

Full-year 2018 results presentation

13 March 2019

Zurich



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Key highlights

Giorgio Pradelli, Chief Executive Officer

Today we want to update you on three topics

Our **achievements in 2018** in the context of the acquisition and integration of BSI

Our strategic plan for the **next EFG chapter 2019-22**

Our **acquisition of Shaw and Partners** in Australia

2016-18: BSI Acquisition and integration executed

Main achievements

Financial performance	Increased profitability and raised dividend	<ul style="list-style-type: none"> Return to IFRS net profit of CHF 70 mn from CHF (60) mn in 2017, increased DPS by 20% to CHF 0.30
	Further strengthened capital base	<ul style="list-style-type: none"> Total capital from 15.7% in 2015 to 21.6% in 2018
	Delivered costs synergies	<ul style="list-style-type: none"> CHF 187 mn of cumulative cost synergies vs CHF 180 mn planned until 2018
	Delivered >3% NNA growth, except in Switzerland	<ul style="list-style-type: none"> >3% underlying NNA growth in 2018 across all regions, except Switzerland at -5% due to de-risking
Organisational health	Concluded de-risking of franchise	<ul style="list-style-type: none"> CHF 16 bn of attrition during 2016-18, at top end of the target range (10.9% vs 10%)
	Created one platform across geographies	<ul style="list-style-type: none"> 9 IT migrations and 6 legal integrations completed
	Implemented one CRO model across geographies	<ul style="list-style-type: none"> 590 CROs under the same model
	Strengthened leadership team and governance	<ul style="list-style-type: none"> 8 recent appointments in top roles and establishment of Global Business Committee

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**

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

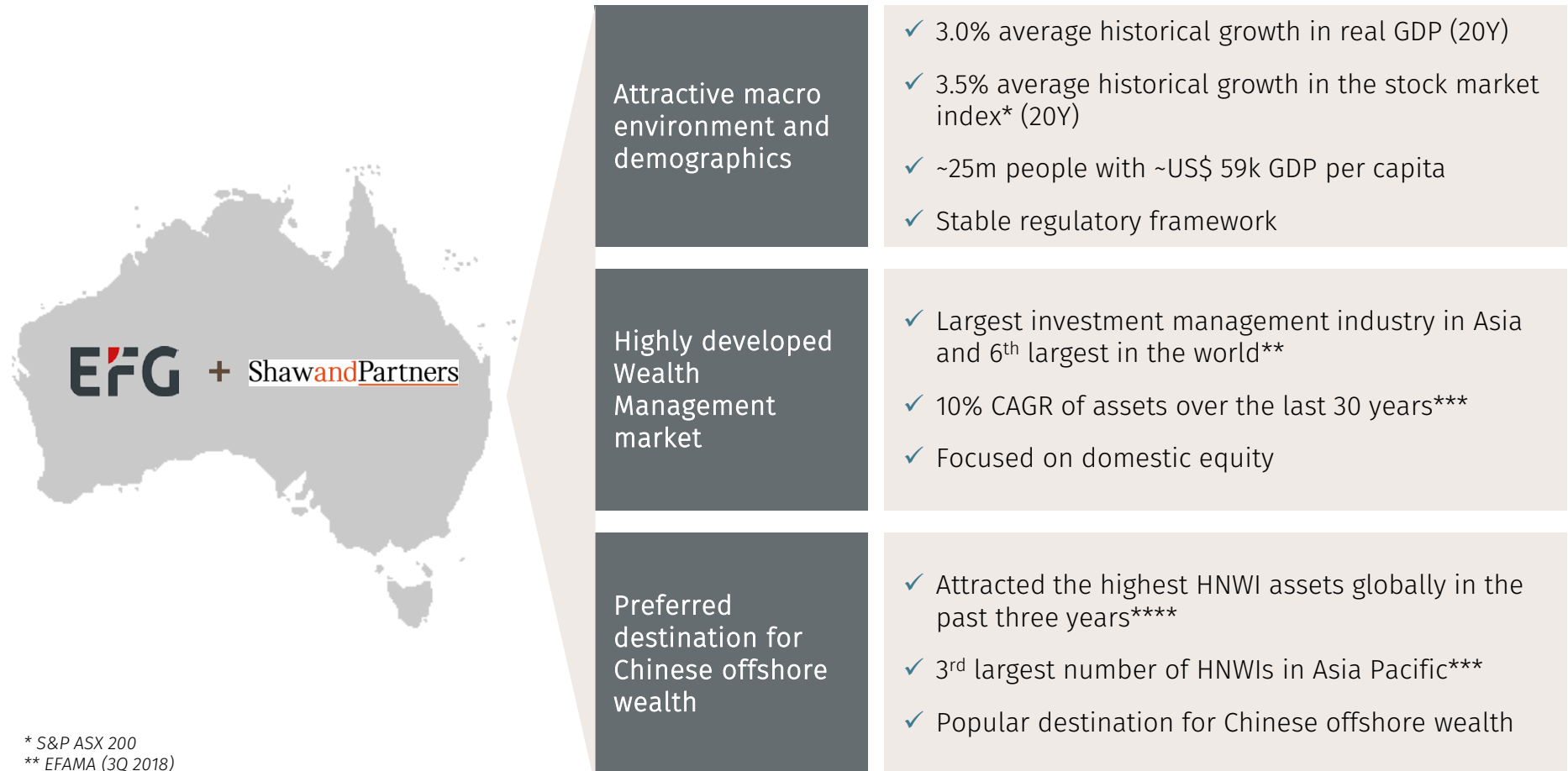
- Increase critical mass in existing markets
- Increase exposure to markets with superior growth potential

Acquisition of majority stake in Shaw and Partners

Giorgio Pradelli, Chief Executive Officer
Dimitris Politis, Chief Financial Officer

Expansion of Asia Pacific footprint with entry into Australia

One of the most attractive and fast growing wealth management markets globally



* S&P ASX 200

** EFAMA (3Q 2018)

*** Investment Company Institute (2016)

**** New World Wealth (2017)

Mutually beneficial partnership providing growth opportunities

Rationale for the transaction

- ✓ **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 HNWI market

Penetration into the Chinese HNWI 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 acquisition¹

¹ Acquisition of 51%

Shaw and Partners

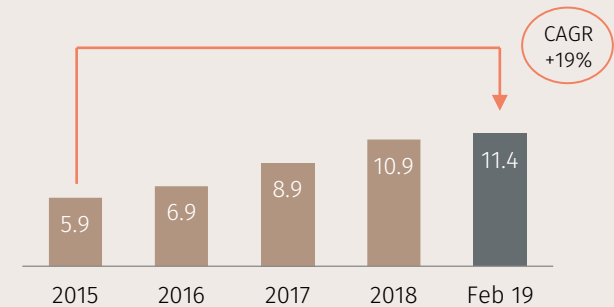
Strong and well established domestic player

Overview

- Established in 1987
- Well regarded and recognised brand
- Provides full suite of wealth management services, including brokerage, portfolio management and administration, investment advice and corporate finance
- AuM of A\$ 15.9 bn (CHF 11.4 bn)* with 70% of clients with AuM above A\$ 1 mn
- Predominantly domestic clients with domestic assets
- Network of ~150 financial advisers
- 6 offices across Australia
- Majority employee-owned
- Simple balance sheet with total assets of ~CHF 25 mn

Shaw and Partners

AuM (June year-end)
(in CHF bn)



Key metrics

CHF 11.4 bn
AuM

150
Client advisers

CHF 71 mn
Gross revenues (FY18
(to 30 June))

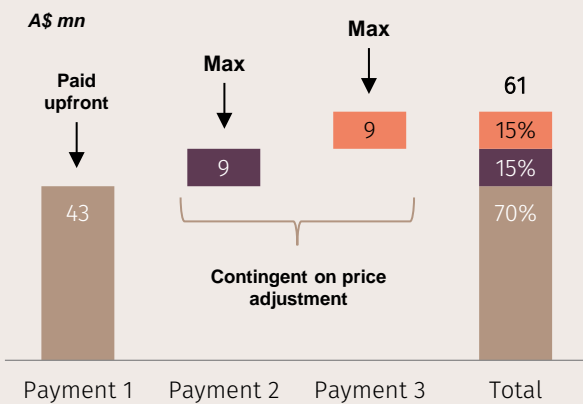
CHF 8 mn
Adjusted net
income**

* Exchange rate of A\$1.4 / CHF

** Post certain adjustments (FY ended 30 June 2018)

Transaction structure

Acquisition of 51% of Shaw and Partners for up to A\$ 61 mn via a combination of cash and shares

<p>Key terms</p>	<ul style="list-style-type: none"> Acquisition of 51% of Shaw and Partners for a total consideration of up to A\$ 61 mn (~CHF 44 mn) Implied adjusted P/E 2018 of 11x* and P/AuM of 0.8%* Existing shareholders to remain 49% shareholders <ul style="list-style-type: none"> Current co-CEOs expected to jointly hold a 25% stake Consideration to be paid in cash and shares** <ul style="list-style-type: none"> Up to 3.4 mn new EFG shares to be issued 	 <p>A\$ mn</p> <p>Paid upfront</p> <p>Max</p> <p>Max</p> <p>9</p> <p>9</p> <p>61</p> <p>15%</p> <p>15%</p> <p>70%</p> <p>Contingent on price adjustment</p> <p>Payment 1 Payment 2 Payment 3 Total</p>
<p>Key protection elements</p>	<ul style="list-style-type: none"> Payment 2 and 3 deferred by ~12 / 24 months and subject to downward revision (based on achievement of agreed AuM and revenue thresholds) Shares issued subject to lock-up for up to 3 years 	
<p>Other</p>	<ul style="list-style-type: none"> Transaction expected to be EPS accretive from year 1 and will have marginal impact on EFG's capital ratios Current management team to continue to run the company Closing expected in second quarter of 2019 Subject to regulatory approval in Switzerland 	

* Using 100% implied consideration of A\$ 120 mn, adjusted Net Income 2018 of A\$ 11 mn and latest AuM of A\$ 15.9 bn (Feb-19)

** Top shareholders (>60%) will receive 50% in cash / 50% in shares while smaller shareholders can receive 100% in cash if they so wish. For those choosing cash instead of shares for 50% of consideration, cash payment to be deferred in line with timing of lock-up (i.e. release over 3 years)

Financial performance

Dimitris Politis, Chief Financial Officer

FY 2018 financial results in perspective

EFG returns to IFRS net profit and proposes a dividend increase to CHF 0.30 per share

Profitability	<ul style="list-style-type: none"> 2018 IFRS net profit at CHF 70.3 mn, compared to a loss of CHF (59.8) mn in 2017 Underlying net profit at CHF 191.8 mn, up 16%; underlying RoTE at 12.8%
Business development	<ul style="list-style-type: none"> AuM at CHF 131.2 bn as at 31 December 2018 reflect adverse market and currency environment mainly over the last two months of the year. As at 28 February 2019, AuM stand at CHF 135.4 bn; or at CHF 146.4 bn adjusted for Shaw and Partners; de-risking of BSI portfolio completed Underlying FY 2018 NNA growth at 1.8%; all regions within the 3-6% target range with the exception of Switzerland Underlying revenue margin at 84 bps
Cost evolution & delivery of synergies	<ul style="list-style-type: none"> Integration phase completed; already achieved cumulative pre-tax cost synergies of CHF 187 mn, ahead of target for end-2018 Additional cost synergies to be realised in 2019
Legacy issues	<ul style="list-style-type: none"> Positive contribution from life insurance legacy portfolio of CHF 9.5 mn in 2H 2018 partly offsetting negative impact in 1H 2018
Capital position	<ul style="list-style-type: none"> Strong and improving capital position allows for higher dividend payout: CET1 capital ratio at 17.6%, Total capital ratio at 21.6% Dividend up 20% to CHF 0.30 per share

Financials summary

	2018	2017
IFRS net profit, CHF mn	70.3	(59.8)
Underlying net profit*, CHF mn	191.8	165.0
Underlying operating income*, CHF mn	1,165.1	1,202.3
Underlying revenue margin*, in bps	84	87
Operating income, CHF mn	1,145.6	1,142.7
Revenue-generating AuM, CHF bn	131.2	142.0
Underlying NNA (excl. AuM attrition), CHF bn	2.5	2.3
Underlying NNA growth (excl. AuM attrition)	1.8%	1.6%
Net new assets, CHF bn	(2.1)	(5.8)
AuM attrition, CHF bn	(4.6)	(8.2)
Underlying operating expense*, CHF mn	966.4	1,033.2
Underlying cost-income ratio*	82.9%	85.9%
Operating expense, CHF mn	1,064.3	1,190.0
CROs	590	644
Total FTEs***	3,153	3,366
Total capital ratio**	21.6%	21.0%
CET 1 capital ratio**	17.6%	17.3%
Return on shareholders' equity*	11.3%	10.6%
Return on tangible equity*	12.8%	12.1%
Dividend per share, in CHF	0.30	0.25

* Underlying - Excluding impact of integration costs, BSI related intangibles amortisation, legacy legal costs and provisions and contribution of life insurance (see slide 17)

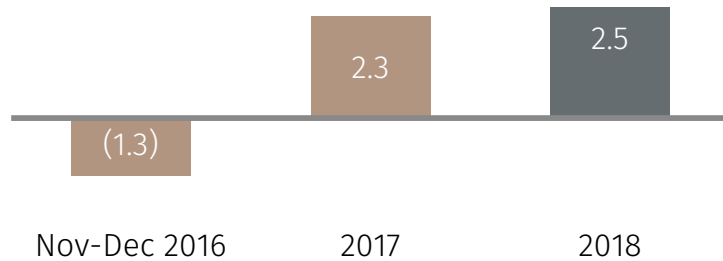
** Swiss GAAP Basel III, fully applied

*** Excl. FTEs on notice period or in social plan (as of 31 December 2018)

Results highlights (I)

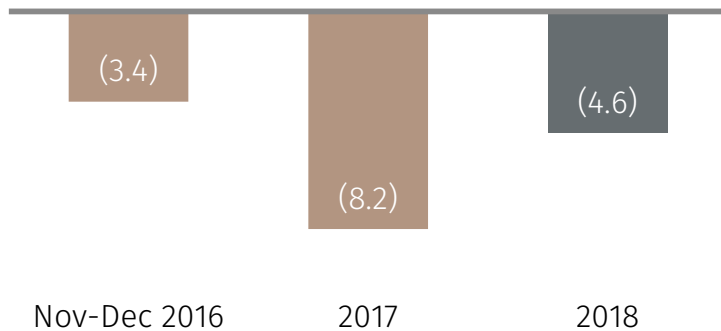
Underlying NNA growth at 1.8%

Underlying NNA evolution
(in CHF bn)



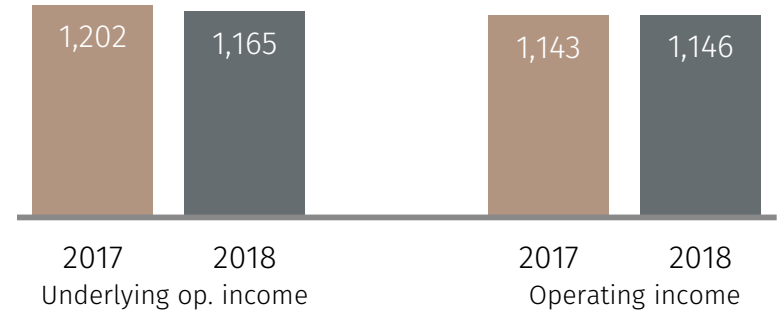
AuM attrition concluded

AuM attrition evolution
(in CHF bn)



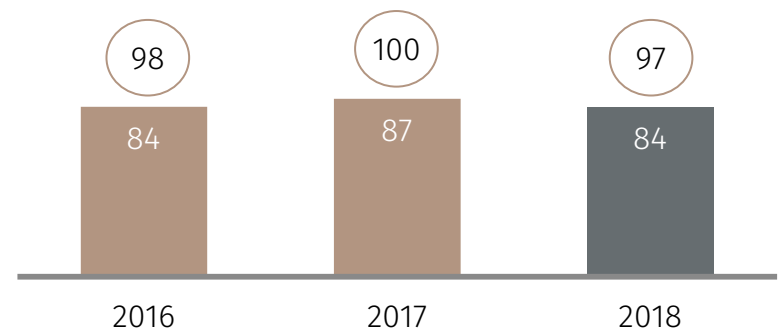
Underlying revenues down 3%, IFRS revenues flat

Underlying operating income / Operating income
(in CHF mn)



FY 2018 revenue margin at 84 bps

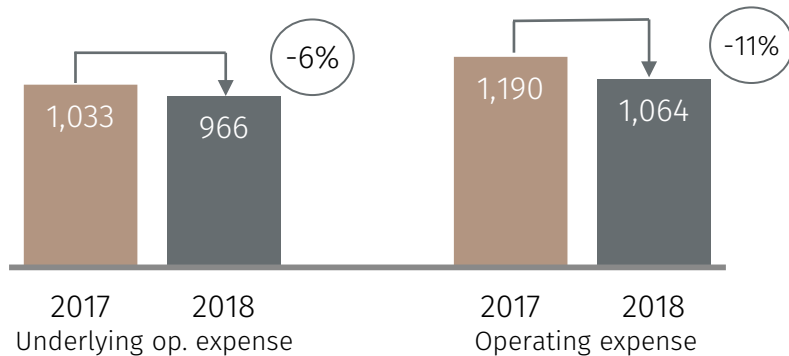
Underlying RoAuM
(in bps)



Results highlights (II)

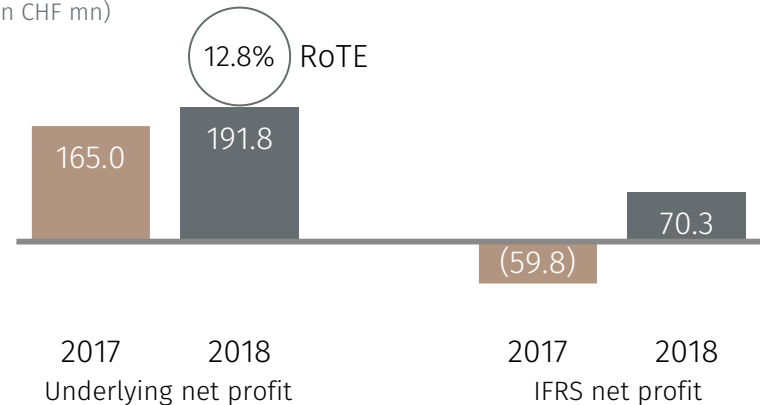
Operating expenses continue to decrease

Underlying operating expense / Operating expense
(in CHF mn)



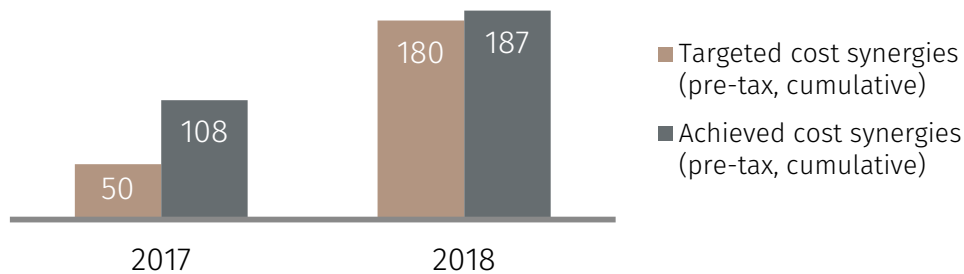
Underlying profit up 16%; positive IFRS net profit

Evolution of underlying net profit / IFRS net profit
(in CHF mn)



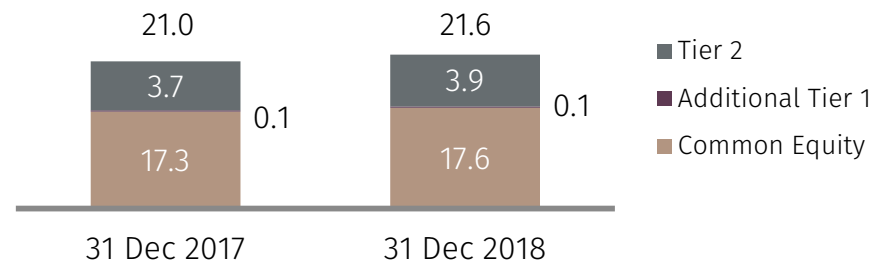
Delivering on cost synergies

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



Strong and improving capital position

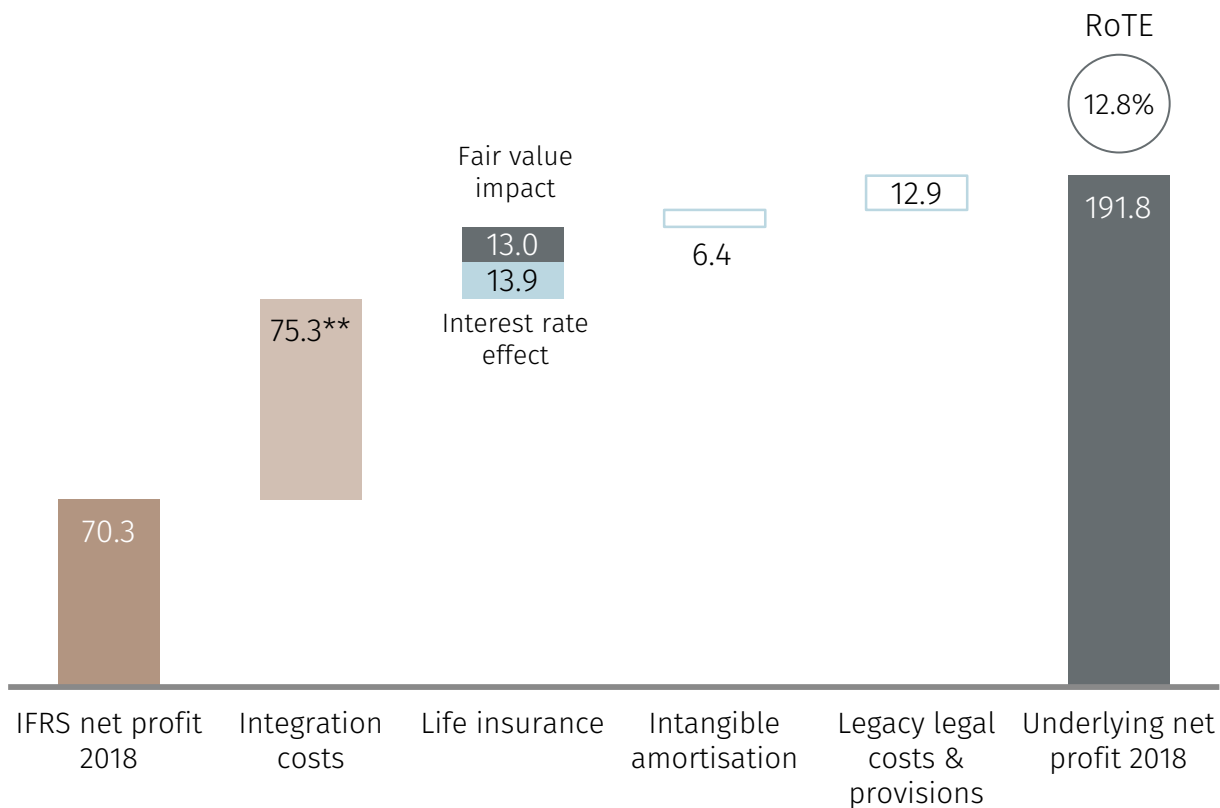
CET 1 / Total Capital ratios
(in %, Swiss GAAP fully applied)



Results highlights (III)

Underlying profitability at CHF 191.8 mn, up 16% vs. 2017

Evolution of underlying net profit
(in CHF mn)



- Challenging market environment, especially during the second half of the year, impacting underlying revenues
- Exceptional after-tax gain of CHF 18 mn recorded in 4Q18 from the valuation of the SIX participation
- Increased underlying profitability reflects lower underlying cost base through the realisation of targeted synergies
- Net release of CHF 16 mn* in other provisions, in line with 1H18
- Life insurance portfolio with a CHF 9.5 mn profit in 2H18

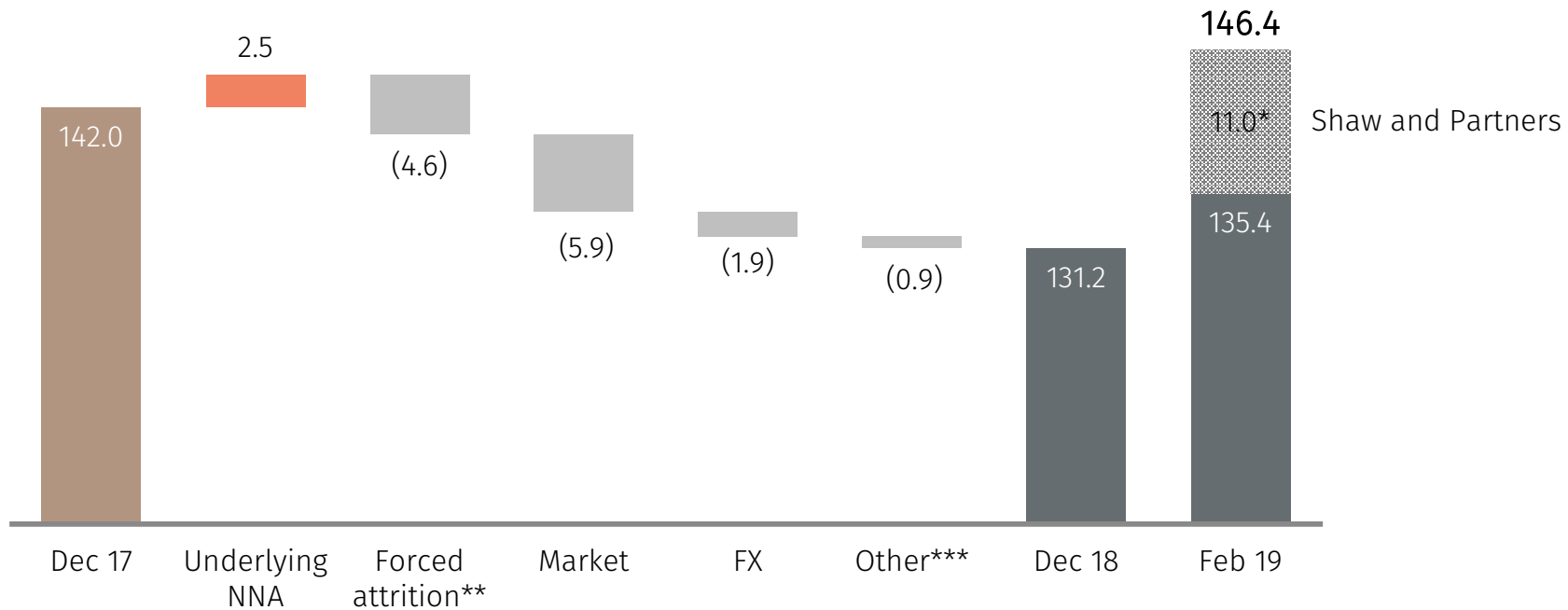
* For further details refer to slide 35 in the appendix

** Including CHF 3.7 mn for UBI integration

Revenue-generating AuM development

Underlying NNA of CHF 2.5 bn, annual growth rate of 1.8%
Current AuM at CHF 146.4 bn adjusted for Shaw and Partners

Revenue-generating AuM evolution
 (in CHF bn)



* Excluding CHF 0.4 bn of AuM referred to EFG (balance eliminated to avoid double count)

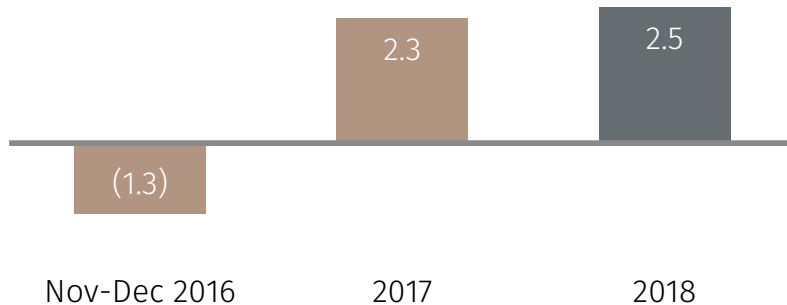
** Forced attrition defined as exit of client relationships not in line with its risk appetite (decision of EFG)

*** Other includes divestment of CHF 0.4 bn and reassessment of UBI AuM post transaction of CHF 0.5 bn

Evolution of NNA & AuM attrition

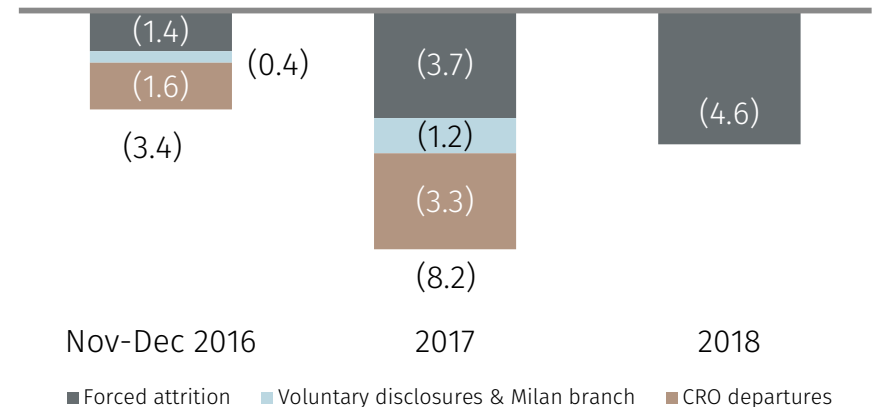
Underlying NNA improved versus last year

Underlying NNA evolution
(in CHF bn)



- Underlying NNA of CHF 2.5 bn, annual growth rate of 1.8%
- All regions are within the 3-6% target growth rate with the exception of Switzerland
- 2H18 underlying NNA impacted by challenging market environment

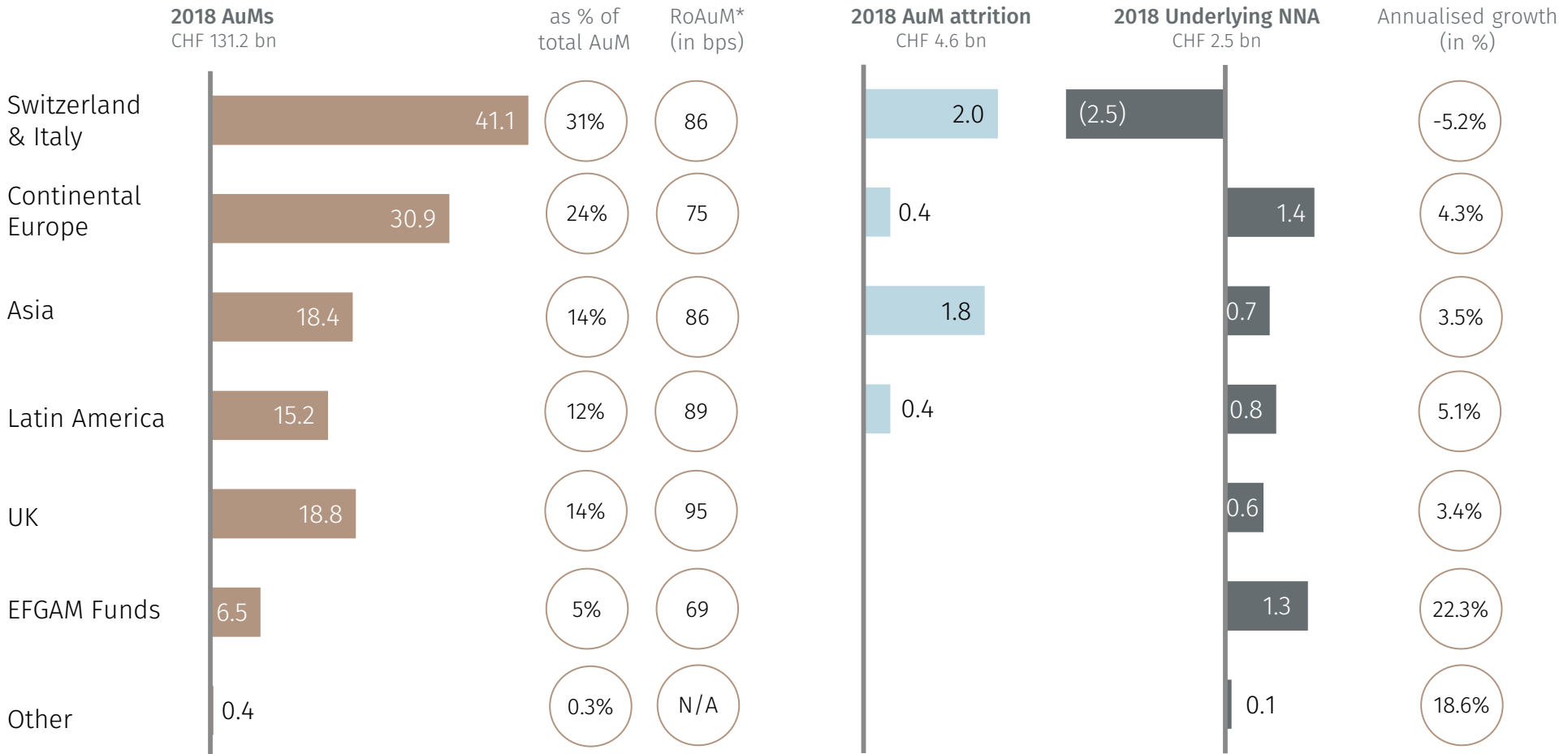
AuM attrition evolution
(in CHF bn)



- Cumulative AuM attrition (CHF 16.2 bn) at 10.9%, of AuMs at closing, slightly above communicated range of 5-10%
- 2018 AuM attrition is only related to forced attrition, i.e. exit of remaining client relationships which were not in line with EFG's risk appetite
- De-risking of BSI portfolio completed, no further AuM attrition

Business development by region

Growth within the target range in all regions, except for Switzerland region

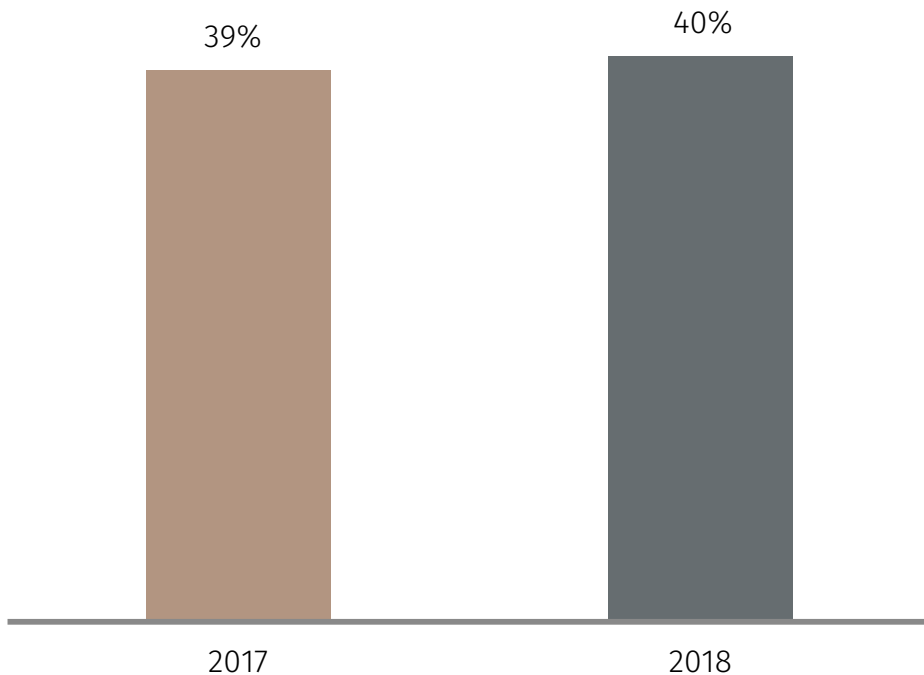


*Including Global Markets & Treasury contribution

Evolution of mandates penetration

Current mandate penetration of 40% (advisory, discretionary mandates & funds)

Evolution of advisory, discretionary mandates & funds
(in %, excl. loans)

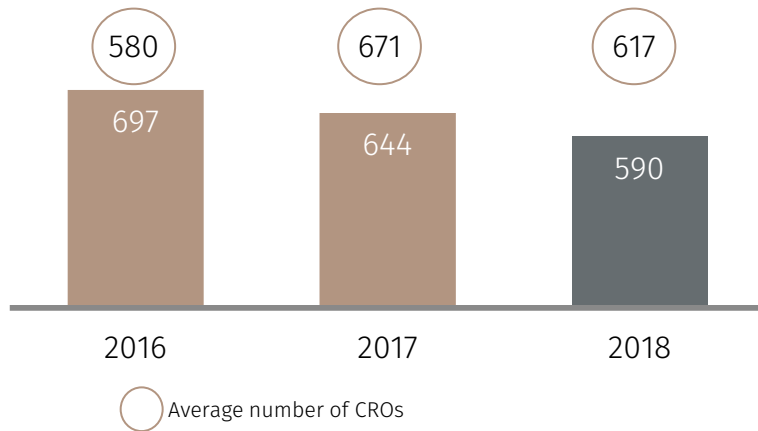


- Fully deploy the enhanced Investment Solutions platform
- Future developments:
 - Regulatory requirements (MiFiD II) promote higher mandate penetration
 - Higher margin will be beneficial to overall Group margin

CRO performance

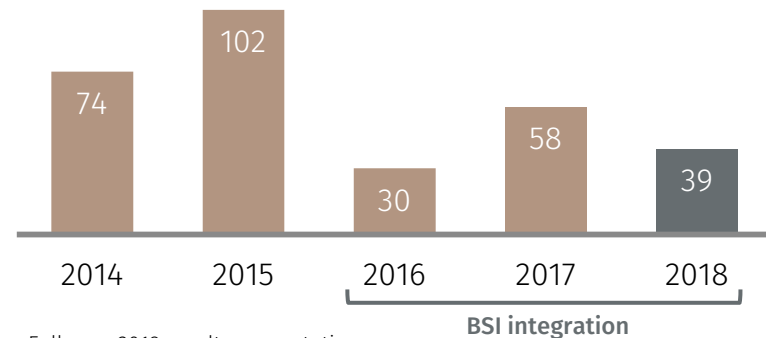
Improved CRO productivity at CHF 229 mn AuM per CRO (up 27% since 2015)

Number of CROs

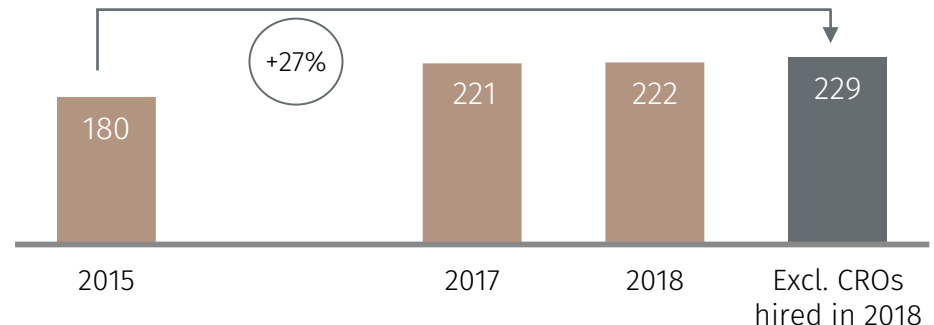


- Subdued CRO hiring activity during 2018, with 39 new CROs hired globally
- Ongoing performance management efforts driving CRO reduction over the course of the last years:
 - Continuous assessment of CROs and completion of integration process
 - Release of new hires who do not meet EFG performance standards (average retention after two years at 60%)

Number of new CROs



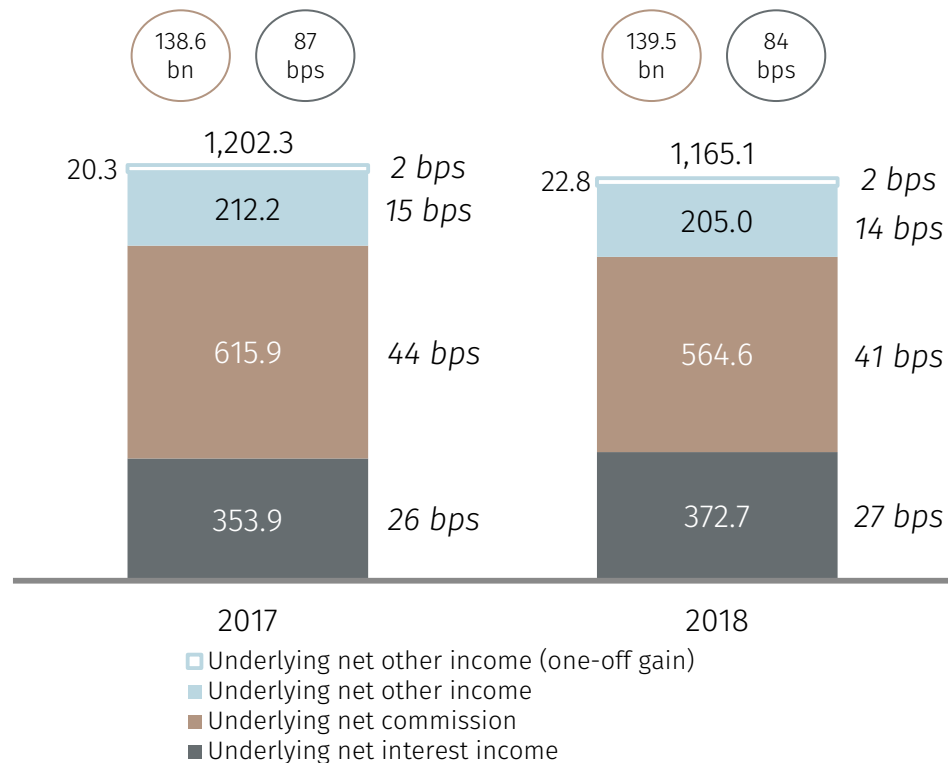
AuM per CRO
(in CHF m)



Underlying operating income

Underlying operating income of CHF 1,165.1 mn

Underlying operating income (in CHF mn)



- Underlying operating income down 3% year-on-year, with one-off gains at similar levels
- Underlying income impacted by:
 - Sharp decline in client activity during 2H 2018 reflecting investors uncertainty
 - Adjusting to MIFID II rules and practices required a cautious approach
 - FX & securities trading results below historical average
- Underlying income in FY 2018 benefiting from increasing US treasury rates over the period

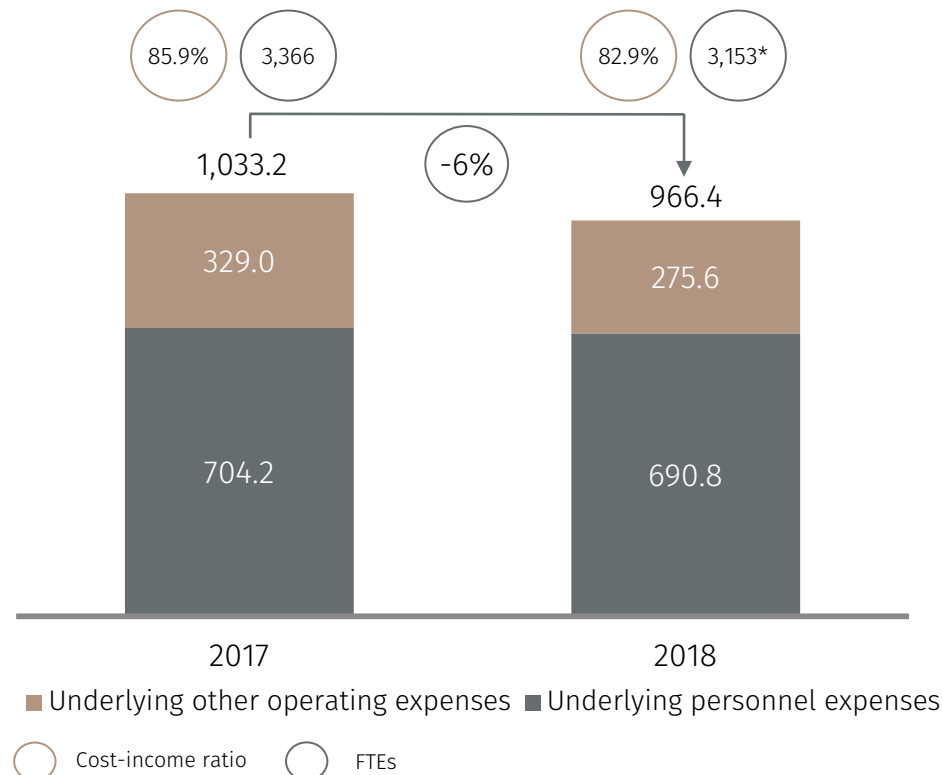
○ Average revenue-generating AuM (in CHF bn)

○ Underlying RoAuM (in bps)

Underlying operating expenses

Underlying operating expenses down 6% vs. 2017, underlying cost-income ratio at 82.9%

Underlying operating expenses
(in CHF mn)



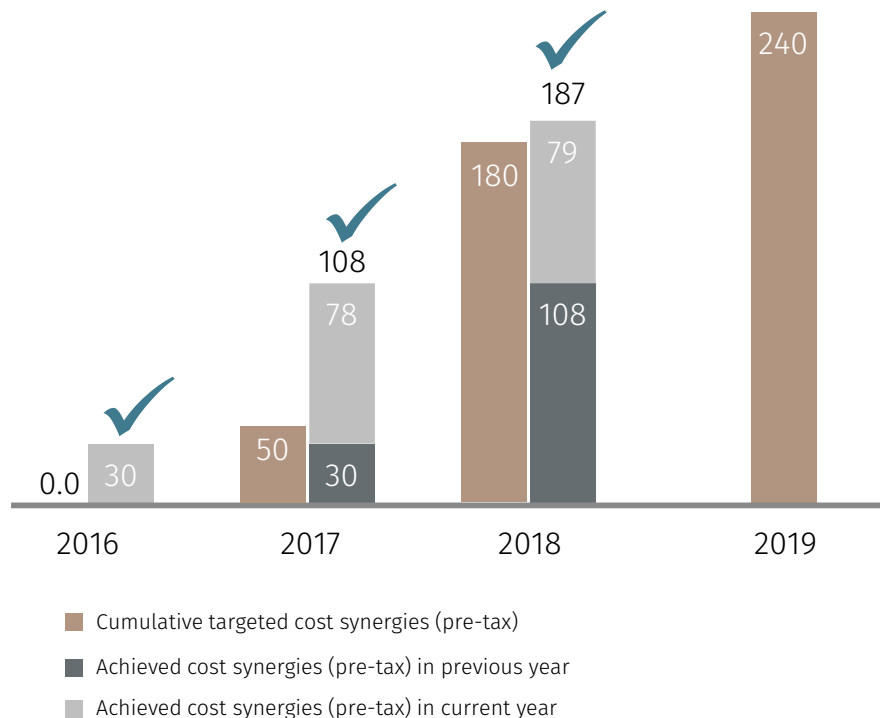
* Excluding FTEs on notice period or in social plan (as of 31 Dec 2018)

- Cumulative cost savings of 23% since 2015 (based on FY 2015 pro-forma cost base of CHF 1,254.4 mn)
- Underlying personnel expenses down 2% year-on-year, driven by rightsizing of headcount, mostly in the second half of the year. Full impact of FTE reductions to materialise in 2019
- Underlying other operating expenses down 16% year-on-year, mainly driven by the realisation of cost synergies arising from the IT migration onto a single operating system
- Cost-income ratio improved to 82.9%, reflecting lower cost and improved efficiency but largely offset by slowdown in revenues

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)

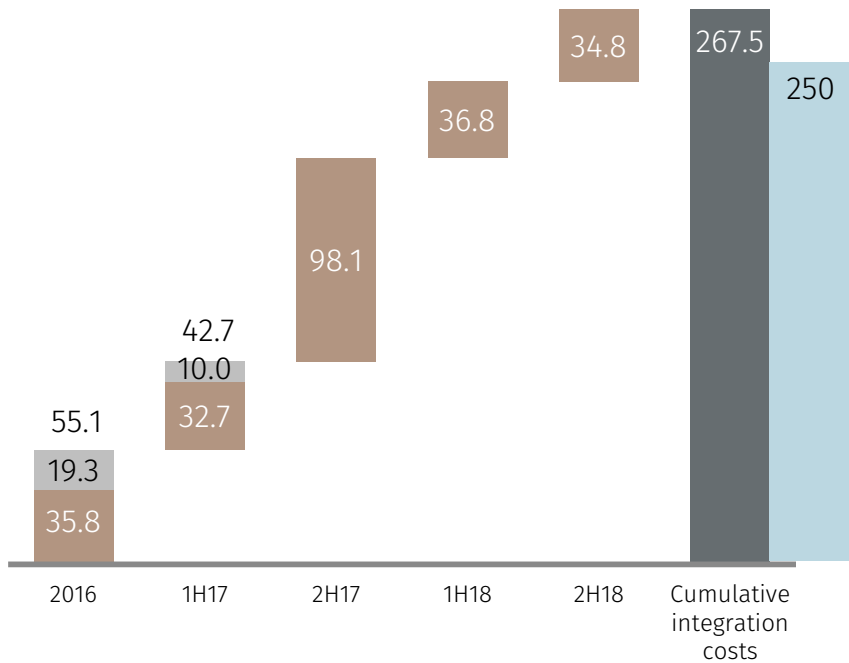


- Delivered cumulative cost synergies of CHF 187 mn for 2018, exceeding target for the year
- IT migration generated the majority of cost synergies
- Drivers of cost synergies for 2019 will hinge on:
 - Further efficiencies in support and corporate functions, following the full integration of the operating 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

Final update on integration costs

Cumulative integration costs of CHF 267.5 mn for the full BSI integration

Evolution of integration costs (pre-tax)
(in CHF mn)



Breakdown of integration costs (pre-tax)
(in CHF mn)



■ Equity/BS ■ P&L

■ Actual 2018 to-date

■ Originally announced

Balance sheet

Strong and highly liquid Balance sheet

Total assets:

CHF 40.2 bn

Cash & banks	10.3	
Treasury bills	1.2	
Derivatives	1.2	
Financial instruments	7.8	Fair value through OCI 5.8 Financial assets at fair value through P&L 2.0
Loans	18.8	CHF 12.6 bn secured by financial assets CHF 6.2 bn secured real estate financing
Goodwill & intangibles	0.2	
Other	0.7	

Total liabilities & equity:

CHF 40.2 bn

Due to banks	0.3
Deposits	30.1
Derivatives	1.2
Other financial liabilities	5.8
Other	0.7
Subordinated loans	0.4
Total Equity	1.7

50% of Balance sheet in liquid assets

- Loan-deposit ratio of 53%
- Liquidity coverage ratio (LCR) of 163%

Life Insurance exposures

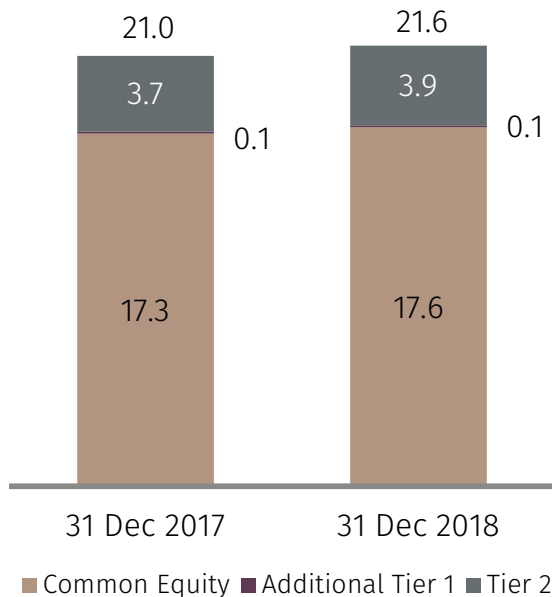
- Legacy positions
- Embedded value to be realised over time
- Short-term P&L volatility

Please refer to slides 40/41 in the Appendix for additional information

Capital position (I)

Strong and improving capital position: CET1 ratio of 17.6%, Total capital ratio at 21.6%
Proposal to increase the dividend to CHF 0.30 per share

Total Capital Ratios*
(in %)



Breakdown of RWAs*
(in CHF bn)



- RWAs declined by 7% largely through capital management actions
- Leverage ratio (FINMA) at 4.4%
- At year-end 2018, 4.3 mn shares had been repurchased for a total amount of CHF 30.1 mn
- Proposal to increase the dividend by 20% to CHF 0.30 per share

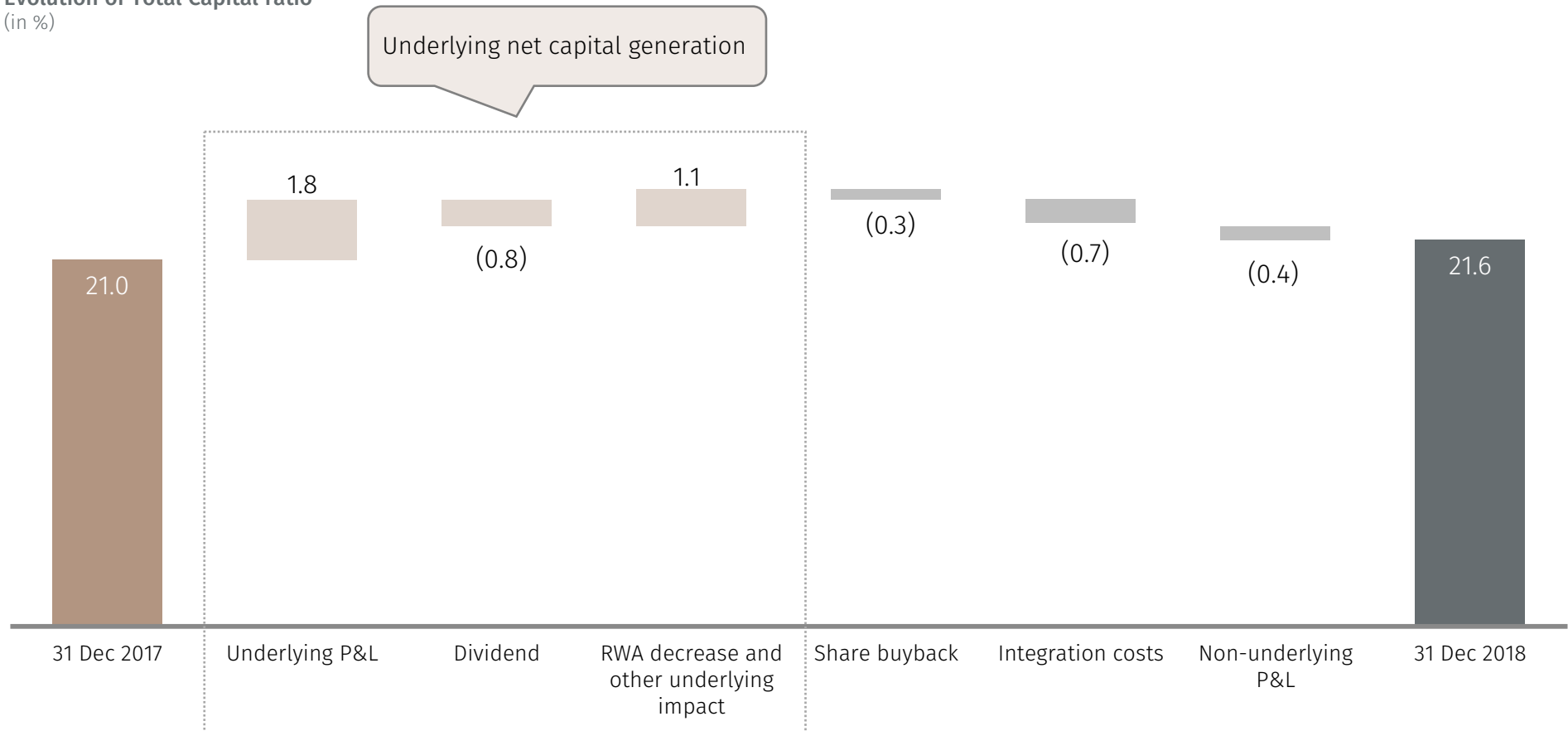
* Swiss GAAP fully applied

2018 IFRS BIS-EU Basel III fully applied CET1 Capital ratio of 14.0% and Total Capital ratio of 18.5%

Capital position (II)

2018 underlying net capital generation of 210 bps

Evolution of Total Capital ratio*
(in %)



* Swiss GAAP fully applied



Appendix

Income statement (IFRS)

(in CHF million)	2017	2018
Net interest income	345.3	361.3
Net banking fee & commission income	617.3	564.6
Net other income	180.1	219.7
Operating income	1,142.7	1,145.6
Personnel expenses	(726.0)	(708.3)
Other operating expenses	(424.2)	(313.6)
Amortisation of tangible fixed assets & software	(29.9)	(32.4)
Amortisation of acquisition related intangibles	(9.9)	(10.0)
Total operating expenses	(1,190.0)	(1,064.3)
Other provisions	(3.5)	15.8
Loss allowances	(20.3)	(16.9)
Profit/(Loss) before tax	(71.1)	80.2
Income tax expense	13.6	(7.1)
Net profit/(loss)	(57.5)	73.1
Non-controlling interests	(2.3)	(2.8)
Net profit/(loss) attributable to equity holders of the Group	(59.8)	70.3
Dividend on Bons de Participation	(0.1)	(0.1)
Dividend on additional equity components	(1.9)	-
Net profit/(loss) attributable to ordinary shareholders	(61.8)	70.2

Income statement (IFRS)

(in CHF million)	1H 2017	2H 2017	1H 2018	2H 2018
Net interest income	160.5	184.8	177.7	183.6
Net banking fee & commission income	315.1	302.2	295.1	269.5
Net other income	171.5	8.6	97.6	122.1
Operating income	647.1	495.6	570.4	575.2
Personnel expenses	(356.0)	(370.0)	(355.4)	(352.9)
Other operating expenses	(191.9)	(232.2)	(155.9)	(157.7)
Amortisation of tangible fixed assets & software	(13.6)	(16.3)	(15.7)	(16.7)
Amortisation of acquisition related intangibles	(4.6)	(5.3)	(5.0)	(5.0)
Total operating expenses	(566.1)	(623.9)	(532.0)	(532.3)
Other provisions	(0.1)	(3.4)	19.5	(3.7)
Loss allowances	(10.7)	(9.6)	(9.9)	(7.0)
Profit/(Loss) before tax	70.2	(141.3)	48.0	32.2
Income tax expense	(5.2)	18.8	(0.4)	(6.7)
Net profit/(loss)	65.0	(122.5)	47.6	25.5
Non-controlling interests	(1.4)	(0.9)	(1.2)	(1.6)
Net profit/(loss) attributable to equity holders of the Group	63.6	(123.4)	46.4	23.9
Dividend on Bons de Participation	(0.1)	-	(0.1)	0.0
Dividend on additional equity components	-	(1.9)	-	-
Net profit/(loss) attributable to ordinary shareholders	63.5	(125.3)	46.3	23.9

Underlying income statement

(in CHF million)	1H 2017	2H 2017	1H 2018	2H 2018
Net interest income	161.7	192.2	183.5	189.2
Net banking fee & commission income	314.4	301.5	295.1	269.5
Net other income	163.7	68.8	126.0	101.8
Operating income	639.8	562.5	604.6	560.5
Personnel expenses	(350.2)	(354.0)	(348.1)	(342.7)
Other operating expenses	(172.5)	(156.5)	(134.5)	(141.1)
Total operating expenses	(522.7)	(510.5)	(482.6)	(483.8)
Other provisions	-	6.4	19.5	(0.8)
Loss allowances	(10.7)	(9.6)	(9.9)	(4.2)
Profit before tax	106.4	48.8	131.6	71.7
Income tax expense	(6.0)	18.1	(1.2)	(7.4)
Net profit/(loss)	100.4	66.9	130.4	64.3
Non-controlling interests	(1.4)	(0.9)	(1.2)	(1.6)
Underlying net profit	99.0	66.0	129.2	62.7

Reconciliation of Underlying results to IFRS results 2018

(in CHF million)	Underlying results 2018	Life insurance	Integration costs	BSI intangible amortisation	Exceptional legal costs and provisions	IFRS results 2018
Net interest income	372.7	(11.4)				361.3
Net banking fee & commission income	564.6					564.6
Net other income	227.8	(8.1)				219.7
Operating income	1,165.1	(19.5)				1,145.6
Personnel expenses	(690.8)		(17.5)			(708.3)
Other operating expenses	(275.6)	(6.3)	(56.0)	(7.9)	(10.1)	(356.0)
Operating expenses	(966.4)	(6.3)	(73.5)	(7.9)	(10.1)	(1,064.3)
Other provisions	18.7	(1.1)	(1.8)			15.8
Loss allowances	(14.1)				(2.8)	(16.9)
Profit/(Loss) before tax	203.2	(26.9)	(75.3)	(7.9)	(12.9)	80.2
Income tax expense	(8.6)			1.5		(7.1)
Net profit/(loss)	194.6	(26.9)	(75.3)	(6.4)	(12.9)	73.1
Non-controlling interests	(2.8)					(2.8)
Net profit/(loss) attributable	191.8	(26.9)	(75.3)	(6.4)	(12.9)	70.3

Balance sheet (IFRS)

(in CHF million)	Dec 2017	Dec 2018
Cash and balances with central banks	9,700	7,142
Treasury bills and other eligible bills	1,482	1,199
Due from other banks	2,576	3,206
Derivative financial instruments	696	1,220
Financial asset at fair value through P&L	2,192	2,041
Financial asset at fair value through other comprehensive income	5,211	5,806
Loans and advances to customers	18,951	18,810
Property, plant and equipment	255	202
Intangible assets	203	201
Deferred income tax assets	83	118
Other assets	265	218
Total assets	41,613	40,161
Due to other banks	534	303
Due to customers	32,298	30,066
Derivative financial instruments	647	1,214
Financial liabilities designated at fair value	484	584
Financial liabilities at amortised cost	4,477	5,205
Current income tax liabilities	16	13
Deferred income tax liabilities	6	20
Provisions	199	136
Other liabilities	644	569
Subordinated loans	581	397
Total liabilities	39,886	38,504
Share capital	145	145
Share premium	1,905	1,877
Other reserves and retained earnings	248	206
Retained earnings	(598)	(601)
Non controlling interests	27	28
Total equity	1,727	1,656
Total equity and liabilities	41,613	40,161
CET1 ratio (Swiss GAAP fully applied)	17.3%	17.6%
Total Capital ratio (Swiss GAAP fully applied)	21.0%	21.6%
Leverage ratio (FINMA)	4.5%	4.4%

Breakdown of AuM

By category	31.12.17	31.12.18	31.12.18 (in CHF bn)
Cash & deposits	25%	25%	32.4
Bonds	25%	25%	32.3
Equities	23%	21%	26.9
Structured products	3%	3%	4.0
Loans	13%	14%	18.8
Hedge funds	3%	3%	3.3
Other	8%	10%	13.4
Total	100%	100%	131.2

By currency	31.12.17	31.12.18	31.12.18 (in CHF bn)
USD	43%	44%	58.0
EUR	29%	29%	38.4
GBP	10%	11%	13.9
CHF	10%	8%	10.5
Other	7%	8%	10.4
Total	100%	100%	131.2

Segmental analysis 2018

Performance summary (in CHF m)	Switzerland, & Italy	Continental Europe	Americas	UK	Asia	Investment Solutions	Global Markets & Treasury	Corporate Overheads	Eliminations	Total
Segment revenues	310.5	198.9	121.2	147.7	141.6	99.3	135.4	(9.0)	-	1,145.6
Segment expenses	(278.1)	(183.7)	(110.3)	(124.9)	(116.6)	(98.9)	(46.1)	(95.0)	-	(1,053.6)
Pre-provision profit	32.4	15.2	10.9	22.8	25.0	0.4	89.3	(104.0)		92.0
IFRS net profit	33.0	10.3	11.8	20.4	20.2	(1.1)	89.3	(110.8)	-	73.1
AuMs (in CHF bn)	41.1	30.9	15.2	18.8	18.4	35.6	-	0.4	(29.1)	131.2
Underlying NNA (in CHF bn)	(2.5)	1.4	0.8	0.6	0.7	1.3	-	0.1	-	2.5
CROs	187	148	76	72	99	8	-	-	-	590
Employees (FTEs)	405	365	169	196	206	272	93	1,447	-	3,153

Segmental analysis 2017

Performance summary (in CHF m)	Switzerland, & Italy	Continental Europe	Americas	UK	Asia	Investment Solutions	Global Markets & Treasury	Corporate Overheads	Eliminations	Total
Segment revenues	347.6	195.6	138.0	131.4	163.1	113.6	141.2	(87.8)	-	1,142.7
Segment expenses	(299.8)	(176.9)	(136.3)	(112.0)	(118.3)	(97.1)	(60.9)	(178.8)	-	(1,180.1)
Pre-provision profit	47.8	18.7	1.7	19.4	44.8	16.5	80.3	(266.6)	-	(37.4)
IFRS net profit	72.6	6.3	3.2	22.1	36.1	11.9	59.3	(269.0)	-	(57.5)
AuMs (in CHF bn)	47.6	31.8	16.5	19.3	20.6	36.4	-	0.3	(30.5)	142.0
Underlying NNA (in CHF bn)	(1.0)	1.2	(1.4)	0.6	2.6	0.4	-	(0.1)	-	2.3
CROs	205	158	91	72	109	9	-	-	-	644
Employees (FTEs)	401	341	189	195	206	305	113	1,616	-	3,366

Update on Life Insurance Exposures

Life Insurance related portfolios

- Legacy exposures acquired more than 10 years ago
- Outright portfolio carried at fair value (marked-to-model, Level 3) for IFRS accounts – small size of portfolio introduces substantial P&L volatility. For regulatory capital purposes (Swiss GAAP), this portfolio is carried as a Held-to-Maturity portfolio (not applicable under IFRS following the introduction of IFRS 9 in 2018); the carrying value remains fully recoverable under Swiss GAAP
- Synthetic portfolio carried at fair value for IFRS accounts and under Swiss GAAP. Limited P&L volatility through hedging
- Lombard loan portfolio with an expected credit loss assessed each semester, based on the value of the collateral. Default of the debtor would lead to a reclassification of the exposure from indirect to direct – economic exposure would remain unchanged

Longevity risk

- Significant risk in the portfolios due to the impact (premium payment increasing with age)
- Assumptions are derived by external life settlement underwriters based on the specific medical history
- Regular in-depth reviews of the accuracy as well as developments due to general and individual trends are assessed and incorporated if material

Premium / Cost of Insurance risk

- Legal cases against AXA, Transamerica and Lincoln filed with strong legal basis in October 2016 and February 2017. All three claims are proceeding as anticipated by EFG. Additional legal case against John Hancock filed in 2019
- Based on the current status, EFG remains in a strong position for prevailing in its claims

Year	Outright portfolio	
	Death benefits received (USD mn)	Net Cashflow (USD mn)
2011	14.6	(58.2)
2012	73.0	17.8
2013	91.7	22.4
2014	93.2	21.9
2015	52.3	(22.6)
2016	83.6	(5.5)
2017	57.4	(41.9)
2018	117.2	8.8

Update on Life Insurance Exposures (II)

Outright portfolio	<p>Direct holding of life insurance policies for 145 insureds (2017: 156) of an average age of 89.5 years</p>	<ul style="list-style-type: none"> Death benefit: CHF 1,432 mn Carrying value: CHF 565.6 mn 2018 premium: CHF 106.7 mn Life expectancy: 5.4 years 	<ul style="list-style-type: none"> Non-underlying P&L impact: CHF (29.9) mn Excl. interest rate impact 1H18: CHF (16.0) mn
Synthetic portfolio	<p>Direct holding of life insurance policies + hedge instruments mitigating most of the risks, for 96 insureds of an average age of 88.6 years. Hedges restructured at the end of 2017</p>	<ul style="list-style-type: none"> Net death benefit: CHF 83.4 mn Net carrying value: CHF 22.2 mn 2018 net premium: CHF 5.0 mn Life expectancy: 6.8 years 	<ul style="list-style-type: none"> Non-underlying P&L impact: CHF 3.0 mn
Lombard loan portfolio (LFS)	<p>Indirect holding of life insurance: loans to SPVs collateralised with life insurance policies. Collateral portfolios consisting of 149 insureds of an average age of 92 years</p>	<ul style="list-style-type: none"> Net loan exposure: CHF 229.9 mn After ECL of: CHF 107.8 mn <p>Collateral portfolio¹</p> <ul style="list-style-type: none"> Death benefit: CHF 577.7 mn Carrying value: NA 2018 premium: CHF 53.6 mn Life expectancy: ~2 years 	<ul style="list-style-type: none"> Underlying P&L impact: <ul style="list-style-type: none"> - NII: CHF 20.8 mn - Credit losses: CHF (25.0) mn

Note: Refer to notes 9 / 31 of the Annual Report 2018

¹ Data source: Based on information provided by the borrowers

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