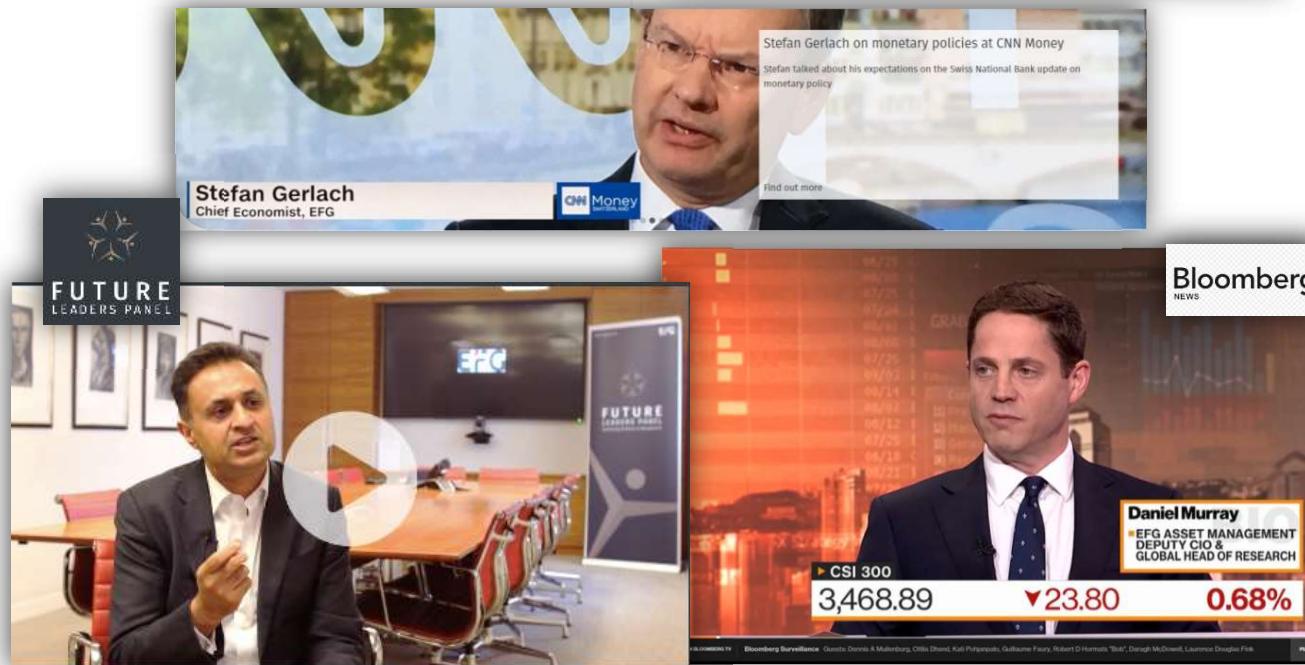
## AD HOC

Recommended List  
Tactical Trade Ideas  
Structured Products Ideas  
Regional Trade Ideas



# 2 ... with broad media reach and recognition

## Media coverage:



## Example prizes and other recognitions:



Gold award for Discretionary Portfolio Management, Asia



EFGAM UK GBP and USD Balanced top peer groups over 1 and 3 years

Awards for "Swiss Select Equity" Fund:



THOMSON REUTERS LIPPER FUND AWARDS

CITYWIRE / AAA

Awards for "US Growth" Fund:

2016 THOMSON REUTERS LIPPER FUND AWARD SWITZERLAND



# 3 Discretionary mandate services

**Understanding a client's objectives, expectations and circumstances**



**Providing flexible solutions to meet client needs and requirements**

**Core**

Investment Risk Rating	Relative Return Strategies						Target Return Strategies					
	Fixed Income	Cautious	Conservative	Balanced	Growth	Equity*	Global Alpha	Global Alpha Plus	Low-Medium	Medium	Medium-High	High
Investment Objective	Income	Cautious Capital	Cautious Capital	Capital	Capital	Capital	Capital	Capital	LIBOR+2%	LIBOR+2%	LIBOR+5%	LIBOR+5%
Range	Min %	BM %	Max %	Min %	BM %	Max %	Min %	BM %	Max %	Min %	BM %	Max %
Fixed Income	60	95	100	50	65	100	40	35	90	20	35	70
Equity	0	0	0	15	30	10	25	40	30	45	60	50
Alternatives	0	0	0	15	20	0	15	30	0	15	30	0
Cash	0	5	40	0	5	10	0	5	30	0	5	30
Currency Availability	USD, EUR, CHF, GBP, SEK (other currencies by arrangement)						USD, EUR, CHF, GBP					
Loanable Value **	80%	75%	75%	70%	70%	65%	65%	65%	65%	55%	55%	55%
Benchmark	Fixed Income: BoAML / Equity: MSCI World / Hedge Fund: HFRI Hedged Commodity: Thomson/Reuters/Jeffries CRB Index Hedged						LIBOR+2% LIBOR+5%					

**Complementary**

Alternatives Strategies		Directional Mandate Portfolio	
Hedge Fund Beta Neutral Portfolio	High	High	High
EEG Risk Score	5	5	5
Investment Horizon	3-5 years	3-5 years	3-5 years
Composition	Liquid hedge funds	Liquid hedge funds	Liquid hedge funds
Investment Objective	Aim to deliver positive total return over time and low correlation to traditional asset classes	Designed to invest in a portfolio of hedge fund managers, which target an uncorrelated stream of returns.	
Asset Allocation Range	None	None	None
Fixed Income	None	None	None
Equity	100%-100%	100%-100%	100%-100%
Alternatives	0%-10%	0%-10%	0%-10%
Cash	USD, EUR, CHF, GBP	USD, EUR, CHF, GBP	USD, EUR, CHF, GBP
Currency Availability	50%	40%	40%
Loanable Values*	1m	1m	1m
Min Investment	1m	1m	1m

\* Additional 10% loanable value applies if loan is in same currency as discretionary strategy  
\*\* Risk score ranges from 1 - 5 with 1 (low) being the lowest and 5 (high) the highest

Min. Investment	From 100k	>1m	>3m	>10m				
	Mandate Type	Core - MFP	Core - Classic	Core - Bespoke	Unique			
<b>Relative Return</b>								
Strategy (Risk)	Fixed Income	Cautious	Conservative	Balanced	Growth	Equities	Global Alpha	Global Alpha Plus
Currency	GBP	EUR	USD	CHF	SEK			
Geographical Bias	Global	Europe	Italy	Germany	Switzerland	US	Sweden	Asia
Equities								UK
Geographical Bias	US	Europe	Italy	UK	Switzerland	CA/US	Eastern Europe	
Fixed Income								
Fixed Income Quality	Average Investment Grade		Average below Investment Grade					
Investment Implementation	Funds / Direct Bond		Direct Investment				Funds Only	
Restrictions	Reference Currency	No Structured Products	No Hedge Funds					Other

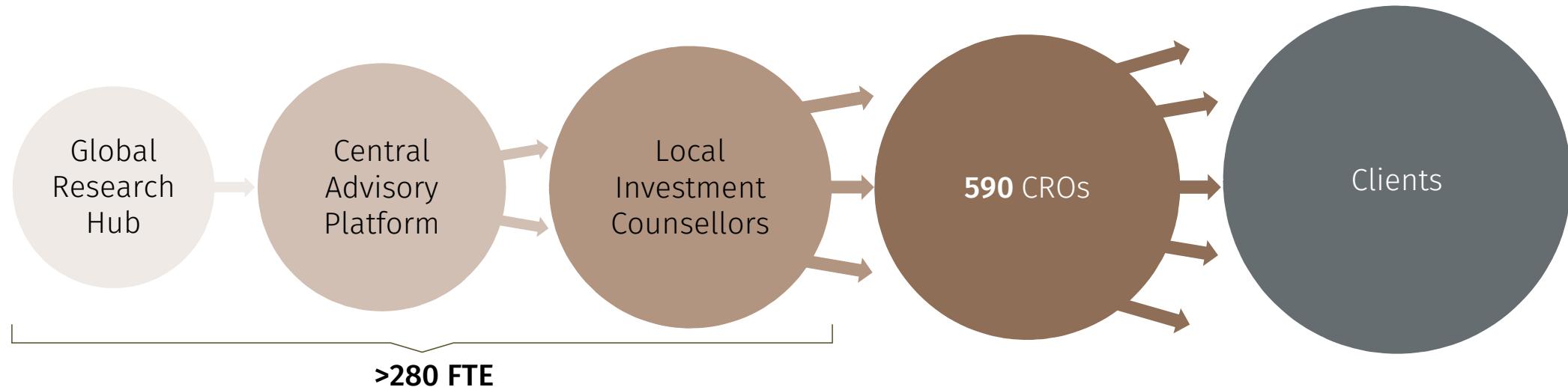
**Bespoke**

**>100 strategies available with balance of global and local capabilities**

### 3 New Advisory Services at a glance

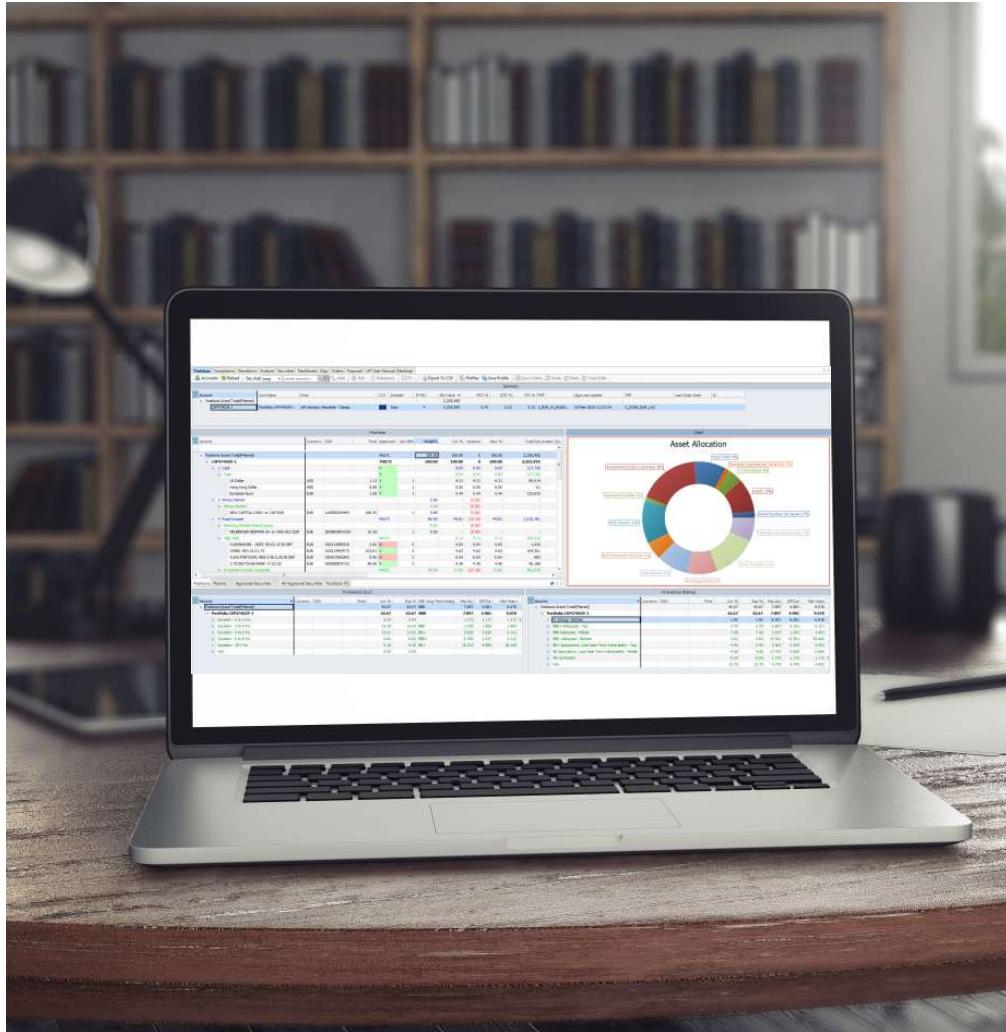


## 4 Central advisory platform and local Investment Counsellors with central role in dissemination of investment content



- Approved & recommended security universe
- Product/asset class specialists
- Global research at macro and micro Level
- Investment Solutions teams closely liaising with local Investment Counsellors
- Actionable tactical trading ideas
- Based in major locations across all 5 regions
- Foster close collaboration with CROs and central advisors
- Leverage from Investment Solutions support but with full ownership of client relationship

## 5 Technology as an enabler



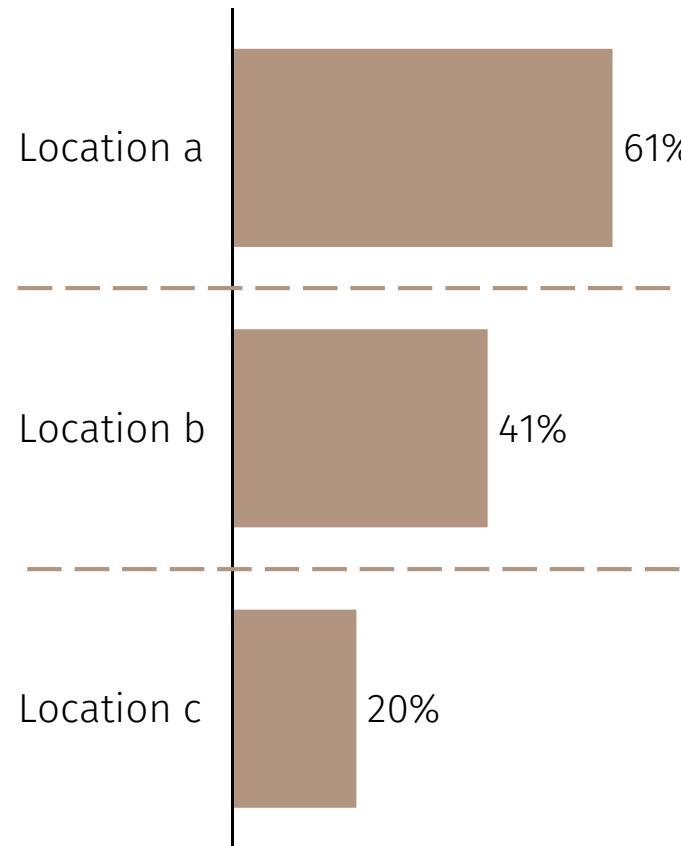
EFG has developed a **proprietary Investment Advisory Tool (IAT)**, that empowers CROs and Investment Counsellors to **service their clients more efficiently**. The IAT facilitates our CROs to:

- Leverage **EFG's house view on asset allocation** and investment themes to create **personalised investment proposals**, considering the client's overall portfolio backed by in-house research
- Discuss **investment proposals** based on **needs and preferences**, taking account of current rules and regulations
- Monitor the **suitability of current client portfolios** and create a compliant investment proposal with attached factsheets
- Provide **regular portfolio health checks** and suggest recommendations

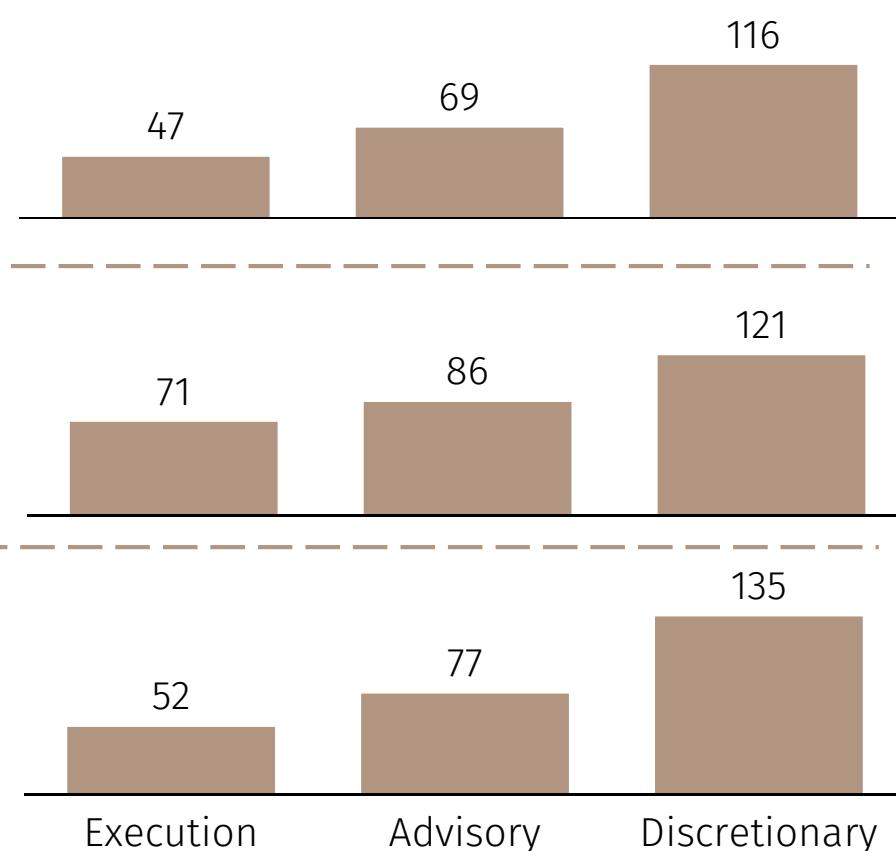
Significant revenue potential by fully deploying discretionary and advisory mandates...

**...Focusing on low-penetration locations**

**Penetration of Discretionary and Advisory**  
(in % of AuM)



**Return on Assets under Management**  
(in bps)



# Investment Solutions and Global Markets: 2019-22 key initiatives



Invest-  
ment  
Solutions



Fully deploy  
discretionary  
and advisory  
mandates



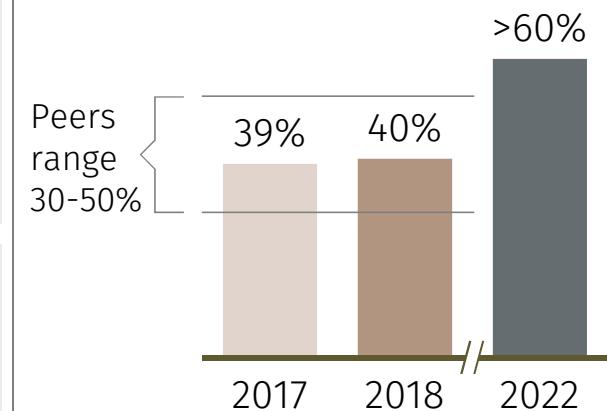
Fully deploy Global Markets  
products

- Set up **integrated research platform** using technology
- Strengthen **global research capabilities across asset classes**, leveraging local presence and know-how

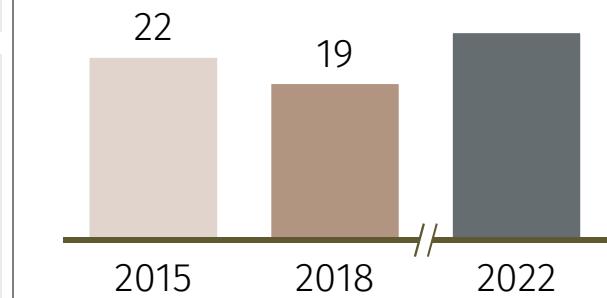
- Deploy technology to improve **coordinated flow of investment-related content** across geographies and client groups
- Use **Credit and Wealth Solutions as a strategic support** to grow Assets under Management

- Increase **trading volume** including direct client access for UHNW segment
- Improve **Structured Products portfolio penetration** to achieve 5% target

Mandate penetration target  
(Discretionary and Advisory)  
(in % of AuM)



Lending volumes  
(in CHF bn)



# Key takeaways from Investment Solutions

**We have a full set of flexible and innovative products, comprehensive research and investment capabilities**

**We are ready to fully deploy our solutions across our global regions**

**There is significant revenue potential from increasing penetration of higher margin products**

# Operations & Technology

Christian Flemming – Chief Operating Officer

# Christian Flemming – Chief Operating Officer



- Chief Operating Officer since January 2018
- Member of the Executive Committee
- Prior work experience:
  - Head of Finance at Banco BTG Pactual S.A.
  - Chief Operating Officer and Chief Financial Officer at BSI
  - Chief Operating Officer of the Investment Banking division of Banco BTG Pactual S.A. and member of the Board of Directors of Banco BTG Pactual Chile
  - Investment banking for Pátria Banco de Negócios
  - Consultant for Stern Stewart & Co in São Paulo
- Education:
  - Bachelor of Science in Business Administration from EAESP, Fundação Getúlio
  - Bachelor of Science in Engineering from the Escola de Engenharia, Universidade Mackenzie in São Paulo, Brazil
- German citizen (born: 1975)

# COO – Chief Operating Officer

## Our dual mission

**Continuously improve our efficiency and operating leverage with focus on centralising our functions around lean local presences**

**Target a smooth client experience, enabling our CROs through a practical and realistic digital offering**

### Areas of responsibility



**Operations, Central  
Filing & General  
Services**



**Technology**



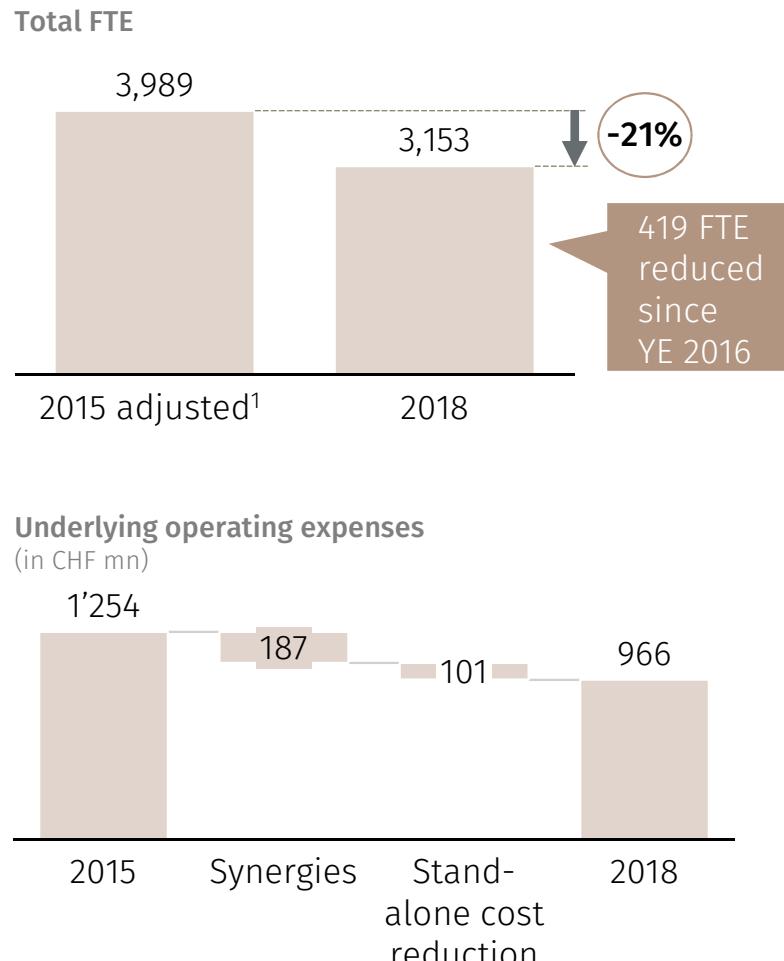
**Real Estate**



**Cost management  
across the organisation**

# Our achievements

**Improved scalability and operating leverage will allow us to grow with marginal added costs**



- Completed 9 IT **migrations** to a single technology platform
- Coordinated and rolled **out technology improvements** globally
- Introduced central **prioritisation of technology projects**
- Established building blocks for **digital enablers**



- Introduced **back-office workflow system** as EFG has grown into a larger organisation
- Enhanced **straight-through-processing** and automation

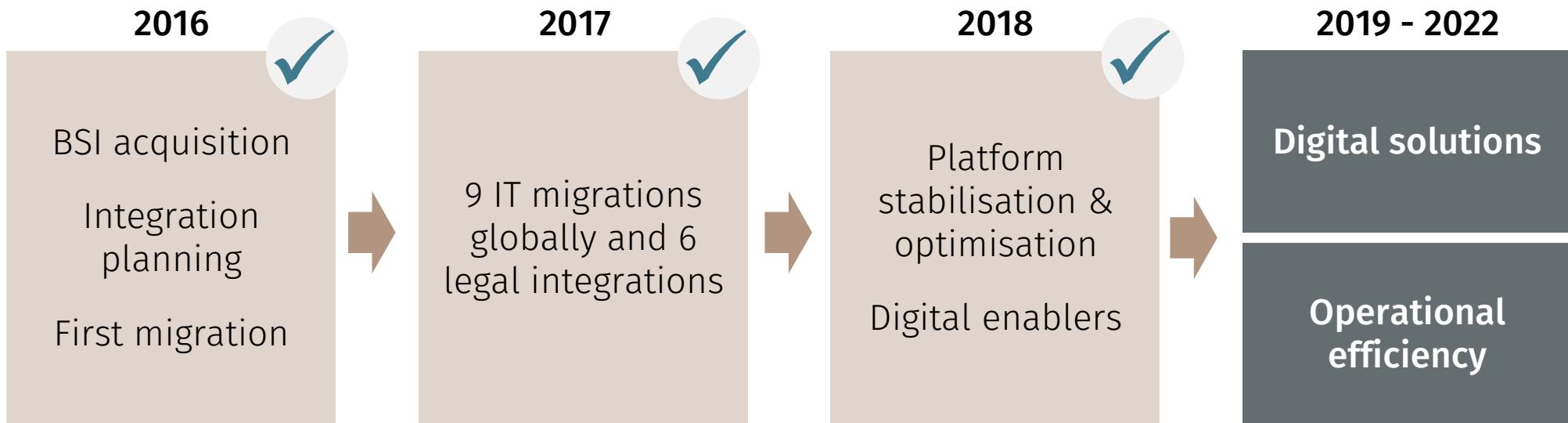


- Completed **piloting of new target operating model** in Switzerland
  - Operations reorganised by function, rather than location
  - Introduced core team concept to reduce duplications
  - Simplified governance in Operations

<sup>1</sup> Adjusted to show combined total FTE of BSI and EFG as of 31 December 2015

Investor Update 2019

# Setting the foundation for future growth



# Digital solutions: 2019-22 key initiatives

## Client and CRO solutions

- Roll out **proprietary support tool for CROs** (“Investment Advisory Tool”)
- Upgrade **mobile banking** functionality
- Enhance **platform for Independent Asset Managers**

## Digital processes

- Increase level of **Straight Through Processing (STP)/automation and centralisation** for **client onboarding KYC, account opening and credit approval**
- Harmonise **workflow tools** across regions
- Upgrade **trading platform in Asia**
- Enhance **reporting tools** and **Finance processes**

## Data management

- Leverage **our rich data warehouse** by using business intelligence tools to help business decision support
- Deploy **business intelligence** tool across organisation

# Operational efficiency: 2019-22 key initiatives

## Process re-engineering

- Re-engineering of our processes through **streamlining, automation, centralisation** to improve client and CRO experience
- Ongoing centralisation of operational processes to **maximise use of hubs**

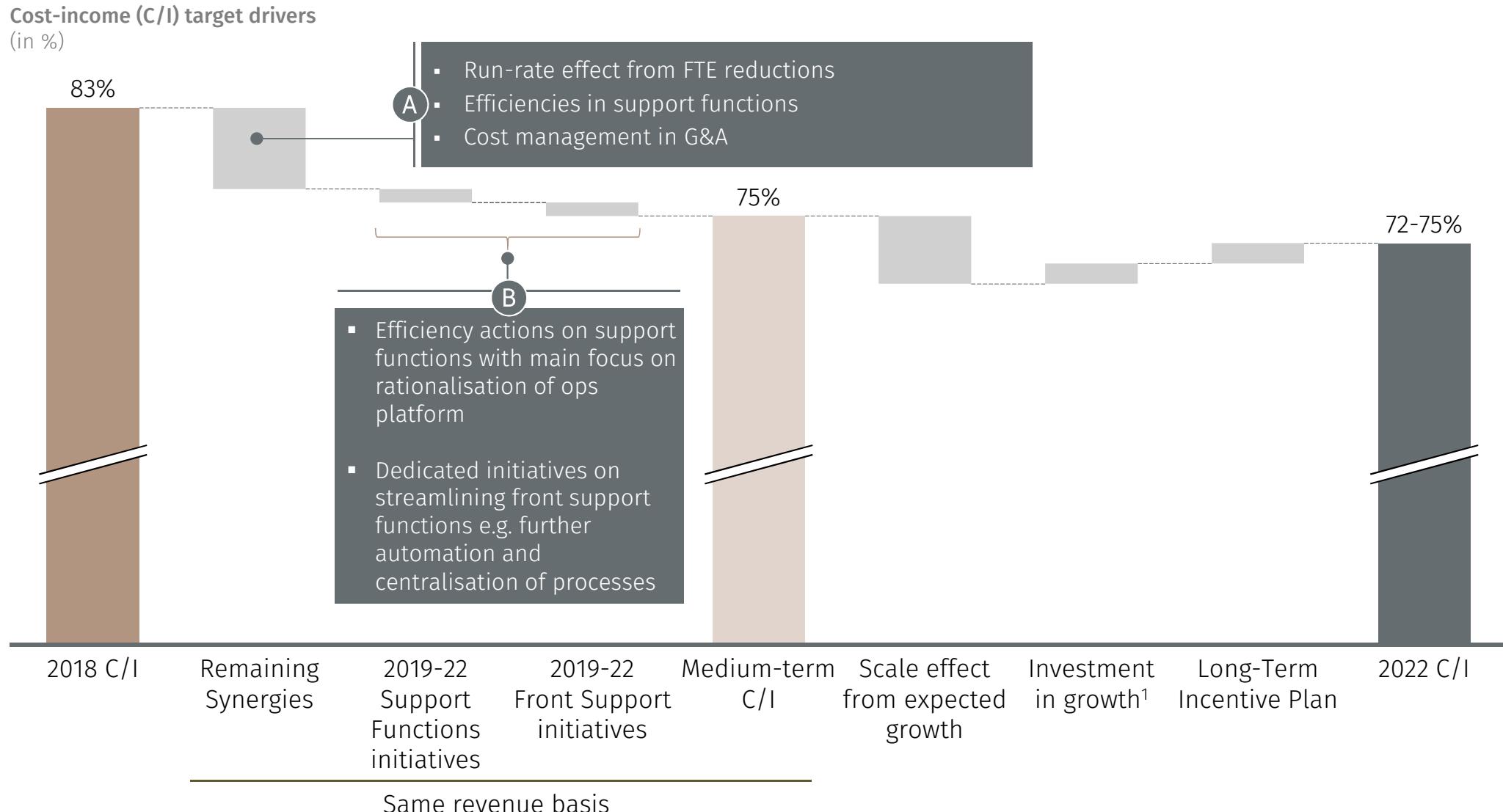
## G&A optimisation

- Review of G&A expenses by expense class
  - Personnel and contractor structures
  - Implementation of **travel** expense system worldwide
  - **Market data** consumption (feeds and terminals) review
  - **Real Estate** footprint review in Switzerland and Monaco

## Booking centres

- Further rationalisation of booking centres
  - Usage of **common processes** (focus on compliance workflow implementation)
  - Maximum re-use of **central IT solutions**, reducing licensing expenses
  - Alignment of **custodian network**

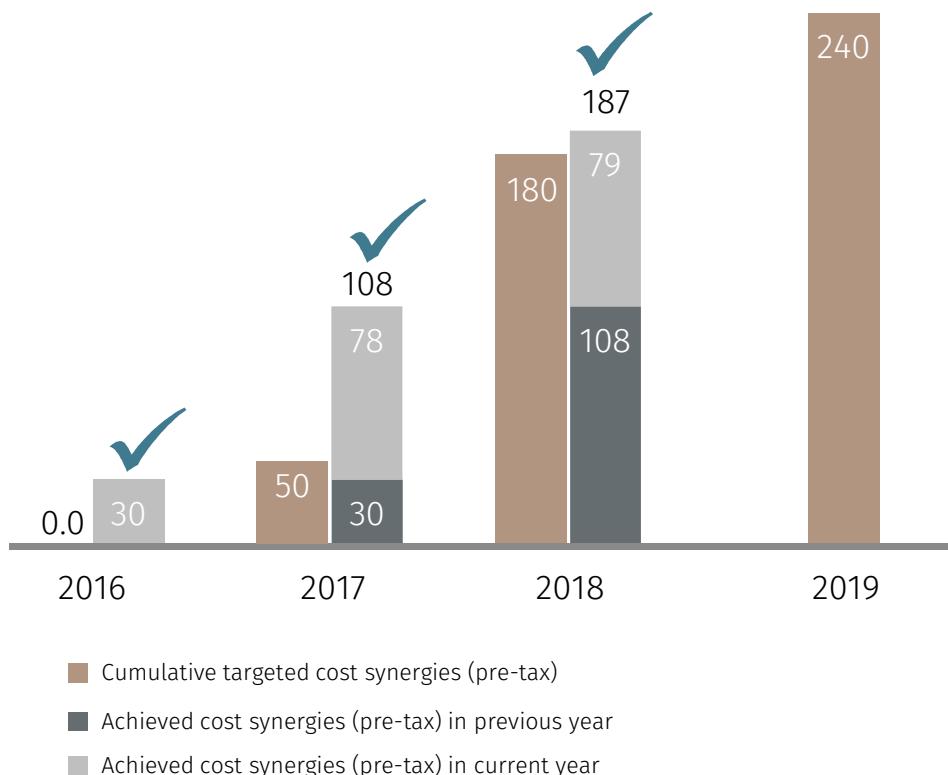
# Further improving efficiency by 2022...



<sup>1</sup> Includes new business initiatives

# A ...Through full synergy achievement...

Cumulative targeted cost synergies (pre-tax)  
(in CHF mn)



- Run-rate efficiencies from FTE reductions

~30%

- Efficiencies in support functions

~30%

- Cost management in G&A + Real Estate

~40%

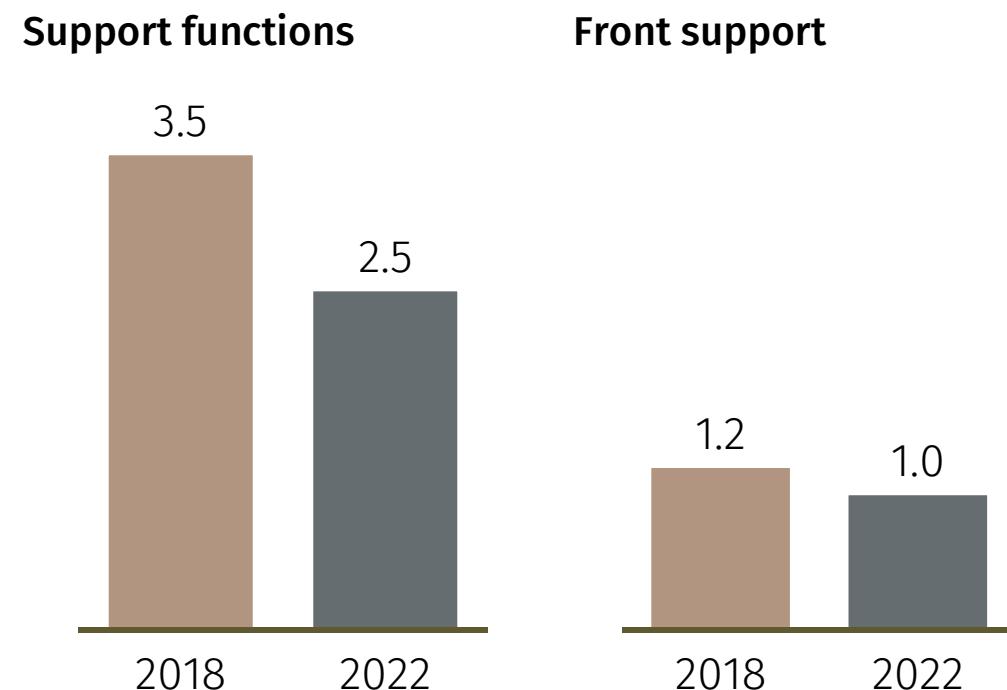
**Total 2019 (in CHF mn)**

>50

## B ...And add-on efficiencies

- Efficiency actions on **support functions**
  - Rationalisation of **booking centres**
  - Streamlining of **location footprint**
  - Ongoing **centralisation of operational processes** to maximise use of hubs
  - Review of **G&A expenses** (especially real estate, market data, travel)
- Streamlining **front support** functions
  - **Re-engineering of our processes** through streamlining, automation, centralisation to improve client and CRO experience

Efficiency targets – support staff/CRO  
(ratio)



**Scalability of our operating model will help us to reach our efficiency targets**

# Key takeaways from COO

**Relevant cost reduction opportunities beyond the achieved synergies**

**Scalability of our operating model will help us to reach our efficiency targets in a growth environment**

**Refocus Technology from integration to digital solutions**

# Risk

Ranjit Singh – Chief Risk Officer

# Ranjit Singh – Chief Risk Officer



- Chief Risk Officer since January 2019
- Member of the Executive Committee and Global Business Committee
- Prior work experience:
  - 2013 – 2018: Chief Risk Officer Standard Life Aberdeen PLC and Member Executive Committee
  - 2007 – 2011: Chief Risk Officer Swiss Re AG and Member Executive Committee
  - 2007: Group Chief Risk Officer at Allianz SE
  - 1989 – 2001: Citigroup/Citibank – Private Bank, Corporate Bank, Consumer bank, Real Estate
  - 1984 – 1989: First National bank – Institutional Banking
- Education:
  - IMD Lausanne – Allianz Management Development Program
  - Master of Business Administration in International Management from the Thunderbird School of Global Management in Arizona, USA
  - Bachelor of Science in Business Administration from Winona State University in Minnesota, USA
- US citizen (born: 1962)

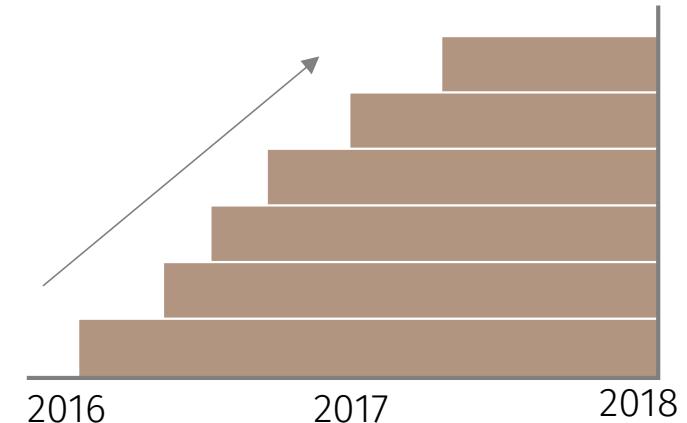
# Risk and Compliance: 2016-18 achievements

**Major de-risking effort on legacy book coupled with substantial structural improvements**

**Risk reduction over time**



**Risk capabilities**

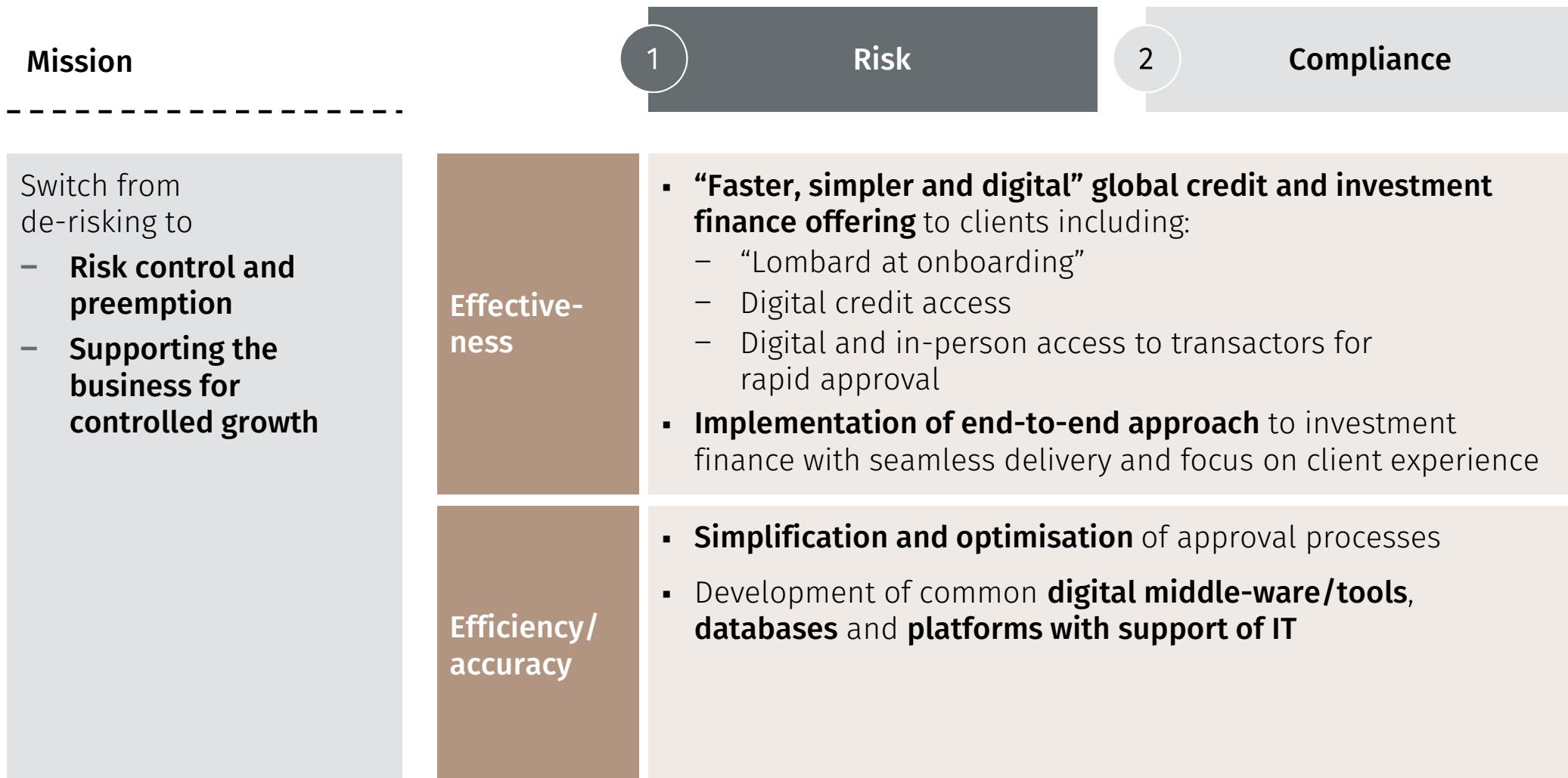


- **Investment in de-risking the ex-BSI book** in all locations
- Risk and compliance **staff at approx. 400 FTE** and 100 FTE in first line of defence, reflecting magnitude of the investment in de-risking and in the control function integration
- **Significant amount of CROs involved** (~67% in Switzerland throughout 2018)

- **Global Risk Management framework in place** for the combined entity
- **Risk processes, tools, and people** fully **ready for** supporting profitable **growth**
- Group **operational risk and internal control system** defined and **implemented** along 3 lines of defence model

# Key actions in Risk and Compliance (1/2)

## Shift in mindset



# Key actions in Risk and Compliance (2/2)

## Strengthening the first line and sharing accountability

Mission	1	Risk	2	Compliance
Switch from de-risking to <ul style="list-style-type: none"><li>- <b>Risk control and preemption</b></li><li>- <b>Supporting the business for controlled growth</b></li></ul>	<b>Effectiveness</b>	<ul style="list-style-type: none"><li>▪ <b>Empowerment and accountability in the first line of defence</b> with increase in the share of controls it is responsible for</li><li>▪ Compliance team focused on<ul style="list-style-type: none"><li>- Strategic guidance to steer risk taking from inception</li><li>- Managing complex cases</li></ul></li><li>▪ Optimisation of the <b>workflow tool (NCM)</b>, increasing the level of <b>process efficiency on client onboarding</b></li></ul>	<b>Efficiency/accuracy</b>	<ul style="list-style-type: none"><li>▪ <b>Optimisation of internal control framework</b> to reduce duplicated activities/shadow functions and foster accountabilities across first and second line of defence</li><li>▪ Focused investment to further <b>increase automation</b> in financial crime capabilities and AML</li></ul>

# Key takeaways from Risk

**Potential to further improve client and CRO experience for risk and compliance related processes**

**Room for efficiency improvement and scalability**

**Shift towards risk control / preemption and supporting the business for controlled growth**

# Investor Update 2019 – Agenda

<b>Topic</b>	<b>Speaker</b>
2019 – 2022 strategic plan & financial projections	Giorgio Pradelli, Chief Executive Officer Dimitris Politis, Chief Financial Officer
Q&A	
Break	
Investment Solutions & Global Markets	Renato Cohn, Deputy CEO & Head of Investment Solutions
Operations & Technology	Christian Flemming, Chief Operating Officer
Risk	Ranjit Singh, Chief Risk Officer
Break	
<b>Switzerland &amp; Italy Region</b>	<b>Franco Polloni, Head of Switzerland &amp; Italy Region</b>
<b>Asia Pacific Region</b>	<b>Albert Chiu, Head of Asia Pacific Region</b>
<b>Continental Europe Region</b>	<b>Adrian Kyriazi, Head of Continental Europe Region</b>
<b>Latin America Region</b>	<b>Marcelo Coscarelli, Head of Latin America Region</b>
<b>UK Region</b>	<b>Richard Thomas, Head of UK Region</b>
<b>Wrap-up Q&amp;A</b>	<b>Giorgio Pradelli, Chief Executive Officer</b>

# Switzerland & Italy Region

Franco Polloni – Head of Switzerland & Italy Region

# Franco Polloni – Head of Switzerland & Italy Region



- Head of Switzerland & Italy Region since July 2018
- Member of the Global Business Committee
- Member of the Executive Committee of EFG Bank
- Prior work experience:
  - 2014 – 2017: Head of Private Clients & Asset Management and Member of the Executive Board of Banca del Ceresio
  - 2008 – 2014: Leadership positions at BSI, including Head of Private Banking Switzerland and member of the Group Executive Board
  - 2001 - 2008: Banca del Gottardo
  - Renowned consultancies
- Education:
  - Degree in business and economics from the University of Zurich
  - Diploma as a Swiss federal tax expert
  - Trust & Estate Practitioner (TEP) & Certified Financial Planner (CFP)
- Swiss citizen (born: 1965)

# Overview: Switzerland & Italy Region (1/2)

## Our main locations

● Booking Centre    ○ Other locations



## Key figures, 2018

AuM	<b>CHF 41 bn</b>
Underlying NNA growth	<b>-5.2%</b>
Revenues	<b>CHF 311 mn</b>
RoAuM <sup>1</sup>	<b>86 bps</b>
CROs	<b>187</b>

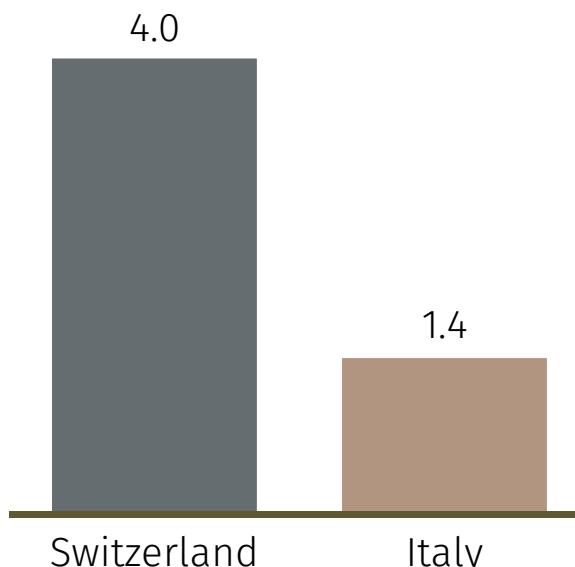
<sup>1</sup> Including Global Markets & Treasury contribution

# Overview: Switzerland & Italy Region (2/2)

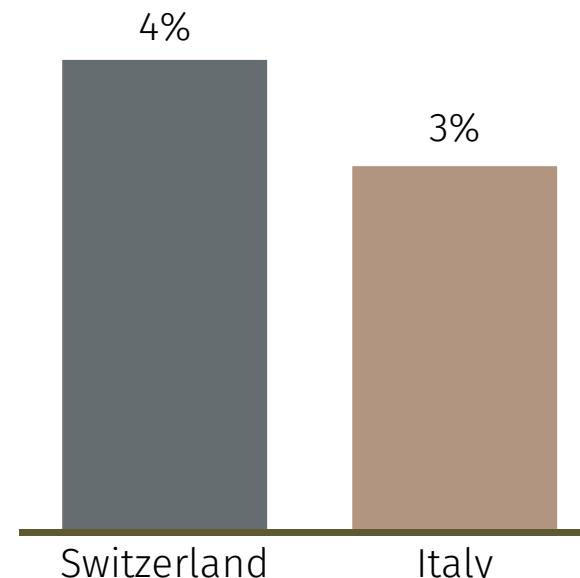
Target clients and markets	Elements of distinctiveness
<b>Offshore target markets</b> <ul style="list-style-type: none"><li>▪ Asia Pacific</li><li>▪ NRI</li><li>▪ Middle East </li></ul>	<ul style="list-style-type: none"><li>▪ CEE/CIS </li><li>▪ Latin America</li><li>▪ Southern Europe </li></ul>
<b>Onshore target markets</b> <ul style="list-style-type: none"><li>▪ Switzerland </li><li>▪ UK</li><li>▪ Spain</li></ul>	<ul style="list-style-type: none"><li>▪ Italy </li><li>▪ Australia</li></ul> <ul style="list-style-type: none"><li>▪ Three strong hubs with critical mass in Switzerland (Geneva, Zurich, Lugano), focused on different target clients</li><li>▪ Dedicated focus of each hub on different international client segments<ul style="list-style-type: none"><li>- Geneva and Zurich focused on Middle East and CEE/CIS</li><li>- Lugano focused on Southern Europe</li></ul></li><li>▪ Dominant market position in Ticino to serve Swiss domestic market</li><li>▪ Distinctive local product offering</li><li>▪ New and experienced management team in place</li></ul>

# Switzerland & Italy: Market outlook

**HNW Personal Financial Assets 2018**  
(in CHF trillion)



**Personal Financial Assets CAGR 2018-22**  
(in %)



## **Switzerland:**

- Largest offshore booking centre worldwide
- Value proposition evolved to “Bank Safety” from “Bank Secrecy” paradigm
- Continued relevance for international clients given political stability
- Solid onshore expected growth (>4%)
- High GDP per capita (>CHF 80k/year)
- >50 k multimillionaires (>CHF 5 mn)

## **Italy:**

- Top 4 largest European market in terms of Personal Financial Assets
- Ongoing trend of assets flowing back onshore

# Our strategy has three pillars

## CRO growth and productivity

- Refocus CRO teams from de-risking to growth, tripling the capacity of the region
- Hire talented CROs to grow in international markets, with focus on our target client regions (CEE/CIS, Middle East, Southern Europe)
- Strengthen commercial leadership capabilities with introduction of new “Team Leader” role

## Launch Swiss domestic strategy

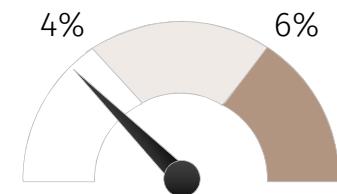
- Fully leverage our Swiss domestic platform, knowledge and capabilities to increase penetration of Swiss resident HNW individuals, with dedicated CRO hiring effort in Geneva and Zurich
- Strengthen the Swiss Independent Asset Management (IAM) segment, with focus on mid-sized players

## Build Italy

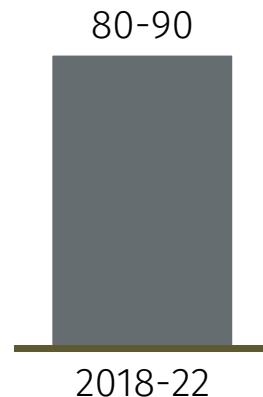
- Build Italian platform (Milan branch opening in March 2019) to capture fast growing onshore private banking opportunity, leveraging on existing long-standing experience in serving Italian HNW clients

## Our ambition for 2022

AuM growth, CAGR  
(in %)

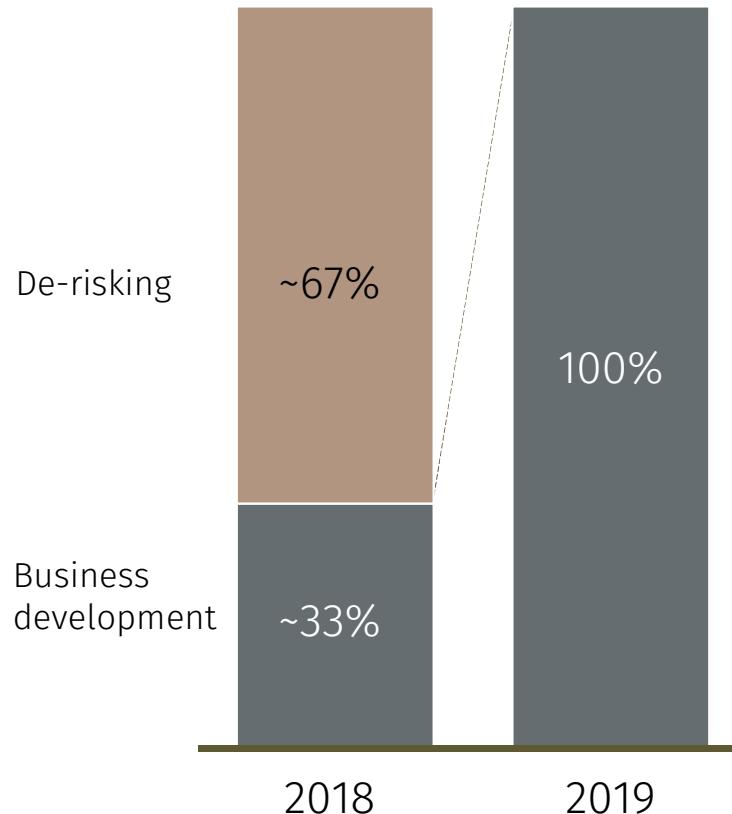


Gross new CROs  
(in #)

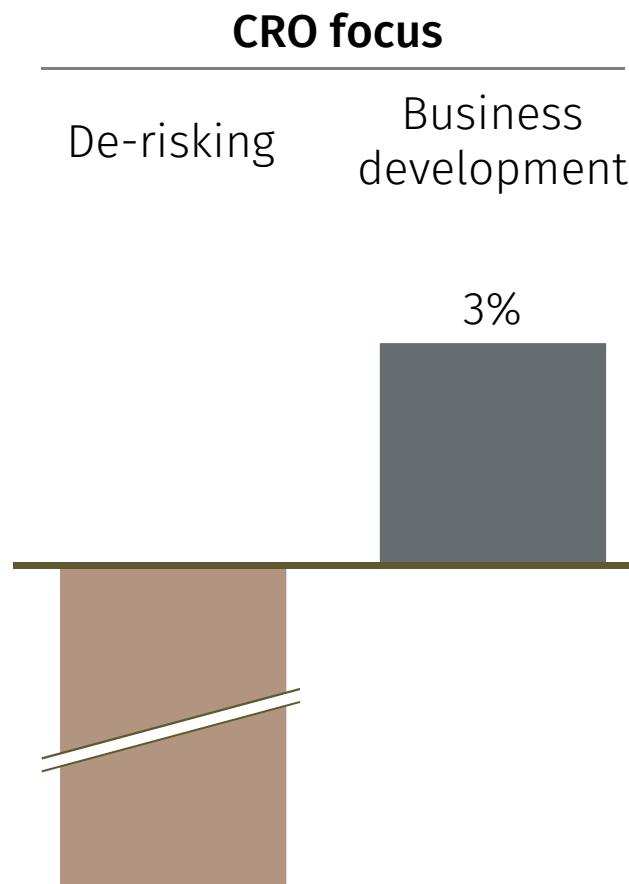


# Shifting focus on growth

CRO focus  
(in %)



Underlying NNA growth, 2018  
(in %)

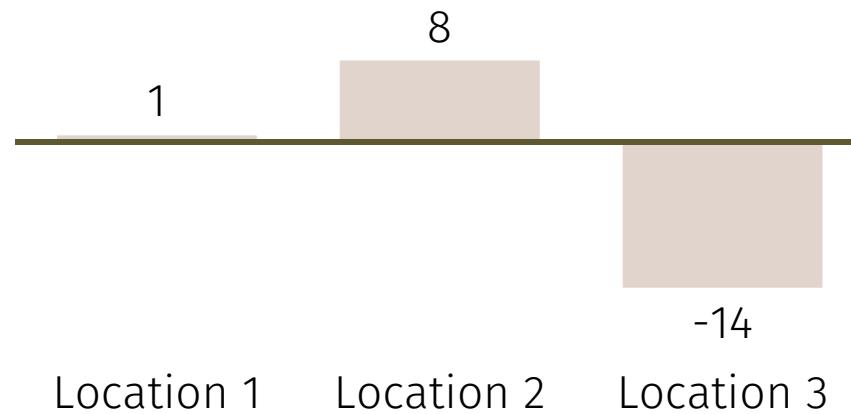


- **Refocus CRO teams (187 CROs) from de-risking to growth** and business development, tripling the capacity
- **Average NNA/CRO of +3% (CHF ~8 mn) for CROs focused on growth in 2018<sup>1</sup>**
- **Hire talented CROs** to grow in international markets, with focus on our target client regions

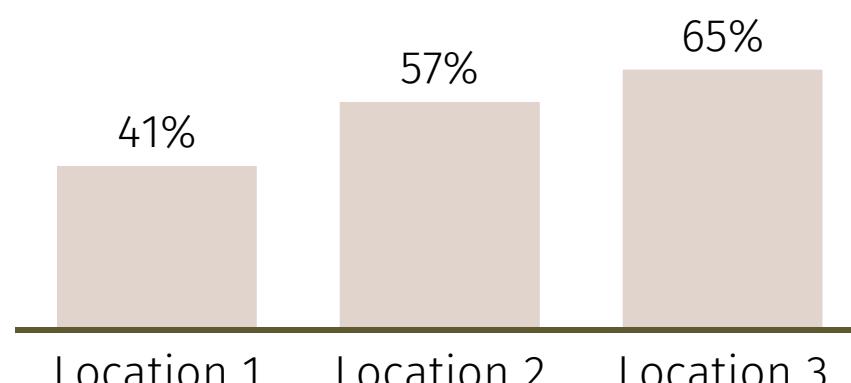
<sup>1</sup> Location with limited de-risking

# Capturing significant upside potential

Underlying NNA per CRO  
(in CHF mn)



Penetration of Discretionary and Advisory mandates  
(in % of AuM)



- **Strengthen commercial leadership capabilities**
- **Share systematic methodology ("Golden Standards")** on client acquisition coaching and performance management
- **Increase CRO engagement and productivity** through more client-facing time, leveraging on:
  - Structured pipeline and client base review
  - Frequent coaching for CROs by Team Leaders and Private Banking Heads
- **Improve asset mix** towards aligning penetration of discretionary mandates and advisory across locations

# Launch Swiss domestic strategy

**Fully leverage domestic platform for HNW residents**

- Dedicated CRO hiring efforts in Geneva and Zurich, building on distinctiveness of CRO model for domestic clients
- Target private wealth of Swiss entrepreneurs
- Fully leverage domestic platform, including financial planning, investment advisory, residential mortgages and tailored offering for entrepreneurs

**Target Swiss Independent Asset Managers (IAM)**

- Capture the Swiss Independent Asset Manager (IAM) opportunity with main focus on mid-sized players
- Deploy existing know-how in serving IAMs in Lugano to expand the client base in Zurich and Geneva
- Leverage comprehensive offering of Global Markets capabilities

**HNW PFA<sup>1</sup> 2018  
(in CHF)**

~1 tn

**Swiss HNW residents**

**AuM share of Swiss residents  
(in %)**

20%

12%

44%

Location 1   Location 2   Location 3

**IAM market  
(in CHF)**

~500 bn

~200 bn

~300 bn

**IAMs in Switzerland**

**AuM share of IAMs  
(in %)**

2%

7%

22%

Location 1   Location 2   Location 3

[ ] Large players (>CHF 750 mn AuM)

[■] Small and mid-sized players (<CHF 750 mn AuM)

<sup>1</sup> Personal financial assets > USD 1 mn

SOURCE: McKinsey Wealth Pools 2018, Swiss Association of Asset Managers

Investor Update 2019

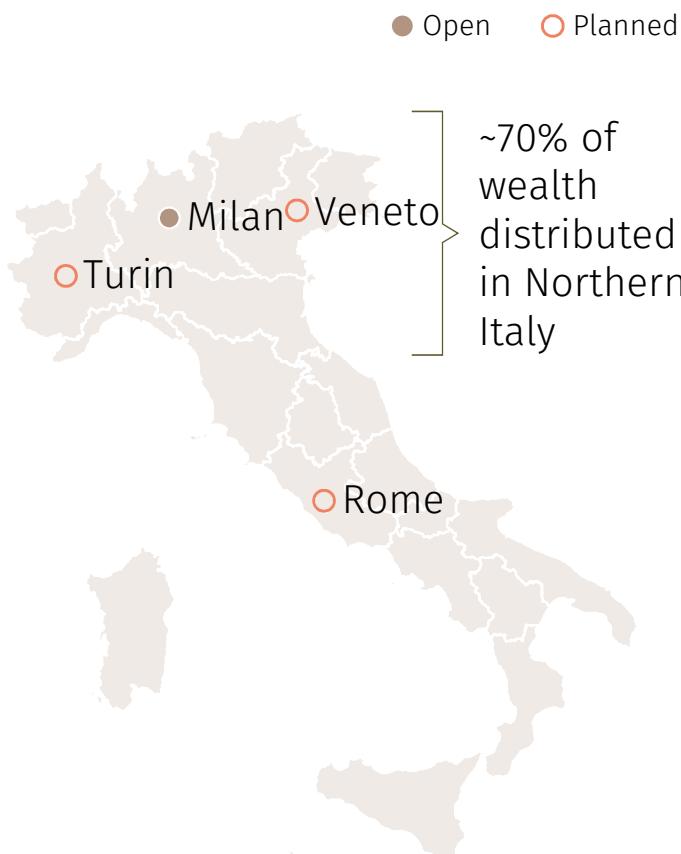
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# Building Italian platform

**Leverage the experience in serving Italian clients to capture Italian onshore opportunities**

## Geographical coverage

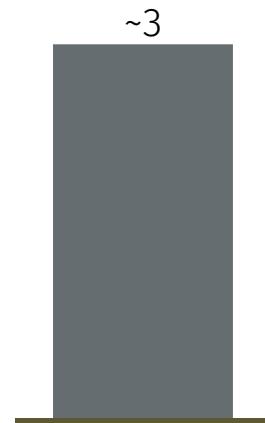


## Key initiatives

- **Open branch in Milan** (March 2019), with focus on Italian domestic private banking segment; experienced executive already hired as Head of the Milan Branch
- **Develop tailored offer for Italian clients** (e.g., banking services, discretionary mandates), by fully leveraging EFG Investment Solutions offering and product capabilities
- **Launch dedicated recruiting campaign**, targeting senior CROs and Financial Advisors
- Gradually **increase domestic footprint** across regions with higher wealth, e.g., Rome, Turin, Veneto

## Our ambition for 2022

AuM  
(in CHF bn)



# Key takeaways from Switzerland & Italy Region

**Refocus CROs from de-risking to growth and improve their productivity**

**Launch a Swiss domestic strategy focused on HNW individuals and Independent Asset Managers**

**Build an onshore platform in Italy leveraging our know-how in serving Italian clients**

# Asia Pacific Region

Albert Chiu – Head of Asia Pacific Region

# Albert Chiu – Head of Asia Pacific Region



- Head of Asia Pacific Region since June 2010
- Member of Global Business Committee
- Executive Chairman of EFG Bank's Asia Pacific Region
- Joined EFG Bank in 2000 and established EFG Bank's Private Banking activities in Asia
- Prior work experience:
  - 1993 – 2000: Treasury Manager at HSBC Bank USA Hong Kong Branch
  - 1987 – 1993: Vice President at Citibank Hong Kong
- Education:
  - Bachelor in Business Administration (Hon.) of the Chinese University of Hong Kong
  - Advanced Management Program of Harvard Business School
- Hong Kong citizen (born: 1965)

# Overview: Asia Pacific Region (1/2)

## Our main locations



## Key figures, 2018

AuM	<b>CHF 18 bn</b>
Underlying NNA growth	<b>+3.5%</b>
Revenues	<b>CHF 142 mn</b>
RoAuM <sup>1</sup>	<b>86 bps</b>
CROs	<b>99</b>

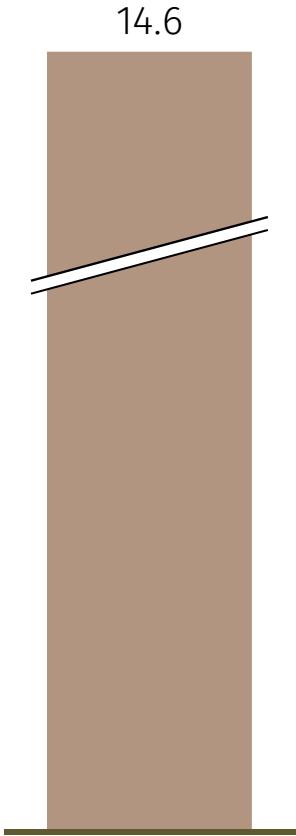
<sup>1</sup> Including Global Markets & Treasury contribution

# Overview: Asia Pacific Region (2/2)

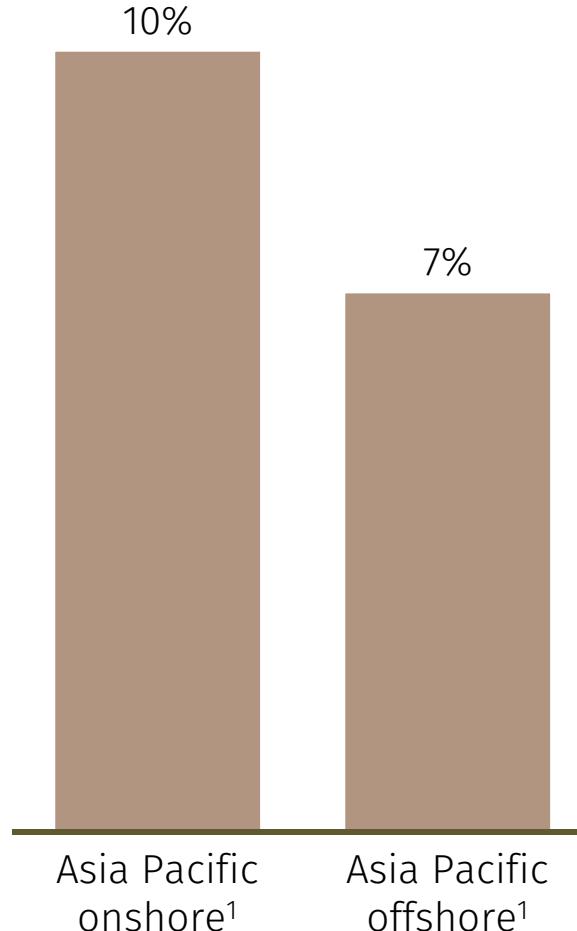
Target clients and markets	Elements of distinctiveness
<h3 data-bbox="159 530 736 578">Offshore target markets</h3> <ul style="list-style-type: none"> <li data-bbox="152 652 512 716">▪ Asia Pacific ✓</li> <li data-bbox="579 652 804 716">▪ CEE/CIS</li> <li data-bbox="152 763 512 827">▪ NRI ✓</li> <li data-bbox="579 763 938 827">▪ Latin America</li> <li data-bbox="152 874 512 938">▪ Middle East</li> <li data-bbox="579 874 983 938">▪ Southern Europe</li> </ul>	<ul style="list-style-type: none"> <li data-bbox="1102 530 2203 636">▪ Pure-play Swiss private bank with banking license in both Hong Kong and Singapore</li> <li data-bbox="1102 668 2023 716">▪ Present since 2000, profitable since 2001</li> <li data-bbox="1102 747 2203 859">▪ Good brand recognition (Best private bank in Asia 2012-2016<sup>1</sup>)</li> </ul>
<h3 data-bbox="159 1006 676 1054">Onshore target markets</h3> <ul style="list-style-type: none"> <li data-bbox="152 1129 512 1192">▪ Switzerland</li> <li data-bbox="579 1129 736 1192">▪ Italy</li> <li data-bbox="152 1224 512 1287">▪ UK</li> <li data-bbox="579 1224 826 1287">▪ Australia ✓</li> <li data-bbox="152 1319 512 1383">▪ Spain</li> </ul>	 

# Asia Pacific: Market outlook

**HNW Personal Financial Assets 2018**  
(in CHF trillion)



**Personal Financial Assets CAGR 2018-22**  
(in %)



- Asia Pacific is the fastest-growing wealth management market for HNWI – double-digit growth for the next 5 years
- Emerging Asia with growing importance – especially Philippines, Thailand and Vietnam
- Source of wealth mainly first generation successful entrepreneurs – Credit / Investment Finance is a critical factor for success
- Increasing importance of IAMs and multi-family offices

<sup>1</sup> Excluding Japan

SOURCE: McKinsey Wealth Pools 2018

Investor Update 2019

# Our strategy has four pillars

## CRO growth

- Dedicated sourcing team for CRO recruiting in the region
- Strategically target team heads of leading private banks, with focus on Hong Kong and Singapore
- Leverage internal operating mechanisms to facilitate recruiting (KPIs, incentives)

## CRO productivity

- Foster stronger ties between Investment Solutions experts and CROs
- Offer special investment opportunities to top clients (e.g. Asian Private Investors Club)

## Independent Asset Manager opportunities

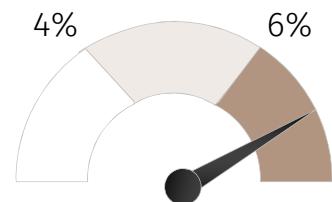
- Enhance platform dedicated to serve Independent Asset Managers, with main focus on mid-sized players
- Launch a dedicated recruiting effort to target CROs with experience in serving Independent Asset Managers

## External growth

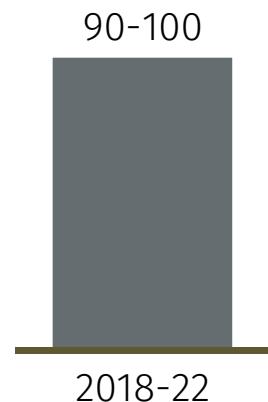
- Consider bolt-on acquisitions in markets with existing presence
- Explore acquisition and partnership opportunities to gain exposure to new markets (example Shaw and Partners)

## Our ambition for 2022

AuM growth, CAGR  
(in %)



Gross new CROs  
(in #)



# Right time to hire CROs given transformational strategy

EFG is highly attractive to new CROs

We have successfully hired high-calibre CROs

## Key evidences

- Participation in transformational growth story after the acquisition
- Solid capital position to support growth
- Agile organisation to serve client needs
- Distinctive CRO model

## Key actions

- Dedicated **sourcing team** for CRO recruiting in the region
- Strategically target **team heads of leading private banks**, with focus on Hong Kong and Singapore
- Leverage **internal operating mechanisms** to facilitate recruiting (KPIs, incentives)

# Gain exposure to selected target markets

**Australia****Indonesia****China**

HNW Personal Financial Assets 2018  
(in CHF bn)

~1,000

Personal Financial Assets CAGR 2018-22  
(in %)

>6.5%

~500

~6,600

>8.5%

>10%

- Explore JV opportunities with local onshore operators with strong brand
- Execute bolt-on acquisitions where potential of value creation is significant

# Mutually beneficial partnership providing growth opportunities

## Rationale for the transaction with Shaw and Partners

- ✓ **The partnership will allow EFG access to a high growth market:** Provide EFG an immediate access to the Australian market and enlarge EFG's coverage in the Asia Pacific region
- ✓ **Additional opportunities from combined growth initiatives**

### Full access to EFG's platform

Providing clients of Shaw and Partners with access to EFG's locations and product offering, including lombard loans and research capabilities

### Chinese HNWIs market

Penetration into the Chinese HNWIs market in Australia to strengthen EFG's China offshore market

### EFGAM Funds

Potential to penetrate the Australian corporate and pension funds market with EFGAM New Capital Funds

**EFG to double AuM in Asia Pacific by 2022, leveraging on Shaw and Partners acquisition<sup>1</sup>**

<sup>1</sup> Acquisition of 51%

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# Key takeaways from Asia Pacific Region

Asia Pacific is the **fastest growing wealth management HNWI market in the world**. EFG Asia Pacific is primed to capture the opportunity

EFG Asia Pacific is an **attractive destination for high calibre CROs**. We will focus on hiring CROs team and also improve the productivity of our existing CROs

Acquisition<sup>1</sup> and partnership with Shaw and Partners gives EFG **immediate access to the Australian onshore market** and also creates exciting opportunities for **combined growth initiatives** in the Asia Pacific Region for EFG

# Continental Europe Region

Adrian Kyriazi – Head of Continental Europe

# Adrian Kyriazi – Head of Continental Europe Region



- Head of Continental Europe Region since 2014
- Member of the Global Business Committee
- Joined EFG in 2014
- Prior work experience:
  - 2010 – 2014: Credit Suisse as Managing Director, Market Group Head for Greece, CEE/Poland
  - 1989 – 2008: HSBC in numerous senior manager positions, including Managing Director, Private Banking and Co-CEO, HSBC Private Bank, Monaco
- Education:
  - Degree in law from Robinson College, Cambridge University
- Greek citizen (born: 1960)

# Overview: Continental Europe and Middle East (1/2)

## Our main locations



## Key figures, 2018

AuM	<b>CHF 31 bn</b>
Underlying NNA growth	<b>+4.3%</b>
Revenues	<b>CHF 199 mn</b>
RoAuM <sup>1</sup>	<b>75 bps</b>
CROs	<b>148</b>

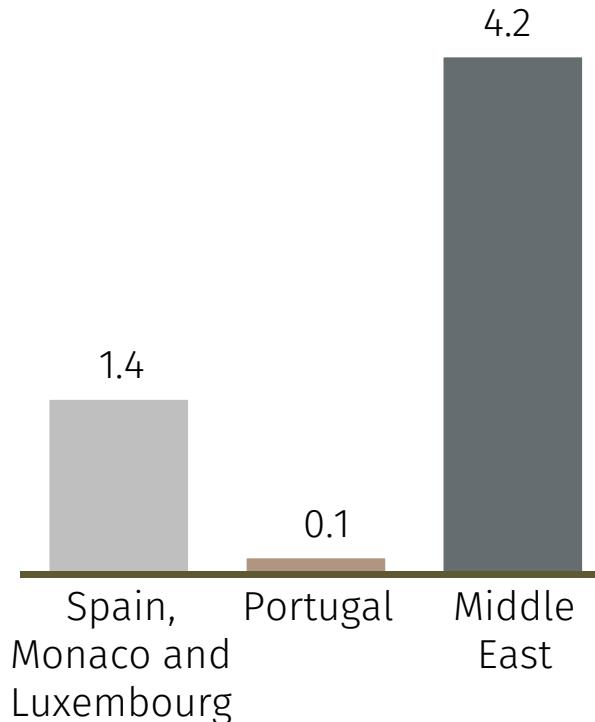
<sup>1</sup> Including Global Markets & Treasury contribution

## Overview: Continental Europe and Middle East (2/2)

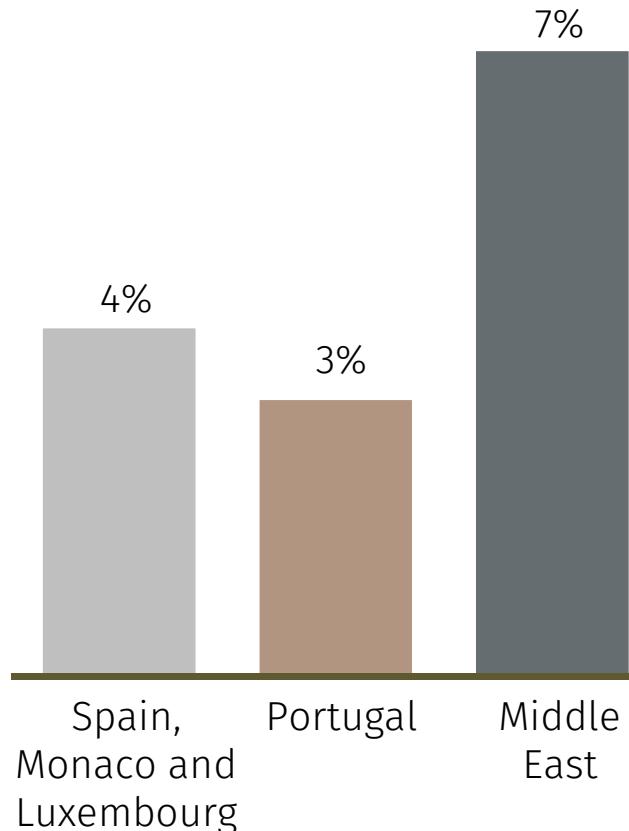
Target clients and markets	Elements of distinctiveness
<b>Offshore target markets</b> <ul style="list-style-type: none"><li>▪ Asia Pacific</li><li>▪ NRI</li><li>▪ Middle East </li></ul>	<ul style="list-style-type: none"><li>▪ CEE/CIS </li><li>▪ Latin America</li><li>▪ Southern Europe </li></ul>
<b>Onshore target markets</b> <ul style="list-style-type: none"><li>▪ Switzerland</li><li>▪ UK</li><li>▪ Spain </li></ul>	<ul style="list-style-type: none"><li>▪ Italy</li><li>▪ Australia</li></ul>

# Continental Europe and Middle East: Market outlook

**HNW Personal Financial Assets 2018**  
(in CHF trillion)



**Personal Financial Assets CAGR 2018-22**  
(in %)



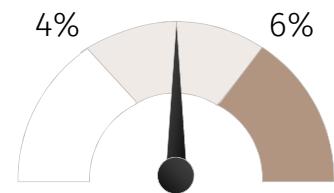
- **Monaco and Spain remain highly attractive locations** to capture wealth
- **Luxembourg** presents attractive onshore and offshore growth opportunities
- **Southern Europe remains a key target market** with pockets of opportunity for expansion - Portugal is increasingly attractive due to residency programmes which have been introduced recently (over 54 k individuals with wealth > USD 1 mn)
- **Middle East** with continued **growth** in private banking PFA – will increasingly require a combination of local presence and international capabilities to fully capture opportunity

# Our strategy has three pillars

<b>CRO growth</b>	<ul style="list-style-type: none"> <li>▪ Actively leverage management and CRO networks to successfully identify and recruit candidates</li> <li>▪ Build a cross-regional Strategic Recruiting Team with strong market intelligence</li> </ul>
<b>Strengthen presence in Middle East</b>	<ul style="list-style-type: none"> <li>▪ Strengthen our presence in the Middle East by establishing a branch in the UAE</li> </ul>
<b>Establish a presence in Portugal</b>	<ul style="list-style-type: none"> <li>▪ Further expand in Southern Europe through the establishment of a Portuguese branch</li> </ul>

## Our ambition for 2022

AuM growth, CAGR  
(in %)



Gross new CROs  
(in #)



# Expanding our Middle East presence...

... Through establishing a new entity in the UAE

## Geographical coverage

● Open      ○ Planned



## Market attractiveness

- **Middle East PFA growing at 7% p.a. until 2022**  
(outgrowing the rest of the region)
- **UAE** is the **leading international financial hub** in the region with **CHF 0.5 tn HNW PFA**
- **Market proximity is becoming increasingly important**

## Key initiatives

- Establish a **UAE presence**
- Recruit **top-tier CRO teams**
- Leverage on EFG's **existing regional network** and client base to accelerate growth
- Leverage and expand on our **existing capabilities and local know-how** (delivering Swiss private banking in a local environment)

# Setting up a presence in Portugal...

**... Leveraging on our proven track record of successfully launching new businesses**

## Our presence in Greece

- Successfully leveraged **EFG's brand recognition** and strong **local relationships** to build a profitable business within 18 months
  - Growth driven by hiring of experienced private banking teams
  - Local branch licence obtained mid-2017
- Key success factors included
  - Existing **network/brand recognition**
  - Attractive **market presence** to CRO teams and clients
  - Consolidator in the market

## Our plan for Portugal

- Establish a non-booking **advisory branch** via our Luxembourg entity
- Leverage the **strong local relationships** of existing coverage team (currently located in Miami)
- Build a **strong local team with 8 CROs** on the ground including
  - Relocate recently on-boarded CROs currently operating out of Luxembourg
  - Hire additional CROs

**AuM ambition for 2022: ~CHF 1.5 bn**

## Key takeaways from Continental Europe and Middle East

**Strong management and local presence in Spain, Monaco and Luxembourg; leverage on these to continue to attract CROs and their clients**

**Proven track record for growing the EFG footprint, e.g., Greece and Cyprus**

**Expand our presence in UAE and Portugal**

# Latin America Region

Marcelo Coscarelli – Head of Latin America Region

# Marcelo Coscarelli – Head of Latin America Region



- Head of Latin America Region since January 2017
- Member of the Global Business Committee
- Prior work experience:
  - 2012 – 2017: Citibank Latin America, serving as Managing Director and Head of the Wealth Management Business covering international high-net-worth and affluent clients
  - 2008 – 2012: Chief Operating Officer of Itau Private Bank International, based in Miami
  - UBS: Head of the Brazil Wealth Management Sales Desk in Zurich
  - Citigroup Private Bank
- Education:
  - MBA from the University of Chicago, USA
  - Bachelor's degree in economics from University of Campinas in Sao Paulo, Brazil
- Brazilian and US citizen (born: 1971)

# Overview: Latin America Region (1/2)

## Our main locations



## Key figures, 2018

AuM	<b>CHF 15 bn</b>
Underlying NNA growth	<b>+5.1%</b>
Revenues	<b>CHF 121 mn</b>
RoAuM <sup>1</sup>	<b>89 bps</b>
CROs	<b>76</b>

<sup>1</sup> Including Global Markets & Treasury contribution

# Overview: Latin America Region (2/2)

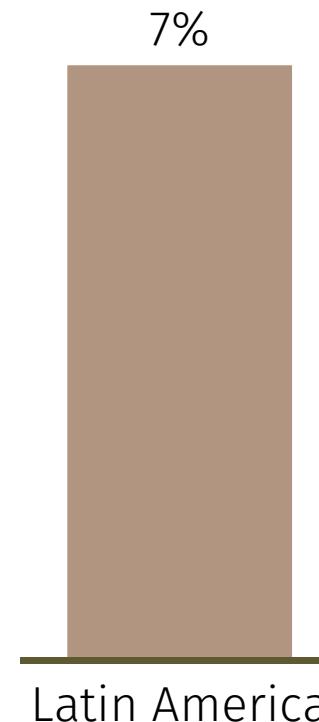
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<b>Onshore target markets</b> <ul style="list-style-type: none"><li>▪ Switzerland</li><li>▪ UK</li><li>▪ Spain</li><li>▪ Italy</li><li>▪ Australia</li></ul>	

# Latin America: Market outlook

**HNW Personal Financial Assets 2018**  
(in CHF trillion)



**Personal Financial Assets CAGR 2018-22**  
(in %)



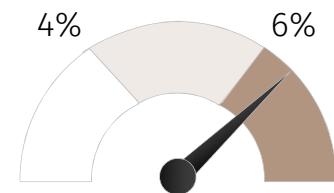
- Renewed optimism in key Latin American markets
- Miami has established itself as the main wealth management hub for international clients in Latin America

# Our strategy has three pillars

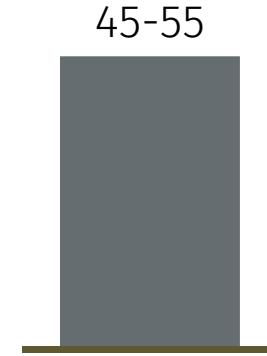
<b>CRO growth</b>	<ul style="list-style-type: none"> <li>Hire CRO teams, primarily in Miami and Switzerland hubs</li> <li>Deploy CRO “Team Leaders” with mandate to expand CRO hiring</li> </ul>
<b>CRO productivity</b>	<ul style="list-style-type: none"> <li>Drive penetration of Investment Finance, discretionary mandates and structured products</li> <li>Set up focused sales management process, driven by Team Leaders across key regions</li> <li>Continue to support CROs with Investment Counsellors and quality investment expertise in order to help CROs in maximising client-facing time</li> </ul>
<b>Brazil</b>	<ul style="list-style-type: none"> <li>Seize the opportunity in Brazil, building on our partnership with BTG to accelerate client acquisitions</li> </ul>

## Our ambition for 2022

AuM growth, CAGR  
(in %)



Gross new CROs  
(in #)



# Seize the opportunity in Brazil

## Leverage partnership with BTG to foster client acquisitions

*Today, no direct presence  
in Brazil, and  
underrepresentation in  
book*



**CHF 1 tn** Total Brazilian HNW PFA in 2018<sup>1</sup>

**7% p.a.** PFA growth rate until 2022

**2017: 6.0%** Lower real interest rates make combination of local and international diversification more

**2019(e): 2.9%** attractive

- Build on tailored value proposition to establish client relationships (e.g., credit, access to global asset management)
- Partner with BTG to introduce EFG's value proposition to complement their own

**AuM ambition for 2022:  
~CHF 1.5 bn**

<sup>1</sup> Personal financial assets > USD 1 mn

SOURCE: McKinsey Wealth Pools 2018

# Key takeaways from Latin America Region

**EFG is relevant and competitive in LatAm, with favourable market conditions**

**Focus on hiring CRO teams and fully leveraging Investment Solutions to drive productivity**

**Seize the opportunity in Brazil, building on our partnership with BTG**

# UK Region

Richard Thomas – Head of UK Region

# Richard Thomas – Head of UK Region



- Head of UK Region since January 2019
- Member of the Global Business Committee
- CEO of EFG Private Bank Ltd, London, EFG International's wholly owned subsidiary in United Kingdom
- Prior work experience:
  - 2009 – 2018: Numerous senior manager positions at Barclays UK
  - UK Ministry of Defence
  - Royal Navy as warship captain
- Education:
  - Sloan Fellowship MSc in Business Strategy and Leadership from London Business School
  - MA in Defence Studies from King's College London
- He was awarded the MBE by Her Majesty the Queen in 2000 for his service abroad
- British citizen (born: 1967)

# Overview: UK Region (1/2)

## Our main locations



## Key figures, 2018

AuM	<b>CHF 19 bn</b>
Underlying NNA growth	<b>+3.4%</b>
Revenues	<b>CHF 148 mn</b>
RoAuM <sup>1</sup>	<b>95 bps</b>
CROs	<b>72</b>

<sup>1</sup> Including Global Markets & Treasury contribution

# Overview: UK Region (2/2)

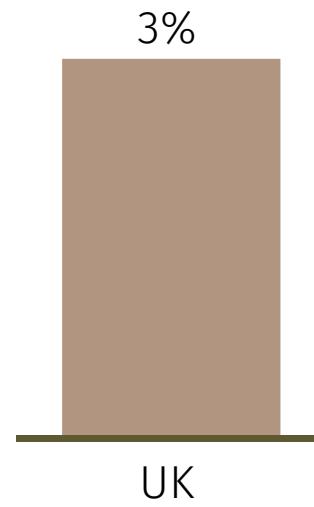
Target clients and markets	Elements of distinctiveness
<b>Offshore target markets</b> <ul style="list-style-type: none"><li>▪ Asia Pacific ✓</li><li>▪ NRI ✓</li><li>▪ Middle East ✓</li><li>▪ CEE/CIS</li><li>▪ Latin America</li><li>▪ Southern Europe ✓</li></ul>	<ul style="list-style-type: none"><li>▪ Full banking license in the United Kingdom</li><li>▪ Strong presence in London, which will remain a magnet for global wealth beyond Brexit</li><li>▪ Strong competence in real estate-backed lending, especially in Prime Central London</li><li>▪ Close link with Investment Solutions hub given co-location in London</li><li>▪ Strategically well positioned in a polarising UK market as a nimble pure-play private bank</li></ul>
<b>Onshore target markets</b> <ul style="list-style-type: none"><li>▪ Switzerland</li><li>▪ UK ✓</li><li>▪ Spain</li><li>▪ Italy</li><li>▪ Australia</li></ul>	

# UK: Market outlook

**HNW Personal Financial Assets 2018**  
(in CHF trillion)



**Personal Financial Assets CAGR 2018-22**  
(in %)



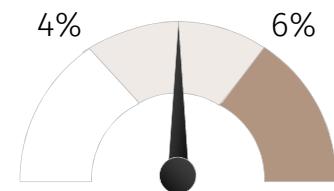
- **UK is a key market for global wealth beyond Brexit**
- **Brexit has limited implications for non-EU residents** and therefore limited impact on EFG UK, with less than 15% of AuM affected
- The UK banking market continues to diverge between **large institutions pursuing commoditised scale** vs. **boutiques retaining a tailored client service**
- **London among top cities for global UHNWI segment**

# Our strategy has three pillars

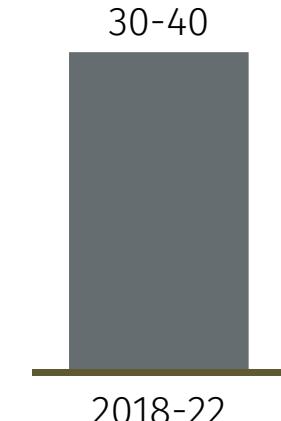
<b>Focus on core markets</b>	<ul style="list-style-type: none"> <li>▪ Focused post-Brexit market strategy increasing penetration of international target clients (in particular CEE/CIS, Middle East) and on UK clients</li> <li>▪ Initiatives to further improve value proposition for target clients leveraging EFG capabilities in Wealth Planning, Lombard lending and direct trading access</li> </ul>
<b>CRO growth and productivity</b>	<ul style="list-style-type: none"> <li>▪ Accelerate CRO nominal and quality growth. New management team will accelerate attraction of top talent</li> <li>▪ Commercial organisation: Enhanced commercial-focused structure including Team Leaders with accountability for performance management</li> </ul>
<b>Improve CRO and client experience</b>	<ul style="list-style-type: none"> <li>▪ UK as front-runner of group-wide CRO and client experience effort</li> <li>▪ Simplify onboarding and credit approval processes using client journey owners</li> <li>▪ Optimise client experience across key customer journeys to deliver a coherent EFG experience</li> </ul>

## Our ambition for 2022

AuM growth, CAGR  
(in %)



Gross new CROs  
(in #)



# Focus on core markets where EFG has expertise

## EFG with strong local value proposition...

- Full banking license in the United Kingdom
- Strong presence in London, which will remain a magnet for global wealth beyond Brexit
- Strong competence in real estate-backed lending, especially in Prime Central London
- Close link with Investment Solutions hub given co-location in London
- Strategically well positioned in a polarising UK market as a nimble pure-play private bank

## ...and initiatives to further improve its positioning



UK

- Introduce new Wealth Planning proposition for UK resident clients
- Offer international booking centres to UK non-domiciled residents



CEE/CIS,  
Middle East

- Enhance UHNWI proposition to increase share of wallet of existing and new clients by:
  - Enabling direct trading access to global markets from UK accounts
  - Setting up Lombard lending offering in the UK

# Key takeaways from UK Region

**UK is a consistent performer – we can commit and deliver**

**Refreshed management team will provide impetus for the next phase of EFG UK**

**Well positioned in a changing market – EFG's proposition is well suited to the strategic shift**

# 2019-22 Strategic Plan: Key takeaways

Giorgio Pradelli – Chief Executive Officer

# 2019-22: Profitable growth and effective capital deployment

- Strong, new, **committed management team**
- EFG's **business model** is **distinctive** and **competitive** in serving clients and attracting CROs
- We have executed the integration and we are **ready to deliver our 2019-22 strategic plan**
- Strong capital position and earning generation gives us **optionality to accelerate value creation and increase returns to shareholders**

## Financial targets 2022

<b>NNA growth</b>	4-6% average <sup>1</sup>
<b>Revenue margin</b>	85 bps
<b>Cost-income ratio</b>	72-75%
<b>RoTE</b>	>15%

## Execution of 2019-22 Strategic Plan already delivering tangible results:

- Over 50 new CROs already signed or approved in 2019 YTD (above CROs hired in FY18)
- Opening of Italy (1Q19), Portugal (2Q19) and Middle East (3Q19)
- Announced acquisition<sup>2</sup> of Shaw and Partners in Australia (CHF 11bn), closing in 2Q19

Note: Financial targets include Shaw and Partners

1 Compound Annual Growth Rate (CAGR) over four-year period

2 Acquisition of 51%

Investor Update 2019

13 March 2019

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