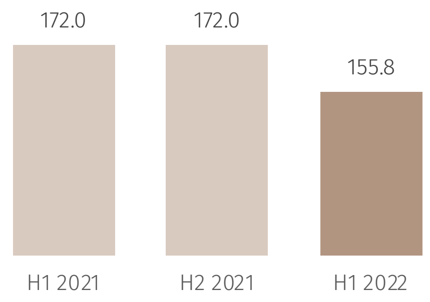
Half-Year Report

2022

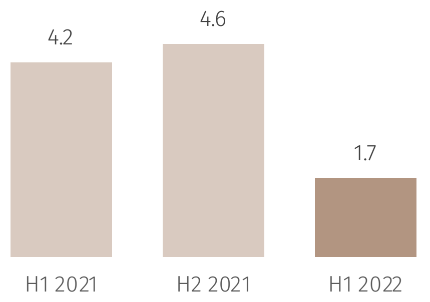
Entrepreneurial thinking.
Private banking.

Key figures

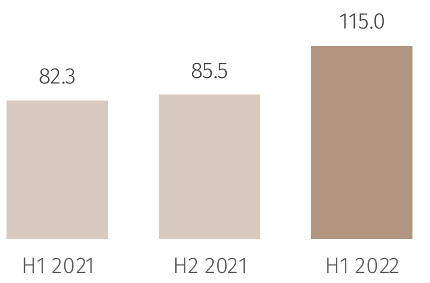
Assets under Management
in CHF billion



Net new assets
in CHF billion



Underlying net profit
in CHF million



	Half-year ended 30 June 2022 Unaudited	Half-year ended 31 December 2021 Audited	Half-year ended 30 June 2021 Unaudited
EFG International			
Operating income, in CHF million	603.9	625.3	629.3
Operating expense, in CHF million	477.1	492.0	475.9
IFRS net profit, in CHF million	100.3	99.3	106.5
Cost/income ratio, in %	78.1	77.9	74.6
Underlying net profit, in CHF million	115.0	85.5	82.3
Underlying cost/income ratio, in %	77.3	80.3	79.6
Underlying return on tangible equity, in %	14.6	10.4	10.8
Balance Sheet			
Total assets, in CHF billion	43.9	42.1	41.8
Shareholders' equity, in CHF billion	1.7	1.9	1.8
LCR, in %	172	188	202
Capital[1]			
Regulatory capital, in CHF billion	1.8	2.2	2.2
CET1 Ratio, in %	14.8	16.3	16.5
Total Capital Ratio, in %	18.5	21.9	22.2
Assets under Management and Net new assets			
Assets under Management, in CHF billion	155.8	172.0	172.0
Net new assets, in CHF billion	1.7	4.6	4.2
Net new assets growth rate, in %	2.0	5.3	5.3
Employees (full-time equivalents)			
Number of employees	2,920	2,932	3,019
Number of Client Relationship Officers	731	740	751
Share information			
Shares outstanding, in millions	308.1	303.9	300.0
Market capitalisation, in CHF million	2,163	2,112	2,277
Dividend per share, in CHF		0.36	
Earnings per share, in CHF (basic)	0.30	0.30	0.33
Rating			
Moody's		Long term: A3	
Fitch		Long term: A	

1 Regulatory capital and ratios at 30 June 2022 are on an IFRS basis, and at 31 December 2021 and 30 June 2021 on a Swiss GAAP basis. 30 June 2022 and 30 June 2021 regulatory and capital ratios include unreviewed profit for the six month period and the pro rata dividend payable in the following year.

About EFG

EFG International is a global private banking group offering private banking and asset management services, headquartered in Zurich. The registered shares (EFGN) are listed on the SIX Swiss Exchange.

As a leading Swiss private bank, EFG International has a presence in major financial centres and growth markets. It has strong roots in Switzerland, with Zurich, Geneva and Lugano serving as hubs for clients as well as the governance and operation of the bank. EFG International operates in around 40 locations worldwide, with a network spanning Europe, Asia Pacific, the Americas and the Middle East.

An entrepreneurial spirit shapes our bank, enabling us to provide comprehensive advice, develop hands-on solutions and to build trusted, long-lasting client relationships. We are a financial partner who offers security, financial stability and reliability.

As of 30 June 2022 EFG's largest shareholders are EFG Bank European Financial Group SA (44.5%) and BTG Pactual (23.9%).

Content

Chair and CEO message

Dear shareholders,

EFG achieved a strong operating result for the first half of 2022 with a 40% increase in underlying net profit to CHF 115.0 million compared to the first half of 2021.

Despite the uncertain economic environment and high market volatility, we generated further operating leverage, maintained a strong growth momentum and achieved an underlying return on tangible equity of 14.6%. Our performance in the first half of this year is a testament to the strength of our business model and our ability to deliver attractive returns through the economic cycle.

Against the backdrop of rising inflation, slowing economic growth and the war in Ukraine, we saw an increased tendency among clients to de-risk and deleverage. However, this challenging environment also created opportunities for EFG to demonstrate the value of our services and advice. As a trusted partner, we remained close to all our clients, helping them navigate this period of uncertainty.

Net new assets totalled CHF 1.7 billion in the first half of 2022, corresponding to an annualised growth rate of 2.0%. Excluding de-risking and deleveraging effects, the annualised growth rate was 4.0%. The bear market in the first half of 2022 also impacted Assets under Management, which totalled CHF 155.8 billion at end-June 2022, down from CHF 172.0 billion at end-2021.

The risk-averse stance adopted by many of our clients resulted in muted levels of client activity and a reduction in net banking fee and commission income. At the same time, revenues started to benefit from rising interest rates, which translated into higher net interest income. Overall, we continued to grow our revenues, with underlying operating income up by 3% to CHF 601.8 million in the first half of 2022.

"Our first priority is to remain close to our clients"

Throughout the current strategic cycle, we have focused on enhancing the efficiency, productivity and simplicity of our operations, supported by our strong compliance and risk management framework. In the first half of 2022, we maintained our disciplined approach to costs, further simplified our operating model and optimised our global footprint.

The accelerated implementation of revenue and efficiency measures allowed us to generate additional operational leverage, resulting in an improved underlying cost/income ratio of 77.3%, compared to 79.6% in the first half of 2021. Taking into account all previously announced actions to optimise our geographical footprint, including the closing of the sale of EFG's minority stake in the Spanish private bank A&G (07 July 2022) and the closing of the Milan branch (end-June 2022), EFG's underlying cost/income ratio improved to 75.8%. The target range of 72% to 75% that we set for the end of the current strategic cycle in December 2022 is therefore within reach.

While underlying profitability continued to improve significantly, reported IFRS net profit declined by 5.8% to CHF 100.3 million year on year, as the result for the first half of the previous year benefitted from a significant positive contribution from the settlement with Transamerica on disputed premium increases for life insurance policies.

At the end of June 2022, our CET1 ratio on an IFRS basis was 14.8%, compared to 15.8% at the end of 2021. We have a strong, stable and highly liquid balance sheet, with a Liquidity Coverage Ratio of 172% and a Loan/deposit ratio of 48% at end-June 2022.

We are very pleased with EFG's performance in the first half of the year and with the overall development of the business during the current strategic cycle, which is now entering its final stage. EFG is in an excellent position to begin the next cycle, and we will update the market on our strategic priorities and objectives for 2023-2025 on 12 October 2022.

Our first priority is to remain close to our clients and to offer them superior service in a seamless, simple and digitally augmented way with the support of our experienced CROs around the globe. This will enable us to create sustainable value not only for our clients but also for our shareholders and other stakeholders and to thus create opportunities today and for future generations.

EFG's success is ultimately the result of the hard work and enormous dedication of all our colleagues around the world, to whom we owe considerable thanks. We also wish to thank you, our shareholders, for your continued trust and support.

Yours sincerely

Peter A. Fanconi
Chair of the Board

Giorgio Pradelli
Chief Executive Officer

Peter A. Fanconi, Chair (right),
Giorgio Pradelli, CEO (left)

Condensed consolidated interim financial statements

EFG International for the six months ended 30 June 2022 (unaudited)

Condensed consolidated interim income statement for the six months ended 30 June 2022

	Note	Half-year ended 30 June 2022 CHF millions	Half-year ended 31 December 2021 CHF millions	Half-year ended 30 June 2021 CHF millions
Interest and discount income		227.8	196.8	192.6
Interest expense		(75.8)	(64.7)	(65.4)
Net interest income	8	**152.0**	132.1	127.2
Banking fee and commission income		475.4	596.0	490.9
Banking fee and commission expense		(119.5)	(213.6)	(116.8)
Net banking fee and commission income	9	**355.9**	382.4	374.1
Dividend income	10	1.8	0.1	1.7
Net trading income and foreign exchange gains less losses	11	103.2	66.8	66.4
Fair value gains less losses on financial instruments measured at fair value	12	(4.7)	26.3	53.9
Gains less losses on disposal of investment securities	13	(7.0)	(1.0)	(5.3)
Other operating income	14	2.7	18.6	11.3
Net other income		**96.0**	110.8	128.0
Operating income		**603.9**	625.3	629.3
Operating expenses	16	(477.1)	(492.0)	(475.9)
Provisions	22	(8.7)	(94.2)	(19.8)
Loss allowances expense	15	1.0	73.4	(0.7)
Profit before tax		**119.1**	112.5	132.9
Income tax expense	18	(17.5)	(9.2)	(22.3)
Net profit for the period		**101.6**	103.3	110.6
Net profit for the period attributable to:				
Net profit attributable to equity holders of the Group		100.3	99.3	106.5
Net profit attributable to non-controlling interests		1.3	4.0	4.1
		101.6	103.3	110.6

	Note	Half-year ended 30 June 2022 CHF	Half-year ended 31 December 2021 CHF	Half-year ended 30 June 2021 CHF
Earnings per ordinary share				
Basic	29	0.30	0.30	0.33
Diluted	29	0.28	0.28	0.31

The notes on pages 15 to 48 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of comprehensive income for the six months ended 30 June 2022

	Half-year ended 30 June 2022 CHF millions	Half-year ended 31 December 2021 CHF millions	Half-year ended 30 June 2021 CHF millions
Net profit for the period	**101.6**	103.3	110.6
Other comprehensive income:			
Items that may be reclassified subsequently to the income statement:			
Net (losses)/gains on hedge of net investments in foreign operations, with no tax effect	(4.6)	(3.3)	5.2
Currency translation differences, with no tax effect	(18.8)	(53.8)	41.5
Net losses on investments in debt instruments measured at fair value through other comprehensive income, with no tax effect	(111.3)	(28.5)	(11.3)
Net realised gains on debt instruments measured at fair value through other comprehensive income reclassified to the income statement, with no tax effect	7.0	1.0	5.3
Net gains on cash flow hedge, with no tax effect	1.5		
Change in loss allowances on debt instruments measured at fair value through other comprehensive income, with no tax effect	0.1		
Items that will not be reclassified to the income statement:			
Retirement benefit (losses)/gains	(22.9)	22.1	95.9
Tax effect on retirement benefit losses/(gains)	4.5	(4.3)	(18.9)
Net (loss)/gain on investments in equity instruments measured at fair value through other comprehensive income		(0.3)	0.2
Other comprehensive (loss)/income for the period, net of tax	**(144.5)**	(67.1)	117.9
Total comprehensive (loss)/income for the period	**(42.9)**	36.2	228.5
Total comprehensive (loss)/income for the period attributable to:			
Equity holders of the Group	(42.7)	34.9	223.6
Non-controlling interests	(0.2)	1.3	4.9
	(42.9)	36.2	228.5

The notes on pages 15 to 48 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim balance sheet at 30 June 2022

	Note	30 June 2022 CHF millions	31 December 2021 CHF millions
Assets			
Cash and balances with central banks		10,266.9	9,801.5
Treasury bills and other eligible bills		1,256.6	1,452.8
Due from other banks		2,525.6	2,562.3
Derivative financial instruments		2,031.2	973.6
Financial assets at fair value through profit and loss		1,468.1	1,807.3
Investment securities		6,813.2	5,877.8
Loans and advances to customers	19	18,182.7	18,225.6
Property, plant and equipment		315.1	334.6
Intangible assets		237.8	229.3
Deferred income tax assets		70.8	61.9
Other assets		717.2	816.3
Total assets		**43,885.2**	42,143.0
Liabilities			
Due to other banks		748.4	556.0
Due to customers		33,673.7	32,516.8
Derivative financial instruments		1,897.4	1,075.8
Financial liabilities at fair value		441.3	487.6
Financial liabilities at amortised cost		4,348.2	4,222.1
Current income tax liabilities		17.2	19.0
Deferred income tax liabilities		18.8	19.9
Provisions	22	129.4	130.4
Other liabilities		499.6	641.2
Subordinated loans	21	–	182.7
Total liabilities		**41,774.0**	39,851.5
Equity			
Share capital	25	154.0	152.2
Share premium		2,016.7	2,014.7
Other reserves		(35.5)	138.2
Retained earnings		(417.4)	(407.2)
Total shareholders' equity		**1,717.8**	1,897.9
Additional equity components	26	351.0	351.0
Non-controlling interests		42.4	42.6
Total equity		**2,111.2**	2,291.5
Total equity and liabilities		**43,885.2**	42,143.0

The notes on pages 15 to 48 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of changes in equity for the six months ended 30 June 2022

	Attributable to owners of the Group							
CHF millions	Share capital	Share premium	Other reserves	Retained earnings	Total shareholders' equity	Additional equity components	Non-controlling interests	Total equity
Balance at 01 January 2021	**148.3**	**1,979.9**	**84.2**	**(511.2)**	**1,701.2**	**–**	**56.8**	**1,758.0**
Net profit for the period				106.5	106.5		4.1	110.6
Net gain on hedge of net investments in foreign operations, with no tax effect			5.2		5.2			5.2
Currency translation difference, with no tax effect			40.7		40.7		0.8	41.5
Net losses on investments in debt instruments measured at fair value through other comprehensive income, with no tax effect			(11.3)		(11.3)			(11.3)
Net realised gains on debt instruments measured at fair value through other comprehensive income reclassified to the income statement, with no tax effect			5.3		5.3			5.3
Net gain on investments in equity instruments measured at fair value through other comprehensive income, with no tax effect			0.2		0.2			0.2
Retirement benefit gains			95.9		95.9			95.9
Tax effect on retirement benefit gains			(18.9)		(18.9)			(18.9)
Total comprehensive income for the period	**–**	**–**	**117.1**	**106.5**	**223.6**	**–**	**4.9**	**228.5**
Dividend paid on ordinary shares				(89.0)	(89.0)			(89.0)
Dividend paid on Bons de Participation								–
Distribution to additional equity components				(3.4)	(3.4)			(3.4)
Disposal of subsidiaries				1.7	1.7			1.7
Changes in ownership interests with no gain of control				(5.7)	(5.7)		(5.5)	(11.2)
Additional equity components issuance						351.0		351.0
Equity-settled share-based plan expensed in the income statement			12.1		12.1			12.1
Employee equity incentive plans exercised	1.9		(1.9)					–
Balance at 30 June 2021	**150.2**	**1,979.9**	**211.5**	**(501.1)**	**1,840.5**	**351.0**	**56.2**	**2,247.7**

The notes on pages 15 to 48 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of changes in equity for the six months ended 30 June 2022 continued

	Attributable to owners of the Group							
CHF millions	Share capital	Share premium	Other reserves	Retained earnings	Total shareholders' equity	Additional equity components	Non-controlling interests	Total equity
Balance at 01 July 2021	**150.2**	**1,979.9**	**211.5**	**(501.1)**	**1,840.5**	**351.0**	**56.2**	**2,247.7**
Net profit for the period				99.3	99.3		4.0	103.3
Net losses on hedge of net investments in foreign operations, with no tax effect			(3.3)		(3.3)			(3.3)
Currency translation difference, with no tax effect			(51.1)		(51.1)		(2.7)	(53.8)
Net losses on investments in debt instruments measured at fair value through other comprehensive income, with no tax effect			(28.5)		(28.5)			(28.5)
Net realised gains on debt instruments measured at fair value through other comprehensive income reclassified to the income statement, with no tax effect			1.0		1.0			1.0
Net losses on investments in equity instruments measured at fair value through other comprehensive income, with no tax effect			(0.3)		(0.3)			(0.3)
Retirement benefit gains			22.1		22.1			22.1
Tax effect on retirement benefit gains			(4.3)		(4.3)			(4.3)
Total comprehensive income for the period	**–**	**–**	**(64.4)**	**99.3**	**34.9**	**–**	**1.3**	**36.2**
Transactions with non-controlling interests	0.1	1.7			1.8			1.8
Disposal of subsidiaries				0.2	0.2			0.2
Changes in ownership interests with no gain of control	1.5	19.5		(8.8)	12.2		(14.9)	(2.7)
Equity-settled share-based plan expensed in the income statement			14.7		14.7			14.7
Employee equity incentive plans exercised	0.4	13.6	(23.6)	3.2	(6.4)			(6.4)
Balance at 31 December 2021	**152.2**	**2,014.7**	**138.2**	**(407.2)**	**1,897.9**	**351.0**	**42.6**	**2,291.5**

The notes on pages 15 to 48 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of changes in equity for the six months ended 30 June 2022 continued

	Attributable to owners of the Group							
CHF millions	**Share capital**	**Share premium**	**Other reserves**	**Retained earnings**	**Total shareholders' equity**	**Additional equity components**	**Non-controlling interests**	**Total equity**
Balance at 01 January 2022	**152.2**	**2,014.7**	**138.2**	**(407.2)**	**1,897.9**	**351.0**	**42.6**	**2,291.5**
Net profit for the period				100.3	100.3		1.3	101.6
Net loss on hedge of net investments in foreign operations, with no tax effect			(4.6)		(4.6)			(4.6)
Currency translation difference, with no tax effect			(17.3)		(17.3)		(1.5)	(18.8)
Net loss on investments in debt instruments measured at fair value through other comprehensive income, with no tax effect			(111.3)		(111.3)			(111.3)
Net realised gains on debt instruments measured at fair value through other comprehensive income reclassified to the income statement, with no tax effect			7.0		7.0			7.0
Net gain on cash flow hedge, with no tax effect			1.5		1.5			1.5
Change in loss allowances on debt instruments measured at fair value through other comprehensive income, with no tax effect			0.1		0.1			0.1
Retirement benefit losses			(22.9)		(22.9)			(22.9)
Tax effect on retirement benefit losses			4.5		4.5			4.5
Total comprehensive income for the period	**–**	**–**	**(143.0)**	**100.3**	**(42.7)**	**–**	**(0.2)**	**(42.9)**
New shares issued	0.8				0.8			0.8
Repurchase of Bons de Participation	(0.2)	0.4	(13.2)		(13.0)			(13.0)
Ordinary shares repurchased	(0.6)	(7.5)			(8.1)			(8.1)
Dividend paid on ordinary shares				(109.7)	(109.7)			(109.7)
Distribution to additional equity components				(20.5)	(20.5)			(20.5)
Dividend paid on Bons de Participation								–
Equity-settled share-based plan expensed in the income statement			13.1		13.1			13.1
Employee equity incentive plans exercised	1.8	9.1	(30.6)	19.7	(0.0)			(0.0)
Balance at 30 June 2022	**154.0**	**2,016.7**	**(35.5)**	**(417.4)**	**1,717.8**	**351.0**	**42.4**	**2,111.2**

The notes on pages 15 to 48 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim cash flow statement for the six months ended 30 June 2022

	Half-year ended 30 June 2022 CHF millions	Half-year ended 30 June 2021 CHF millions
Cash flows from operating activities	52.6	40.8
Changes in operating assets and liabilities	1,184.4	281.4
Net cash flows used in investing activities	(341.9)	(1,251.3)
Net cash flows from financing activities	(357.9)	33.7
Effect of exchange rate changes on cash and cash equivalents	(0.5)	24.1
Net change in cash and cash equivalents	**536.7**	(871.3)
Cash and cash equivalents at beginning of period	12,654.5	11,953.7
Net change in cash and cash equivalents	536.7	(871.3)
Cash and cash equivalents	**13,191.2**	11,082.4

Cash and cash equivalents

Cash and cash equivalents comprise the following balances with less than 90 days maturity:

	30 June 2022 CHF millions	30 June 2021 CHF millions
Cash and balances with central banks	10,266.9	8,756.0
Treasury bills and other eligible bills	706.5	738.2
Due from other banks – at sight	833.4	1,028.5
Due from other banks – at term	1,384.4	559.7
Cash and cash equivalents	**13,191.2**	11,082.4

The notes on pages 15 to 48 form an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

1. General information

EFG International AG and its subsidiaries (hereinafter collectively referred to as "EFG International Group" or "The Group") are a leading global private banking group, offering private banking, wealth management and asset management services. EFG International AG is a limited liability company and is incorporated and domiciled in Switzerland. The Group is listed on the SIX Swiss Exchange.

These unaudited consolidated interim financial statements were approved for issue by the Board of Directors on 20 July 2022.

2. Accounting policies and valuation principles

EFG International's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and are stated in Swiss francs (CHF).

These condensed consolidated interim financial statements are unaudited and should be read in conjunction with the audited financial statements included in the Group's consolidated financial statements for the year ended 31 December 2021. The impact of seasonality on these condensed consolidated interim financial statements is not considered as material.

These condensed consolidated interim financial statements are presented in accordance with IAS 34 Interim Financial Reporting. In preparing the interim financial statements, the same accounting policies, methods of computation and presentation have been applied as in the consolidated financial statements for the year ended 31 December 2021.

The preparation of interim financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The process also requires management to exercise its judgement in the process of applying the Group's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key estimates were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

A summary of any standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group are included in note 2 of the consolidated financial statements for the year ended 31 December 2021.

These condensed consolidated interim financial statements are available in English only.

3. Change in accounting policies

No new accounting standards and interpretations have been published for the reporting period that impact the Group in the current or future reporting periods and on foreseeable future transactions.

In the consolidated cash flow statement, the Group changed the classification of cash flows from issuance and redemption of structured products from 'financing activities' to 'operating activities' at 31 December 2021. The Group has amended the comparative information for the half-year ended 30 June 2021 in the cash flow statement. For further details see note 3 of the 2021 Annual Report.

4. Financial risk assessment and management

EFG International offers private banking and asset management services as well as financial and secured investment finance products with a focus on high-net-worth individuals. In pursuing its business objectives, it is exposed to risks, which may have an impact on its financial, business, social or other objectives.

EFG International acknowledges that a strong risk management framework is fundamental in the sustainable management of its business. EFG International is committed to actively managing and mitigating risks specific to its private banking and institutional clients, being particularly vigilant to activities associated with conduct risks, financial crime and operational risks, including compliance and fraud risks.

Notes to the condensed consolidated interim financial statements

EFG International carefully monitors legacy risks in connection with its nostro life insurance investment portfolio and litigation cases relating to discontinued businesses.

EFG International is committed to maintaining a strong risk management framework across the organisation, and to embed it in the day-to-day business activities and decision-making processes.

A summary of the Group's approach to risk management, risk governance, and risk appetite are included in the note 5 of the 2021 Annual Report. There have been no significant changes in the Group's financial risk management objectives and policies in the six months ended 30 June 2022.

5. Credit risk

The Group's primary credit exposures relate to loans collateralised by securities portfolios and by mortgages, and to highly rated financial institutions, sovereigns and corporates.

There were no purchased credit impaired balances during the reporting period, nor were the terms of contracts modified.

The table below summarises the carrying values and expected credit losses by stage of those financial assets that were measured at amortised cost (or at fair value through other comprehensive income) as of 30 June 2022.

30 June 2022	Total carrying value CHF millions	ECL staging Stage 1 CHF millions	ECL staging Stage 2 CHF millions	ECL staging Stage 3 CHF millions	ECL allowance CHF millions
Cash and balances with central banks	10,266.9				
Treasury bills and other eligible bills	1,256.6				
Due from other banks	2,525.6				
Mortgage loans	5,304.2	0.5	0.2	4.4	5.1
Lombard and other loans	12,878.5	1.7	0.7	7.6	10.0
Investment securities	6,813.2	0.4			0.4
Total on-balance sheet assets as at 30 June 2022	**39,045.0**	**2.6**	**0.9**	**12.0**	**15.5**
Loan commitments	228.6				
Financial guarantees	271.8	0.1	0.5		0.6
Total	**39,545.4**	**2.7**	**1.4**	**12.0**	**16.1**

The following table summarises the carrying values and expected credit loss allowances by stage of those financial assets that were measured at amortised cost (or at fair value through other comprehensive income) as of 31 December 2021:

31 December 2021	Total carrying value CHF millions	ECL staging Stage 1 CHF millions	Stage 2 CHF millions	Stage 3 CHF millions	ECL allowance included in carrying values CHF millions
Cash and balances with central banks	9,801.5				
Treasury bills and other eligible bills	1,452.8				
Due from other banks	2,562.3	0.1			0.1
Mortgage loans	5,790.9	0.7	0.2	4.7	5.6
Lombard and other loans	12,434.7	1.5	1.2	8.6	11.3
Investment securities	5,877.8	0.3			0.3
Total on-balance sheet assets as at 31 December 2021	**37,920.0**	**2.6**	**1.4**	**13.3**	**17.3**
Loan commitments	225.8				
Financial guarantees	256.3		0.5		0.5
Total	**38,402.1**	**2.6**	**1.9**	**13.3**	**17.8**

Loans and advances to customers comprise the following:

		30 June 2022 CHF millions	31 December 2021 CHF millions
(i) Mortgage loans	Gross	5,309.3	5,796.5
	Loss allowances	(5.1)	(5.6)
(ii) Lombard loans	Gross	12,203.6	11,686.9
	Loss allowances	(3.3)	(4.1)
(iii) Other loans	Gross	684.9	759.1
	Loss allowances	(6.7)	(7.2)
Total loans and advances to customers		**18,182.7**	18,225.6

5.1 Mortgage loans

The tables below present the aggregate changes in gross carrying values and loss allowances for mortgage loans:

Gross carrying value of mortgage loans	Stage 1 CHF millions	Stage 2 CHF millions	Stage 3 CHF millions	CHF millions
Gross carrying value as at 01 January 2022	**5,450.4**	**195.2**	**150.9**	**5,796.5**
Transfers:				
Transfer from Stage 1 to Stage 3	(22.8)		22.8	–
Transfer from Stage 2 to Stage 3		(36.0)	36.0	–
Transfer from Stage 3 to Stage 2		11.7	(11.7)	–
Transfer from Stage 1 to Stage 2	(111.4)	111.4		–
Financial assets derecognised during the period other than write-offs	(1,684.5)	(62.9)	(33.0)	**(1,780.4)**
New financial assets originated	1,454.2			**1,454.2**
Changes in interest accrual	(6.7)			**(6.7)**
FX and other movements	(141.5)	(5.4)	(7.4)	**(154.3)**
Gross carrying value as at 30 June 2022	**4,937.7**	**214.0**	**157.6**	**5,309.3**

Loss allowances on mortgage loans	Stage 1 12-month ECL CHF millions	Stage 2 lifetime ECL CHF millions	Stage 3 lifetime ECL CHF millions	Total CHF millions
Loss allowances as at 01 January 2022	**0.7**	**0.2**	**4.7**	**5.6**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2				–
Transfer from Stage 1 to Stage 3				–
Transfer from Stage 3 to Stage 1				–
Transfer from Stage 2 to Stage 1				–
New financial assets originated or purchased	0.2			**0.2**
Changes in PD/LGDs/EADs	(0.3)		0.1	**(0.2)**
FX and other movements	(0.1)	(0.1)	(0.3)	**(0.5)**
Total net P&L charge during the period	**(0.2)**	**(0.1)**	**(0.2)**	**(0.5)**
Other movements with no P&L impact				
Transfers:				
Transfer from Stage 3 to Stage 2		0.1	(0.1)	–
Loss allowances as at 30 June 2022	**0.5**	**0.2**	**4.4**	**5.1**

There were no purchased credit impaired balances during the reporting period, nor were the terms of contracts modified. In addition, no amounts were written off in the period.

5.2 Lombard loans

The table below presents the aggregate changes in gross carrying values and loss allowances for lombard loans:

Gross carrying value of lombard loans	Stage 1 CHF millions	Stage 2 CHF millions	Stage 3 CHF millions	CHF millions
Gross carrying value as at 01 January 2022	**11,538.5**	**144.0**	**4.4**	**11,686.9**
Transfers:				
Transfer from Stage 1 to Stage 3	(5.5)		5.5	–
Transfer from Stage 2 to Stage 1	7.6	(7.6)		–
Financial assets derecognised during the period other than write-offs	(7,389.9)	(20.4)	(0.9)	**(7,411.2)**
New financial assets originated or purchased	7,887.0			**7,887.0**
Changes in interest accrual	1.4			**1.4**
Write-offs			(0.3)	**(0.3)**
FX and other movements	33.9	6.0	(0.1)	**39.8**
Gross carrying value as at 30 June 2022	**12,073.0**	**122.0**	**8.6**	**12,203.6**

Loss allowances on lombard loans	Stage 1 12-month ECL CHF millions	Stage 2 lifetime ECL CHF millions	Stage 3 lifetime ECL CHF millions	Total CHF millions
Loss allowances as at 01 January 2022	**–**	**1.1**	**3.0**	**4.1**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2				–
Transfer from Stage 1 to Stage 3				–
Transfer from Stage 2 to Stage 1	0.1	(0.1)		–
New financial assets originated or purchased				–
Changes in PD/LGDs/EADs		(0.3)	(0.1)	**(0.4)**
FX and other movements	(0.1)			**(0.1)**
Total net P&L charge during the period	**–**	**(0.4)**	**(0.1)**	**(0.5)**
Other movements with no P&L impact				
Write-offs			(0.3)	**(0.3)**
Loss allowances as at 30 June 2022	**–**	**0.7**	**2.6**	**3.3**

There were no purchased credit impaired balances during the reporting period, nor were the terms of contracts modified.

5.3 Other loans

The following table presents the aggregate changes in gross carrying values and loss allowances for other loans (which include commercial loans, loans to public entities, unsecured overdrafts):

Gross carrying value of other loans	Stage 1 CHF millions	Stage 2 CHF millions	Stage 3 CHF millions	CHF millions
Gross carrying value as at 01 January 2022	**541.2**	**96.2**	**121.7**	**759.1**
Transfers:				
Transfer from Stage 1 to Stage 3	(30.6)		30.6	–
Transfer from Stage 2 to Stage 3		(1.4)	1.4	–
Transfer from Stage 3 to Stage 2		1.9	(1.9)	–
Transfer from Stage 1 to Stage 2	(59.0)	59.0		–
Financial assets derecognised during the period other than write-offs	(341.4)	(58.5)	(26.7)	**(426.6)**
New financial assets originated or purchased	349.8			**349.8**
Write-offs				–
FX and other movements	2.3	(0.6)	0.9	**2.6**
Gross carrying value as at 30 June 2022	**462.3**	**96.6**	**126.0**	**684.9**

Loss allowances on other loans	Stage 1 12-month ECL CHF millions	Stage 2 lifetime ECL CHF millions	Stage 3 lifetime ECL CHF millions	Total CHF millions
Loss allowances as at 01 January 2022	**1.5**	**0.1**	**5.6**	**7.2**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 3				–
Transfer from Stage 1 to Stage 2				–
New financial assets originated or purchased	1.4			**1.4**
Changes in PD/LGDs/EADs	(1.3)	(0.1)	(0.5)	**(1.9)**
FX and other movements	0.1		(0.1)	–
Total net P&L charge during the period	**0.2**	**(0.1)**	**(0.6)**	**(0.5)**
Other movements with no P&L impact				
Transfers:				
Transfer from Stage 2 to Stage 3				–
Transfer from Stage 3 to Stage 2				–
Write-offs	–	–	–	–
Loss allowances as at 30 June 2022	**1.7**	**–**	**5.0**	**6.7**

There were no purchased credit impaired balances during the reporting period, nor were the terms of any contracts modified.

6. Valuation of financial assets and liabilities

6.1 Financial assets and liabilities measured at fair value

(a) Fair value hierarchy

IFRS 13 requires classification of financial instruments at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as price) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no transfers between levels in the current period.

	30 June 2022			
	Level 1 CHF millions	Level 2 CHF millions	Level 3 CHF millions	Total CHF millions
Derivative financial instruments (assets):				
Currency derivatives		771.5		771.5
Interest rate derivatives		160.2		160.2
Equity derivatives		1,035.8		1,035.8
Other derivatives		30.1		30.1
Life-insurance-related			33.6	33.6
Total derivatives assets	**–**	**1,997.6**	**33.6**	**2,031.2**
Financial assets at fair value through profit and loss:				
Debt	152.8	441.9		594.7
Equity	0.3		99.6	99.9
Life-insurance-related			752.0	752.0
Investment funds		21.5		21.5
Total financial assets at fair value through profit and loss	**153.1**	**463.4**	**851.6**	**1,468.1**
Total assets measured at fair value through profit and loss	**153.1**	**2,461.0**	**885.2**	**3,499.3**
Investment securities:				
Debt	6,813.2			6,813.2
Equity				–
Total investment securities	**6,813.2**	**–**	**–**	**6,813.2**
Total assets measured at fair value	**6,966.3**	**2,461.0**	**885.2**	**10,312.5**

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	30 June 2022			
	Level 1 CHF millions	Level 2 CHF millions	Level 3 CHF millions	Total CHF millions
Derivative financial instruments (liabilities):				
Currency derivatives		742.8		742.8
Interest rate derivatives		36.0		36.0
Equity derivatives		1,078.7		1,078.7
Other derivatives		39.9		39.9
Total derivatives liabilities	**–**	**1,897.4**	**–**	**1,897.4**
Financial liabilities designated at fair value:				
Equity		1.0		1.0
Debt		41.1		41.1
Structured products		242.9		242.9
Life-insurance-related			156.3	156.3
Total financial liabilities designated at fair value	**–**	**285.0**	**156.3**	**441.3**
Total liabilities measured at fair value	**–**	**2,182.4**	**156.3**	**2,338.7**
Assets less liabilities measured at fair value	**6,966.3**	**278.6**	**728.9**	**7,973.8**

Movement in Level 3 assets

	Derivative financial instruments CHF millions	Financial assets measured at fair value through profit and loss CHF millions	Total assets in Level 3 CHF millions
At 01 January 2022	34.2	891.6	925.8
Total gains or losses in the income statement – Net gains/(losses) from changes in fair value	1.3	(96.6)	(95.3)
Purchases/premiums paid	1.4	65.7	67.1
Disposals/premiums received	(4.8)	(45.5)	(50.3)
Exchange differences	1.5	36.4	37.9
At 30 June 2022	**33.6**	**851.6**	**885.2**
Change in unrealised gains or losses for the period included in the income statement for assets held at the end of the reporting period	1.3	(96.6)	(95.3)

	Liabilities in Level 3	
	Financial liabilities designated at fair value CHF millions	Total liabilities in Level 3 CHF millions
At 01 January 2022	163.3	163.3
Total gains or losses in the income statement – Net gains from change in fair value	(15.2)	(15.2)
Purchases/premiums paid	(5.8)	(5.8)
Disposals/premiums received	6.4	6.4
Exchange differences	7.6	7.6
At 30 June 2022	**156.3**	**156.3**
Change in unrealised gains or losses for the period included in the income statement for liabilities held at the end of the reporting period	(15.2)	(15.2)

(b) Fair value methodology used for Level 3 instruments – valuation technique

Valuation governance

The Group's model governance is outlined in a model vetting policy, which describes the Group's model risk governance framework, model validation approach and the model validation process.

A significant part of the independent price verification process is the estimation of the accuracy of modelling methods and input assumptions, which return fair value estimates derived from valuation techniques. As part of the model governance framework, the benchmarking of fair value estimates is performed against external sources and recalibration performed on a continuous basis against changes in fair value versus expectations. Fair value measurements are compared with observed prices and market levels, for the specific instrument to be valued whenever possible.

As a result of the above and in order to align with independent market information and accounting standards, valuation adjustments may be made to the business's fair value estimate.

Valuation techniques
If the market for a financial instrument is not active, the Group establishes fair value by using one of the following valuation techniques:
- Recent arm's-length market transactions between knowledgeable, willing parties (if available)
- Reference to the current fair value of another instrument (that is substantially the same)
- Discounted cash flow analysis
- Option pricing model
- Net asset value

Valuation techniques		**30 June 2022 CHF millions**	31 December 2021 CHF millions
Discounted cash flow analysis	**Products**		
Financial assets at fair value through profit and loss	Equities	99.6	103.9
Derivatives	Synthetic life insurance policies	33.6	34.1
Financial assets at fair value through profit and loss	Physical life insurance policies	752.0	787.8
Financial liabilities designated at fair value	Synthetic life insurance policies	(156.3)	(163.2)
Total		**728.9**	762.6

The Group values certain financial instruments at fair value, using models which rely on inputs to the models that are not based on observable market data (unobservable inputs). These financial instruments are classified as Level 3. Below is a summary of the valuation techniques and unobservable inputs to the valuations of these Level 3 financial instruments that significantly affect the value, and describe the interrelationship between observable inputs and how they affect the valuation.

(i) Life insurance policies
The Group uses a discounted cash flow valuation technique for the valuation of physical and synthetic life settlement policies and related financial instruments. The approach makes use of market-observable and non-market-observable inputs. See note 32 of the 2021 Annual Report for further details.

(ii) Equities
Equities comprise primarily the holding in SIX Group for CHF 75.2 million (2021: CHF 79.7 million).

The participation in SIX Group is based on a valuation, using the expected net asset value of SIX Group at the end of June 2022, which the Group understands would be the basis for any sale or purchase between SIX Group shareholders. As SIX Group has not yet published its financial statements for June 2022 at the time of preparing these financial statements, the Group has made an estimate of the net asset value. To determine the net asset value as of 30 June 2022, the Group uses published SIX Group year-end net asset value and adds a projected profit for the period to June 2022, net of dividends paid. EFG International Group has recorded a loss of CHF (4.7) million (2021: gain of CHF 6.1 million for the full-year), as a result of a decrease of SIX Group net asset value during the second half of 2021 and the distribution of dividend in May 2022, partially compensated by the estimated net result of SIX Group at end of June 2022.

The sensitivity to the valuation of this asset is primarily linked to the changes in the net asset value of SIX Group, and the gain/loss taken through profit and loss for a 10% higher and 10% lower net profits would be a CHF 0.1 million gain or CHF (0.1) million loss on this position classified as fair value through profit and loss.

(c) Life-insurance-related assets fair value
The Group holds the following life-insurance-related financial assets and liabilities:

Classification		30 June 2022 Number of insureds	30 June 2022 Average age Years	30 June 2022 Average life expectancy Years	30 June 2022 Net death benefits CHF millions	30 June 2022 Fair value CHF millions
Financial assets at fair value through profit and loss	Physical policies	209	4.0	92.2	1,419.7	752.0
Derivative financial instruments	Synthetic policies	60	4.7	90.9	64.7	33.6
Financial liabilities designated at fair value	Synthetic policies	(51)	(4.8)	(89.6)	(249.3)	(156.3)
Total		**218**			**1,235.1**	**629.3**

These life insurance policies are issued by US life insurance companies. The Group pays a periodic premium to the life insurance company to keep the policy in good standing and, upon the insured individual (US-based) having deceased, the life insurance company pays a lump sum death benefit to the Group. Should the Group not pay the necessary periodic premium, the insurance policy would lapse, and this would imply a full write-down of the life insurance policy.

The key risks that the Group is exposed to (and which impact the fair value) include the following:
- Longevity
- Change in premium streams (cost of insurance)
- Counterparty credit risk
- Interest rate risk

The Group values these financial assets and liabilities at fair value using models. As the market for life settlement policies is private and fragmented, the models rely on inputs to the models that are not based on observable market data (unobservable inputs), and assumptions are made in determining relevant risk adjustments. These financial instruments are classified as Level 3.

The fair value is calculated using cash flows market participants would expect, based on management judgement that is based on information provided by independent parties specialised in calculating future cost of insurance charges for life insurance policies and adjusted to account for uncertainties.

The determination of the fair value for this portfolio is a critical process, and therefore the Group reviews these estimates on a periodic basis and relies on expert actuaries and legal advisors in order to minimise risks surrounding the assumptions related to the life expectancy and cost of insurance estimates.

The determination of the fair value of these financial assets and liabilities requires management judgement on the below valuation inputs:

(i) Longevity assumptions
The assumptions on life expectancy are based on the Valuation Basic Table (VBT) last published by the Society of Actuaries in 2015 and adjusted by external life settlement underwriters and actuaries to reflect the individual medical characteristics of the referenced insureds. Premium estimates are based on cost of insurance estimates, which are provided by independent parties specialised and experienced in the field of premium calculations for life settlement policies. The Group conducts a regular in-depth review of such providers to ensure high-quality standards and reliability of the forecasts.

(ii) Premium streams and cost of insurance
The determination of the best estimate cash flows included in the valuation of the life insurance for the fair value estimate of these assets under IFRS 13 is considered to be a critical accounting judgement for the Group, due to the lack of observable readily available information and the complexity of the determination of these assumptions.

The Group uses management's best estimate (considering historic information and relying on specialised opinions) and information from external service providers about trends and market developments. Management also considers that the outcome of disputes involving significant increases in premiums observed in the US market will affect the expected premiums payable.

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The determination of the appropriate level of increase of cost of insurance in the underlying policies is one of the most important assumptions applied by management in the valuation model. Increases in cost of insurance consider the aging of the insured persons and increases in pricing levels of premiums imposed by certain carriers that issued these policies. The majority of life insurance policies have increasing annual premiums payable. In certain instances, additional increases have been announced by insurance companies. The Group considers these increases in cost of insurance to be unjustified and has challenged their implementation in US courts.

The outcome of disputes involving significant increases in premiums observed in the US market affecting the life insurance policies in the portfolio are taken into account. In these cases, management has, in line with market participants, set their own best estimates taking into account the factors outlined above and the relevant contracts. As the ultimate resolution of these legal actions is significant for the Group, it relies on actuaries to set the cost of insurance assumptions.

The Group will also take legal actions against other carriers that have indicated that they will increase premiums. The Group believes that it will prevail in these claims, however legal proceedings are inherently unpredictable, and the actual future outcome might materially differ from the Group's expectations.

(iii) Counterparty credit risk
This is the risk of default of the insurance carrier. Credit risk is taken into account through applying a notching-based probability of default approach that takes the credit rating assigned by a recognised agency into consideration as starting point. The Group is of the view that US life insurance carriers are operating in a highly regulated environment, which would ensure that the rights of the beneficiary under a life insurance policy remain protected and claims under such policies rank among the most senior liabilities.

(iv) Interest rate risk
The risk-adjusted cash flows have been discounted at the term matching linearly interpolated market swap curve.

Sensitivities

The sensitivity to the fair value of the Group's life-insurance-related assets and liabilities held at fair value are included below:

		Discount factor		Longevity		Premium estimates	
		–1% CHF millions	+1% CHF millions	–3 months CHF millions	+3 months CHF millions	–5% CHF millions	+5% CHF millions
Life settlement sensitivities							
Financial assets at fair value	Physical policies	40.5	(37.0)	30.5	(29.6)	23.5	(23.5)
Derivative financial instruments	Synthetic policies	1.3	(1.2)	0.3	(0.3)		
Financial liabilities designated at fair value	Synthetic policies	(7.2)	6.6	(4.6)	4.6		
Profit and loss sensitivity		**34.6**	**(31.6)**	**26.2**	**(25.3)**	**23.5**	**(23.5)**

The assumptions related to premiums and cost of insurance take the market participants' view on the merits of the ongoing legal cases of the Group and other plaintiffs into account. The impact of the development and ultimate resolution of these proceedings would be a decrease on the Group's fair value assumptions by CHF 51.8 million (31 December 2021: CHF 54.7 million).

The impact of counterparty credit risk for a two-notch downgrade would be a CHF 3.3 million (31 December 2021: CHF 3.8 million) decrease in fair value.

(d) Offsetting

The following financial assets and financial liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements:

As at 30 June 2022	Gross amounts of recognised financial assets CHF millions	Gross amounts of recognised financial liabilities set off in the balance sheet CHF millions	Net amounts of recognised financial assets presented in the balance sheet CHF millions	*Related amounts not set off in the balance sheet* Financial assets subject to netting agreements CHF millions	Cash collateral CHF millions	Net exposure CHF millions
Due from other banks	273.9		273.9	(273.9)		
Derivative financial instruments	2,031.2		2,031.2	(1,047.5)	(965.6)	18.1
FVTPL – Life insurance policies	140.8		140.8	(140.8)		
Total financial assets	**2,445.9**	**–**	**2,445.9**	**(1,462.2)**	**(965.6)**	**18.1**

As at 30 June 2022	Gross amounts of recognised financial liabilities CHF millions	Gross amounts of recognised financial assets set off in the balance sheet CHF millions	Net amounts of recognised financial liabilities presented in the balance sheet CHF millions	*Related amounts not set off in the balance sheet* Financial liabilities subject to netting agreements CHF millions	Cash collateral CHF millions	Net exposure CHF millions
Derivative financial instruments	1,897.4		1,897.4	(895.3)	(953.3)	48.8
FVTPL – Synthetic life insurance	156.3		156.3	(156.3)		
Total financial liabilities	**2,053.7**	**–**	**2,053.7**	**(1,051.6)**	**(953.3)**	**48.8**

6.2 Financial assets and liabilities measured at amortised cost

The following table summarises the carrying values and fair values of those financial assets and liabilities that were measured at amortised cost as of 30 June 2022:

	Note	Carrying value CHF millions	Fair value CHF millions	Difference CHF millions
30 June 2022				
Financial assets				
Due from other banks	(i)	2,525.6	2,528.5	2.9
Loans and advances to customers	(ii)	18,182.7	18,627.8	445.1
		20,708.3	**21,156.3**	**448.0**
Financial liabilities				
Due to other banks	(iii)	(748.4)	(748.5)	(0.1)
Due to customers	(iii)	(33,673.7)	(33,688.8)	(15.1)
Financial liabilities at amortised cost	(iv)	(4,348.2)	(4,511.9)	(163.7)
		(38,770.3)	**(38,949.2)**	**(178.9)**
Net assets and liabilities not measured at fair value		**(18,062.0)**	**(17,792.9)**	**269.1**

(i) Due from other banks
Due from other banks includes interbank placements and items in the course of collection. The fair value of floating rate placements, overnight deposits and term deposits with a maturity of less than 90 days is assumed to be their carrying amount, as the effect of discounting is not significant. The fair values are within Level 2 of the fair value hierarchy.

(ii) Loans and advances to customers
Loans and advances are net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received up to the next interest reset date. Expected cash flows are discounted at current market rates to determine fair value. Determined fair values are within Level 2 of the fair value hierarchy.

(iii) Due to other banks and customers
The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. Expected cash flows are discounted at current market rates to determine fair value. Determined fair values are within Level 2 of the fair value hierarchy.

(iv) Financial liabilities at amortised cost
The value of structured products sold to clients is reflected on an accrual basis for the debt host (and on a fair value for the embedded derivative). The fair value of the debt host is based on the discounted amount of estimated future cash flows expected to be paid up to the date of maturity of the instrument. Expected cash flows are discounted at current market rates to determine fair value. The fair values are within Level 2 of the fair value hierarchy.

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7. Assets under Management and Assets under Administration

	30 June 2022 CHF millions	31 December 2021 CHF millions	30 June 2021 CHF millions
Character of client assets			
Equities	51,170	61,879	60,907
Deposits	35,829	34,628	34,922
Bonds	30,132	33,653	35,263
Loans	18,490	19,633	20,346
Structured notes	5,094	5,606	4,818
Hedge funds/Fund of hedge funds	3,430	3,277	3,195
Fiduciary deposits	920	804	768
Other	10,699	12,479	11,746
Total revenue-generating Assets under Management	**155,764**	171,959	171,965
Total Assets under Administration	**32,307**	32,536	27,278
Total Assets under Management and Administration	**188,071**	204,495	199,243

Assets under Administration are trust assets administered by the Group. The Group has CHF 11,290.5 million (2021: CHF 10,955.4 million) of Assets under Custody not included in the above.

The Group calculates total revenue-generating Assets under Management (AUM) as the total market value of the assets and liabilities that the Group manages on behalf of clients. AUM include all assets and liabilities managed by or deposited with the Group on which the Group earns revenue. Assets under Custody excluded from AUM are assets deposited with the Group held solely for safekeeping/custody purposes, and for which the Group does not offer advice on how the assets should be invested. AUM includes lombard loans and mortgages, though does not include the real estate that is security for the mortgage.

When AUM are subject to more than one level of asset management services, double counting arises within the total AUM. Each such separate discretionary or advisory service provides additional benefits to the respective client and generates additional revenue to the Group. Double counts primarily include the self-managed collective investment schemes and structured products issued by Group companies which are also included in customer portfolios and already included in AUM.

On an annual basis, the Group discloses in its Annual Report Assets under Management according to the Guidelines of the Swiss Financial Market Supervisory Authority (FINMA) governing financial statement reporting.

8. Net interest income

	Half-year ended 30 June 2022 CHF millions	Half-year ended 31 December 2021 CHF millions	Half-year ended 30 June 2021 CHF millions
Banks and customers	187.7	159.8	156.1
Investment securities	35.0	34.3	35.1
Treasury bills and other eligible bills	5.1	2.7	1.4
Total interest and discount income	**227.8**	196.8	192.6
Banks and customers	(60.2)	(47.7)	(45.7)
Financial liabilities at amortised cost	(11.7)	(11.2)	(12.6)
Lease liabilities	(1.6)	(1.1)	(1.5)
Subordinated loans	(2.3)	(4.7)	(5.6)
Total interest expense	**(75.8)**	(64.7)	(65.4)
Net interest income	**152.0**	132.1	127.2

Total interest expense on banks and customers including negative interest on Swiss francs and Euro deposits placed by the Group at the Swiss National Bank and the European Central Bank amounts to CHF 18.3 million in the half-year ended 30 June 2022 (CHF 15.3 million and CHF 12.9 million for the half-year ended December 2021 and June 2021, respectively).

9. Net banking fee and commission income

	Half-year ended 30 June 2022 CHF millions	Half-year ended 31 December 2021 CHF millions	Half-year ended 30 June 2021 CHF millions
Advisory and management fees	232.7	252.6	221.0
Brokerage fees	107.0	125.8	144.0
Commission and fee income on other services	135.7	217.6	125.9
Banking fee and commission income	**475.4**	596.0	490.9
Commission and fee expenses on other services	(119.5)	(213.6)	(116.8)
Banking fee and commission expense	**(119.5)**	(213.6)	(116.8)
Net banking fee and commission income	**355.9**	382.4	374.1

10. Dividend income

	Half-year ended 30 June 2022 CHF millions	Half-year ended 31 December 2021 CHF millions	Half-year ended 30 June 2021 CHF millions
Financial assets at fair value through profit and loss	1.8	0.1	1.7
Dividend income	**1.8**	0.1	1.7

11. Net trading income and foreign exchange gains less losses

	Half-year ended 30 June 2022 CHF millions	Half-year ended 31 December 2021 CHF millions	Half-year ended 30 June 2021 CHF millions
Result of currency and precious metal operations	79.4	44.9	77.4
Client option premiums	23.8	21.9	(11.0)
Net trading income and foreign exchange gains less losses	**103.2**	66.8	66.4

Result of currency and precious metal operations are primarily earned on a transaction basis.

12. Fair value gains less losses on financial instruments measured at fair value

	Half-year ended 30 June 2022 CHF millions	Half-year ended 31 December 2021 CHF millions	Half-year ended 30 June 2021 CHF millions
Financial instruments measured at fair value			
Equity securities	(4.0)	2.6	0.7
Life insurance securities	4.1	22.6	44.8
Other	(4.8)	1.1	8.4
Fair value gains less losses on financial instruments measured at fair value	**(4.7)**	26.3	53.9

13. Gains less losses on disposal of investment securities

	Half-year ended 30 June 2022 CHF millions	Half-year ended 31 December 2021 CHF millions	Half-year ended 30 June 2021 CHF millions
Debt securities	(7.0)	(1.0)	(5.3)
Gains less losses on disposal of investment securities	**(7.0)**	(1.0)	(5.3)

14. Other operating income

	Half-year ended 30 June 2022 CHF millions	Half-year ended 31 December 2021 CHF millions	Half-year ended 30 June 2021 CHF millions
Other profits	3.9	21.2	15.7
Other losses	(1.2)	(2.6)	(4.4)
Other operating income	**2.7**	18.6	11.3

15. Loss allowances expense

Loss allowances expense includes all expected credit loss movements with an income statement impact:

	Half-year ended 30 June 2022 CHF millions	Half-year ended 31 December 2021 CHF millions	Half-year ended 30 June 2021 CHF millions
Change in loss allowance on due from banks	(0.1)		
Change in loss allowance on lombard loans	0.4	73.7	(2.0)
Change in loss allowance on other loans	0.5	(0.7)	1.9
Change in loss allowance on mortgages		0.5	(0.8)
Change in loss allowance on investment securities	0.1		
Change in loss allowance on off-balance sheet items	0.1	(0.1)	0.2
Total loss allowances expense	**1.0**	73.4	(0.7)

16. Operating expenses

	Note	Half-year ended 30 June 2022 CHF millions	Half-year ended 31 December 2021 CHF millions	Half-year ended 30 June 2021 CHF millions
Staff costs	17	(334.2)	(345.2)	(345.8)
Professional services		(13.0)	(16.2)	(14.5)
Advertising and marketing		(5.6)	(5.9)	(3.0)
Administrative expenses		(43.3)	(43.4)	(36.4)
Depreciation of property, plant and equipment		(5.9)	(6.7)	(6.7)
Depreciation of right-of-use assets		(20.3)	(20.5)	(19.6)
Amortisation of intangible assets:				
Computer software and licences		(10.8)	(9.4)	(7.9)
Other intangible assets		(5.3)	(5.2)	(6.3)
Legal and litigation expenses		(13.4)	(17.7)	(11.4)
Other		(25.3)	(21.8)	(24.3)
Operating expenses		**(477.1)**	(492.0)	(475.9)

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17. Staff costs

	Half-year ended 30 June 2022 CHF millions	Half-year ended 31 December 2021 CHF millions	Half-year ended 30 June 2021 CHF millions
Wages, salaries and staff bonuses	(265.1)	(285.5)	(271.2)
Social security costs	(27.4)	(25.3)	(26.5)
Pension costs			
Retirement benefits	(5.8)	9.2	(12.3)
Other net pension costs	(7.1)	(4.9)	(5.4)
Employee equity incentive plans	(13.1)	(14.7)	(12.1)
Other	(15.7)	(24.0)	(18.3)
Staff costs	**(334.2)**	(345.2)	(345.8)

As at 30 June 2022, the number of full-time equivalent employees (FTEs) of the Group was 3,003 (3,027 and 3,110 for December 2021 and June 2021, respectively).

The FTEs not in their notice period at 30 June 2022 was 2,920 (2,932 and 3,019 for December 2021 and June 2021, respectively).

18. Income tax

	Half-year ended 30 June 2022 CHF millions	Half-year ended 31 December 2021 CHF millions	Half-year ended 30 June 2021 CHF millions
Current tax expense	(24.0)	(11.2)	(12.6)
Deferred income tax expenses	6.5	2.0	(9.7)
Income tax expense	**(17.5)**	(9.2)	(22.3)

19. Loans and advances to customers

	30 June 2022 CHF millions	31 December 2021 CHF millions
Mortgages	5,309.3	5,796.5
Lombard loans	12,203.6	11,686.9
Other loans	684.9	759.1
Gross loans and advances	**18,197.8**	18,242.5
Less: Loss allowances (note 20)	(15.1)	(16.9)
Loans and advances to customers	**18,182.7**	18,225.6

The other loans include CHF 103.9 million (2021: CHF 185.1 million) of loans made with no collateral and CHF 145.2 million (2021: CHF 119.6 million) of loans where the collateral value is below the value of the loan.

The uncollateralised portion of these loans is classified as unsecured; however, they are within the approved unsecured lending limits for the customers.

20. Loss allowances on loans and advances to customers

	Half-year end 30 June 2022 CHF millions	Half-year end 31 December 2021 CHF millions	Half-year end 30 June 2021 CHF millions
At beginning of period	**(16.9)**	(102.5)	(98.3)
Loss allowances (decreased) / increased through profit and loss	0.9	73.5	(0.9)
Utilisation of provision	0.3	10.3	0.1
Exchange differences	0.6	1.8	(3.4)
At end of period	**(15.1)**	(16.9)	(102.5)

21. Subordinated loans

	Weighted average interest rate %	30 June 2022 CHF millions	31 December 2021 CHF millions
Subordinated loans			
EFG International (Guernsey) Ltd			
31 December 2021: USD 197,909,000	5.00% p.a.		182.7
Total subordinated loans		–	182.7

The subordinated loan of USD 197.9 million was redeemed on 05 April 2022, on the first call date.

The movement in the account is as follows:

	CHF millions
At 01 January 2022	**182.7**
Accrued interest	2.3
Interest paid	(4.6)
Issuance fees amortised in profit and loss	0.1
Payment to repurchase the subordinated loans	(183.9)
Exchange differences	3.4
At 30 June 2022	**–**

22. Provisions

	Provision for litigation risks CHF millions	Other provisions CHF millions	Total CHF millions
At 01 January 2022	**86.1**	**44.3**	**130.4**
Increase in provisions recognised in the income statement	8.9	1.1	10.0
Release of provisions recognised in the income statement	(0.5)	(0.8)	(1.3)
Provisions used during the period	(0.8)	(13.2)	(14.0)
Reclassification and other movements		0.5	0.5
Exchange differences	3.6	0.2	3.8
At 30 June 2022	**97.3**	**32.1**	**129.4**
Expected payment within 1 year	7.4	11.9	19.3
Expected payment between 1 year and 3 years	89.9	14.0	103.9
Expected payment thereafter		6.2	6.2
At 30 June 2022	**97.3**	**32.1**	**129.4**

Provision for litigation risks

The provision for litigation risks increased by CHF 11.2 million which is mainly related to a claim from the receiver of an insurance company in Taiwan (see (i)).

(i) A provision of CHF 85.1 million (2021: CHF 73.2 million) relates to a claim by the receiver of an insurance company in Taiwan.

EFG Bank AG disbursed a loan of USD 193.8 million in 2007. Following a November 2021 judgement issued by the High Court of Singapore holding that the Group had a valid and enforceable pledge under Singapore law over assets held as collateral in November 2021, the Group used the collateral to repay the loan.

EFG International Group is party to multi-jurisdictional legal proceedings relating to a client relationship with a Taiwanese insurance company, which began with arbitration proceedings in Taiwan which EFG International Group lost. In 2007, the EFG International Group extended a loan of USD 193.8 million (excluding interest) to an affiliate of the insurance company, which was placed into receivership in 2014. The loan was secured by the assets of a separate legal entity domiciled in Jersey pursuant to a pledge agreement governed by Singapore law. The former majority shareholder and Chairman of the insurance company (who has been found guilty in Taiwan of various criminal offenses related to the misappropriation of company funds, including the proceeds of the bank loan and is currently serving a 20-year prison sentence) also gave EFG International Group a personal indemnity covering the loan. The overall relationship with the insurance company included accounts held at EFG in Hong Kong, Singapore and Switzerland.

In January 2018, an arbitration tribunal in Taiwan concluded that the transaction was invalid under the law of Taiwan as a result of the insurance company's non-compliance with Taiwanese insurance regulations. Based on that reasoning, the tribunal required EFG International Group to return the USD 193.8 million in assets held by the Jersey entity and used as collateral for the loan, plus interest at a rate of 5% per annum. EFG International Group fundamentally disagrees with the tribunal's reasoning and the result. It appealed the validity of the award in the Taiwan courts, but that appeal was unsuccessful and has concluded. EFG International Group has, however, successfully defeated the attempt by the receiver of the insurance company in Hong Kong to enforce the award. The Hong Kong court issued a decision in November 2020, denying enforcement of the arbitration award, and in a January 2021 decision, the court denied the receiver's application for leave to appeal. Therefore, the proceedings in Hong Kong have now been concluded in favour of EFG International Group.

The Taiwan tribunal did not opine on the validity of the loan collateral under the governing laws of Singapore. When the arbitration began, EFG International Group had already commenced legal proceedings to confirm the validity of the loan collateral in Singapore, which was heard in 2020. The Singapore court issued a decision in November 2021 confirming the validity of the pledge. Upon receiving notification of the judgement on the validity of the pledge in Singapore, the EFG International Group used the collateral to repay the loan. The receiver has filed its notice of appeal against the Singapore judgement, and oral argument is currently anticipated before end-2022.

In addition, EFG International Group is considering how most appropriately to enforce the personal indemnity of the former chairman, secured through successful legal proceedings in Singapore.

EFG International Group as well as certain current and former employees have been named in certain supplemental civil proceedings commenced by the receiver of the insurance company in Taiwan. At present, the supplemental proceeding in which EFG International Group is named as a defendant is at a preliminary stage in the lawsuit. The receiver seeks to recover civil damages in an amount equivalent to the value of the assets used as collateral for the loan, plus interest accruing at 5% per annum, which totals approximately USD 258.5 million at 30 June 2022, resulting in an unprovided amount of approximately USD 157.0 million (CHF 150.5 million).

Future outflows in respect of this matter might arise between one and three years.

(ii) A provision of CHF 7.2 million (2021: CHF 7.7 million) relates to client claims, following the discovery of irregularities in the management of clients' accounts by a former employee. An excess provision amount of CHF 0.5 million was reversed through P&L during the period. The remaining position is likely to be resolved within a year.

(iii) Other provisions of CHF 5.0 million (2021: CHF 5.2 million) remain for various small litigation cases.

Other provisions
Other provisions decreased by CHF 12.2 million, primarily due to the utilisation of a provision for restructuring costs in (i) below.

The other provisions at the end of the period include the following:

(i) The Group has a provision of CHF 9.8 million (2021: CHF 20.4 million) for restructuring costs primarily relating to businesses being closed, which are likely to be utilised within a year.

(ii) The Group has a provision of CHF 10.8 million (2021: CHF 10.2 million) which represents the amount that will have to be paid if the Group succeeds in recovering excess life insurance premiums from insurers who increased premiums. The overall position is likely to be resolved between one and three years.

(iii) The Group has a provision of CHF 0.6 million (2021: CHF 0.5 million) for credit default risks. This relates to the expected credit losses under IFRS 9. The Group calculates expected credit losses on off-balance sheet positions primarily related to guarantees. These losses are not expected to arise in the next 12 months. The profit and loss impact is reflected in the loss allowances expense, while for all other provision movements, the profit and loss impact is reflected in the provision expense line of the profit and loss.

(iv) Other provisions of CHF 10.9 million remain for various other potential cash outflows.

23. Contingent liabilities

EFG International Group is involved in various legal and arbitration proceedings in the normal course of its business operations. The Group establishes provisions (see note 22) for current and threatened pending legal proceedings if management is of the opinion that the Group is more likely than not to face payments or losses and if the amount of such payments or losses can be reliably estimated.

The Group discloses contingent liabilities that the management believes are material, or to be significant due to potential financial, reputational and other effects.

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The Group has differentiated the contingent liabilities into four categories as follows:

a) Group does not expect a material cash outflow.
b) Group cannot reliably measure the obligation.
c) Group cannot reliably measure the obligation, however any obligation arising would be offset by the indemnification received.
d) Group does not expect a material cash outflow, and any obligation arising would be offset by indemnification received.

(a) Group does not expect a material cash outflow

The following contingent liabilities that management is aware of relate to legal proceedings which could have a material effect on the Group. However, based on presently available information and assessments, the Group currently does not expect that any of these contingent liabilities will result in material provisions or other liabilities.

The Group is engaged in certain litigation proceedings mentioned below and is vigorously defending the cases. The Group believes it has strong defences to the claims. The Group does not expect the ultimate resolution of any of the below-mentioned proceedings to which the Group is party to have a significantly adverse effect on its financial position.

(i) Certain investors and the liquidator of a fund regulated in Guernsey have commenced legal proceedings. The lawsuit concerns damages in an amount ranging up to approximately GBP 73.0 million arising out of problems with the fund's investments and alleges that the fund directors and the Group, as administrator, misled investors and acted in breach of their statutory duties. The Group believes it has strong defences to the allegations and maintains its vigorous defence.

(ii) Claims have been made in 2014 against the Group in the Bahamas for approximately USD 17.0 million, which the Group is vigorously defending. The Group is being sued by the investors in the fund and the fund itself on the grounds of various alleged breaches. The Group strongly believes that there has been no wrongdoing on its part and that it has strong defences to the claims.

(b) Group cannot reliably measure the obligation

The following contingent liabilities, that management is aware of, could have a material effect on the Group. However, based on presently available information and assessments, the Group is not able to reliably measure the possible obligation.

i) The Group had certain accounts in the name of an institutional client which was designated by the Office of Foreign Assets Control (OFAC) of the US Department of the Treasury as Specially Designated Nationals on account of assisting drug-trafficking groups in money laundering. When an issue was raised as to whether the Group violated OFAC sanctions after the client's OFAC designation because of subsequent transactions and interactions between US persons at the Group and the institutional client, the Group promptly initiated an internal investigation of this and other potential OFAC violations, which covered all the Group's booking centres. The investigation has concluded, and the Group is cooperating with OFAC on the matter.

ii) A potential claim may arise from possible fraudulent activities by a former employee. Investigations are ongoing related to this potential claim (based on a June 2021 demand letter) of approximately CHF 23.0 million. The Group is assessing the legal and factual merits of this potential claim, however currently there is no reliable estimate of the loss on this potential claim.

iii) The Group is engaged in litigation proceedings initiated in 2012 by a client claiming that he has been misled insofar as he thought that his investments were capital-protected, that the agreed investment strategy has not been followed, and that unauthorised transactions were performed. The damages claimed is approximately EUR 49.0 million plus interest since 2008. Although the Group is vigorously defending the case and believes it has strong defences to the claims, there is no reliable estimate of what losses might be sustained on the claims.

iv) In 2019, the Group was named as a defendant in a claim brought against over 30 defendants in the Commercial Court in London by the Public Institution for Social Security (PIFSS) of Kuwait. The allegations centre on the former Director General of PIFSS, who is alleged to have been paid secret commissions, and to have been an account holder at EFG beginning in 2008. The claim against the Group centres on allegations that, between 1995 and 2012, the former Director General of PIFSS procured the payment to another defendant of approximately USD 332.1 million of secret commissions, as well as USD 44.6 million in other payments representing proceeds of other schemes alleged in the claim. At present, there is no reliable estimate of the potential loss on these potential claims.

v) The Trustee of Bernard L. Madoff Investment Securities LLC (BLMIS) has filed a complaint asserting that redemption payments totalling USD 378.0 million allegedly received by the Group on behalf of clients should be returned to BLMIS. This action includes the redemptions claimed by the Fairfield liquidators (see next paragraph). The Group believes it has strong defences to the claims and maintains its vigorous defence of the lawsuits.

vi) The Group has been named as a defendant in lawsuits filed by the liquidators of Fairfield Sentry Ltd. and Fairfield Sigma Ltd. asserting that redemption payments received by the Group on behalf of clients should be returned. The amount claimed is uncertain, but the Group believes the amount claimed is approximately USD 217.0 million. The Group believes it has strong defences to the claims and maintains its vigorous defence of the lawsuits.

(c) Group cannot reliably measure the obligation, however any obligation arising would be offset by indemnification received

The following contingent liabilities (that arose through the acquisition of BSI), that management is aware of, could have a material effect on the Group. However, based on presently available information and assessments, the Group is not able to reliably measure the possible obligation. The Group is entitled to indemnification against losses that may arise from these matters listed below from the seller of the former BSI Group.

i) The Swiss Federal Prosecutor is currently conducting criminal investigations against BSI into money-laundering allegations involving 1Malaysia Development Berhad (1MDB), a sovereign wealth fund owned by the government of Malaysia. Certain 1MDB-related accounts were opened and maintained by the BSI Group pre-acquisition by the EFG International Group. The Group is cooperating in this ongoing investigation. In late February 2022, the Federal Prosecutor informed BSI that SRC International (Malaysia) Ltd. (a former indirect, wholly owned subsidiary of 1MDB) filed a complaint with the Swiss Federal Prosecutor alleging to have suffered financial losses in the amount of USD 864.5 million between 2011 and 2015 through its banking relationship with BSI. The Federal Prosecutor decreed that the complaint would be merged into the existing criminal proceeding.

ii) The US Attorney's Office for the Eastern District of New York initiated criminal investigations into bribery and money-laundering allegations involving officials of Fédération Internationale de Football Association (FIFA) and its member associations and related parties. Certain FIFA-related accounts were opened and maintained by the Group and they are currently under review. The US Department of Justice has issued requests for assistance to the Swiss authorities in obtaining information for some of the FIFA-related accounts. The US authorities are also investigating whether the Group complied with their anti-money-laundering obligations in connection with the FIFA-related accounts. The Group is cooperating with the US authorities in the ongoing investigations.

iii) The Group (through the acquisition of BSI) is the defendant in two civil proceedings in Italy, arising from its role as a trustee of certain trusts associated with three families who owned an Italian shipping company which was declared bankrupt in 2012, allegedly causing aggregate losses to approximately 13,000 bondholders through the issuance of approximately EUR 1 billion of bonds that did not comply with applicable laws. In 2014, members of the families involved were convicted for embezzlement and fraud in Italy. The claimants in the civil proceedings started in 2015 claim that the Group was aware of the embezzlement scheme and the Group, in its capacity as trustee of these trusts, would be liable for damages and disgorgement of assets and profits should it be found to have committed any wrongdoing. The Group is vigorously defending and believes it has strong defences to the claims.

iv) A client brought legal claims against the Group for CHF 54.0 million in purported actual and consequential damages arising between 2010 and 2017, alleging that the Group did not manage the account in accordance with the mandate. The Group is vigorously defending against these claims and believes it has strong defences to the claims.

(d) Group does not expect a material cash outflow, however any obligation arising would be offset by indemnification received

The following contingent liability is not expected to have a significant adverse effect on the Group's financial position and the Group is entitled to indemnification against losses that may arise from this matter from the seller of the former BSI Group.

(i) ln August 2019, the Chilean tax authority made a tax liability determination arising out of BSI's September 2015 sale of shares in a Chilean subsidiary to a third party. ln its tax return filed in 2016, BSI requested a tax refund on the grounds that the sale of the shares had generated a tax loss. The Chilean tax authority, however, disputed the appropriate fair market value of the disposed shares, as well as the appropriate tax rate applicable to the transaction. The total outstanding tax liability as determined by the Chilean tax authority amounts to CHF 24.0 million. In April 2020, the Group commenced legal proceedings challenging the tax authority's assessment, and believes it has strong defences to the tax assessment.

24. Held-for-sale

Other assets held-for-sale primarily include an amount of CHF 152.8 million, related to an agreement the Group entered into to sell its controlling stake in Asesores y Gestores Financieros S.A. (hereinafter AYG) to its management team. The transaction closed on 07 July 2022. The Group has assessed the value and no impairment on the held-for-sale asset is required. In the segmental reporting (see note 30), AYG is included in the Continental Europe and Middle East segment.

The summarised information of AYG is as follows:

	Asesores y Gestores Financieros S.A.	
	30 June 2022 CHF millions	31 December 2021 CHF millions
Total assets	614.8	590.2
Total liabilities	545.3	520.2
Operating income	29.6	68.2
Net profit for the period (before non-controlling interests)	**2.2**	7.7

25. Share capital

At 30 June 2022, the share capital amounts to CHF 154,035,911 and is composed of:
- issued nominal ordinary share capital of EFG International AG which amounts to CHF 154,573,185, comprising of 309,146,369 registered shares,
- less 1,074,548 treasury shares with a nominal value of CHF 0.50 each.

In the period, share capital increased by a net 4,150,802 shares arising from:
- 3,625,350 shares issued following the exercise of equity incentive plans from conditional share capital,
- 1,694,826 treasury shares granted to employees following the exercise of equity incentive plans,
- less 1,169,374 ordinary shares repurchased.

In April 2022, the Group repurchased the Tier 2 Notes and in May 2022 repurchased the Fiduciary Certificates.

26. Additional equity components

	Weighted average coupon rate %	Due dates	30 June 2022 CHF millions	31 December 2021 CHF millions
Additional equity components – issuers				
EFG International AG – USD 400,000,000	5.5% p.a.	First optional call date of 25 January 2028	351.0	351.0
Total additional equity components			**351.0**	351.0

In January 2021, the Group placed USD 400.0 million of perpetual unsecured, deeply subordinated notes, qualifying as Additional Tier 1 capital, with a 5.5% p.a. fixed coupon until the first optional call date of 25 January 2028 and thereafter the aggregate of the five years USD CMT Rate plus 4.659% per annum with a reset every five years. The repayment of this instrument is subject to conditions, including the prior approval of the regulator.

The perpetual Additional Tier 1 Notes may be written off partially or in full, on a permanent basis, under several circumstances described in more detail in the prospectus, among which, if the Tier 1 common equity falls below 7.0%.

Based on the contractual terms of the perpetual Additional Tier 1 Notes, the Group may, at its sole discretion, elect to cancel in accordance with the terms and conditions all or part of any payment of interest. Any interest not paid shall not accumulate or be payable at any time thereafter. The non-payment of interest will not constitute an event of default by the Group. If payment of interest is not made in full, the Group's Board of Directors shall not directly or indirectly recommend that any distribution be paid or made on any other shares issued by EFG International AG. The Notes are perpetual securities and have no fixed final redemption date. The issuer may elect in its sole discretion to redeem the Notes. The Notes will not be redeemable at any time at the option of the holders. On this basis, the Notes have been classified as equity instruments in these consolidated financial statements.

Issuance fees of USD 4.0 million are deducted from the proceeds.

The Group made a distribution of CHF 20.5 million in March 2022 in relation to these perpetual Additional Tier 1 Notes.

27. Employee equity incentive plans

In the period, the Group granted 5,415,459 restricted stock units, which have a vesting period of one, two and three years. The different classes have earliest exercise dates varying from three to five years from the grant date and ending seven years from the grant date.

The Group has also issued and granted 1,503,704 shares to employees under the 2022 incentive plan. The ownership of the shares has been directly transferred to employees at the grant date with blocking periods that restrict the employee from selling the shares. The blocking periods for the shares granted are either after the end of a three-year period or pro rata annually over three years. The participants receiving these shares will be eligible to receive dividends from the grant date onwards, despite the shares being blocked. In addition, the participants have signed a call option, allowing EFG in case of grave misconduct or in case an employee leaves, to buy back the blocked shares from the participant at a price of CHF 0.01, which is effectively equal to forfeiture.

28. Dividends

	Half-year ended 30 June 2022 CHF millions	Half-year ended 31 December 2021 CHF millions	Half-year ended 30 June 2021 CHF millions
Dividends on ordinary shares			
CHF 0.30 per share related to 2020 paid on 5 May 2021			89.0
CHF 0.36 per share related to 2021 paid on 6 May 2022	109.7		
Total dividends on ordinary shares	**109.7**	–	89.0
Dividends on Bons de Participation			
For the period 01 November 2020 to 30 April 2021 at 0.000%			
For the period 01 May 2021 to 30 October 2021 at 0.321%			
For the period 01 November 2021 to 30 April 2022 at 0.551%			
Total dividends on Bons de Participation	**–**	–	–
Distribution on additional equity components			
For the period 25 January 2021 to 24 March 2021 at 5.50%			3.4
For the period 25 March 2021 to 24 March 2022 at 5.50%	20.5		
Total distribution on additional equity components	**20.5**	**–**	**3.4**

29. Basic and diluted earnings per ordinary share

	Half-year ended 30 June 2022 CHF millions	Half-year ended 31 December 2021 CHF millions	Half-year ended 30 June 2021 CHF millions
Net profit for the period attributable to equity holders of the Group	100.3	99.3	106.5
Dividend on Bons de Participation			
Estimated distribution on additional equity components	(10.2)	(10.3)	(8.8)
Net profit for the period attributable to ordinary shareholders	**90.1**	89.0	97.7
Weighted average number of ordinary shares (000s of shares)	304,831	299,231	297,146
Basic earnings per ordinary share (CHF)	**0.30**	0.30	0.33
Diluted-weighted average number of ordinary shares (000s of shares)	316,369	316,296	312,782
Diluted earnings per ordinary share (CHF)	**0.28**	**0.28**	**0.31**

Basic earnings per ordinary share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares owned by the Group amounting to 283,699 (31 December 2021: 934,391).

For the purpose of the calculation of earnings per ordinary share, net profit for the period attributable to ordinary shareholders has been adjusted by an estimated accrued coupon of 5.5% p.a. on the additional equity components.

In the period pursuant to its employee equity incentive plans, the Group issued restricted stock units related to 5,415,459 (2021: 5,878,525) shares and granted 1,503,704 shares (2021: nil).

Diluted earnings per ordinary share is calculated by adjusting the weighted average number of ordinary shares outstanding for the dilutive impact of potential unissued shares. These restricted stock units have the effect to increase the diluted-weighted average number of ordinary shares of EFG International in periods when the Group has profits attributable to ordinary shareholders.

30. Segmental reporting

The Group's segmental reporting is based on how the Executive Committee reviews the performance of the Group's operations.

The primary split is between the Private Banking and Wealth Management business, the Investment & Wealth Solutions business, Global Markets & Treasury, and an aggregation of other activity. The Private Banking and Wealth Management business is managed on a regional basis and is split into:

- Switzerland & Italy
- Continental Europe & Middle East
- Americas
- United Kingdom
- Asia Pacific

The expense allocation between segments follows a basis using a combination of directly attributable costs, and allocated costs using appropriate allocation keys (Assets under Management, FTEs, Client Relationship Officers, revenues or other drivers as applicable).

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CHF millions	Private Banking and Wealth Management Switzerland & Italy	Continental Europe & Middle East	Americas	United Kingdom
Half-year ended 30 June 2022				
Segment revenue	165.6	101.7	42.3	76.1
Segment expenses	(114.4)	(89.6)	(42.3)	(57.5)
Tangible assets and software depreciation	(4.3)	(3.9)	(1.1)	(2.0)
Total operating margin	**46.9**	**8.2**	**(1.1)**	**16.6**
Cost to acquire intangible assets and impairment of intangible assets		(0.3)		
Provisions	0.2			
Loss allowances expense	1.0		(0.3)	(0.6)
Segment profit/(loss) before tax	**48.1**	**7.9**	**(1.4)**	**16.0**
Income tax (expense)/gain	(6.2)	(1.0)	0.2	(2.1)
Profit for the period	**41.9**	**6.9**	**(1.2)**	**13.9**
Assets under Management	41,697	34,522	16,493	22,089
Employees (FTEs)	312	387	142	176

CHF millions	Private Banking and Wealth Management Switzerland & Italy	Continental Europe & Middle East	Americas	United Kingdom
Half-year ended 31 December 2021				
Segment revenue	147.5	106.4	38.6	71.5
Segment expenses	(123.7)	(91.4)	(47.0)	(64.8)
Tangible assets and software depreciation	(3.8)	(4.1)	(1.0)	(1.9)
Total operating margin	**20.0**	**10.9**	**(9.4)**	**4.8**
Cost to acquire intangible assets and impairment of intangible assets	(0.2)	0.2		
Provisions	(4.4)			0.1
Loss allowances expense		(0.8)	(0.3)	0.8
Segment profit/(loss) before tax	**15.4**	**10.3**	**(9.7)**	**5.7**
Income tax (expense)/gain	(1.2)	(1.2)	1.4	(0.5)
Profit for the period	**14.2**	**9.1**	**(8.3)**	**5.2**
Assets under Management	46,124	37,343	17,057	25,170
Employees (FTEs)	325	377	143	185

			Investment & Wealth Solutions	**Global Markets & Treasury**	**Corporate Overheads**	**Eliminations**	**Total**
	Asia Pacific	Total					
	85.0	470.7	72.2	74.1	(13.1)		603.9
	(70.0)	(373.8)	(50.1)	(20.5)	(10.7)		(455.1)
	(2.7)	(14.0)	(1.9)	(1.9)	1.1		(16.7)
	12.3	**82.9**	**20.2**	**51.7**	**(22.7)**	**–**	**132.1**
	(0.1)	(0.4)			(4.9)		(5.3)
		0.2			(8.9)		(8.7)
		0.1	0.5	0.1	0.3		1.0
	12.2	**82.8**	**20.7**	**51.8**	**(36.2)**	**–**	**119.1**
	(1.6)	(10.7)	(2.6)	(6.8)	2.6		(17.5)
	10.6	**72.1**	**18.1**	**45.0**	**(33.6)**	**–**	**101.6**
	30,724	145,525	46,691			(36,452)	155,764
	290	1,307	281	87	1,245		2,920

			Investment & Wealth Solutions	Global Markets & Treasury	Corporate Overheads	Eliminations	Total
	Asia Pacific	Total					
	92.2	456.2	77.6	49.8	41.7		625.3
	(70.4)	(397.3)	(41.2)	(17.1)	(15.1)		(470.7)
	(2.8)	(13.6)	(1.9)	(1.4)	1.0		(15.9)
	19.0	**45.3**	**34.5**	**31.3**	**27.6**	**–**	**138.7**
	(0.2)	(0.2)			(5.2)		(5.4)
		(4.3)	(0.8)		(89.1)		(94.2)
	0.6	0.3		(1.3)	74.4		73.4
	19.4	**41.1**	**33.7**	**30.0**	**7.7**	**–**	**112.5**
	(2.2)	(3.7)	(3.9)	(2.7)	1.1		(9.2)
	17.2	**37.4**	**29.8**	**27.3**	**8.8**	**–**	**103.3**
	33,459	159,153	52,608		21	(39,823)	171,959
	301	1,331	269	85	1,247		2,932

Notes to the condensed consolidated interim financial statements

CHF millions	Private Banking and Wealth Management: Switzerland & Italy	Continental Europe & Middle East	Americas	United Kingdom
Half-year ended 30 June 2021				
Segment revenue	148.2	102.0	40.9	73.9
Segment expenses	(115.0)	(91.1)	(39.3)	(62.5)
Tangible assets and software depreciation	(3.5)	(3.7)	(1.0)	(1.8)
Total operating margin	**29.7**	**7.2**	**0.6**	**9.6**
Cost to acquire intangible assets and impairment of intangible assets	(0.2)	(0.8)		
Provisions	(6.7)	0.1	(1.3)	(0.1)
Loss allowances expense	(0.1)	0.1		0.4
Segment profit/(loss) before tax	**22.7**	**6.6**	**(0.7)**	**9.9**
Income tax (expense)/gain	(4.5)	(1.3)	0.2	(1.9)
Profit for the period	**18.2**	**5.3**	**(0.5)**	**8.0**
Assets under Management	45,972	38,203	16,112	24,789
Employees (FTEs)	331	390	130	203

		Investment & Wealth Solutions	Global Markets & Treasury	Corporate Overheads	Eliminations	Total
Asia Pacific	Total					
86.7	451.7	73.2	65.1	39.3		629.3
(69.1)	(377.0)	(46.0)	(21.8)	(10.2)		(455.0)
(2.4)	(12.4)	(1.8)	(1.5)	1.1		(14.6)
15.2	**62.3**	**25.4**	**41.8**	**30.2**	**–**	**159.7**
(0.1)	(1.1)			(5.2)		(6.3)
	(8.0)			(11.8)		(19.8)
(0.5)	(0.1)		(1.6)	1.0		(0.7)
14.6	**53.1**	**25.4**	**40.2**	**14.2**	**–**	**132.9**
(2.9)	(10.4)	(5.0)	(7.9)	1.0		(22.3)
11.7	**42.7**	**20.4**	**32.3**	**15.2**	**–**	**110.6**
34,469	159,545	51,170		629	(39,379)	171,965
295	1,349	269	85	1,316		3,019

Notes to the condensed consolidated interim financial statements

31. Off-balance sheet items

	30 June 2022 CHF millions	31 December 2021 CHF millions
Guarantees issued in favour of third parties	271.8	256.3
Irrevocable commitments	228.6	225.8
Total	**500.4**	482.1

32. Related party transactions

The Group enters into banking and other transactions with related parties. These include loans, deposits, derivatives and provision of services. Total asset with related parties amounted to CHF 27.2 million at the end of June 2022 (December 2021: CHF 26.2 million).

The total revenue received from related parties amounted to CHF 3.7 million in the period (year ended 31 December 2021: CHF 14.9 million) and expenses of CHF 1.0 million in the period (2021: CHF 4.2 million).

No provisions have been recognised in respect of loans given to related parties (2021: nil).

33. Significant events

None.

34. Post balance sheet events

On 07 July 2022, the Group completed the sale of its stake in Asesores y Gestores Financieros S.A. to the Spanish private bank's management team.

Alternative performance measures

Alternative performance measures

Assets under Management
Total revenue-generating Assets under Management is the total market value of the assets and liabilities that EFG manages on behalf of clients. Assets under Management include all assets and liabilities managed by or deposited with EFG on which it earns revenues. Assets under Custody, excluded from Assets under Management, are assets deposited with EFG held solely for safekeeping/custody purposes, and for which EFG does not offer advice on how the assets should be invested. Assets under Management includes lombard loans and mortgages, but does not include the real estate that is security for the mortgage.

When Assets under Management is subject to more than one level of asset management service, double counting arises within total Assets under Management. Each such separate discretionary or advisory service provides additional benefits to the respective client and generates additional revenue for EFG. Double counts primarily include self-managed collective investment schemes and structured products issued by EFG, which are also included in customer portfolios and already included in Assets under Management.

EFG discloses Assets under Management on an annual basis in its Annual Report in accordance with the Guidelines of the Swiss Financial Market Supervisory Authority (FINMA) governing financial statement reporting. See note 66 of the 2021 Annual Report.

Average Assets under Management
Average Assets under Management is the monthly average of total Assets under Management.

Net new assets
Net new assets consists of new client acquisitions, client departures and inflows or outflows attributable to existing clients, including new or additional drawdowns of loans and mortgages. Net new assets can be in cash or securities transferred to the bank. Interest and dividend income from Assets under Management, market or currency movements as well as fees and commissions are not included in net new assets. Effects resulting from any acquisition or disposal of EFG's companies are not included in net new assets.

Net new asset growth rate
Net new asset growth rate is calculated by dividing the net new assets of the period by the total Assets under Management at the beginning of the period.

Non-underlying impacts
Non-underlying impacts include the following:
- Revenues, expenses, loss allowances expense and provisions arising from the legacy life insurance portfolio.
- Acquisition-related intangible amortisation from the BSI and Shaw and Partners acquisitions.
- Interest income, exceptional legal costs and provisions from the exposure to a Taiwanese insurance company.

Underlying operating income
Underlying operating income is operating income (as presented in IFRS financial statements) excluding non-underlying impacts.

Underlying revenue margin
Revenue margin comprises underlying operating income divided by the average Assets under Management.

Revenue margin
Revenue margin comprises IFRS operating income divided by the average Assets under Management.

Underlying operating expenses
Underlying operating expenses are operating expenses (as presented in IFRS financial statements) excluding non-underlying impacts.

Pre-tax operating profit
Pre-tax operating profit is operating income less operating expenses as disclosed for IFRS purposes.

Underlying cost/income ratio
Underlying cost/income ratio is underlying operating expenses less acquisition-related intangible asset amortisation divided by underlying operating income. Acquisition-related intangible asset amortisation comprises the total acquisition-related intangible asset amortisation less what is classified as a non-underlying impact (i.e. related to BSI and Shaw and Partners).

Cost/income ratio
Cost/income ratio is operating expenses less acquisition-related intangible asset amortisation divided by operating income. Acquisition-related intangible asset amortisation comprises the total acquisition-related intangible asset amortisation.

Underlying net profit
Underlying net profit is the net profit attributable to equity holders of EFG adjusted for the non-underlying impacts.

Underlying return on tangible equity
Underlying return on tangible equity is underlying net profit divided by average tangible equity. Average tangible equity is the monthly average of total equity, less the monthly average of non-controlling interests, less the monthly average of Intangible assets. All these are as defined under IFRS and on the basis as presented in the IFRS balance sheet.

Return on tangible equity
Return on tangible equity is IFRS net profit divided by average tangible equity. Average tangible equity is the monthly average of total equity, less the monthly average of non-controlling interests, less the monthly average of Intangible assets. All these are as defined under IFRS and on the basis as presented in the IFRS balance sheet.

Underlying return on shareholders' equity
Underlying return on shareholders' equity is underlying net profit divided by average shareholders' equity. Average shareholders' equity is the monthly average of total equity, less the monthly average of non-controlling interests. All these are as defined under IFRS and on the basis as presented in the IFRS balance sheet.

Return on shareholders' equity
Return on shareholders' equity is IFRS net profit divided by average shareholders' equity. Average shareholders' equity is the monthly average of total equity, less the monthly average of non-controlling interests. All these are as defined under IFRS and on the basis as presented in the IFRS balance sheet.

Liquidity Coverage Ratio
Liquidity Coverage Ratio is defined by the FINMA as part of the Basel III framework. EFG is required to hold enough high-quality liquid assets such as short-term government debt that can be sold to fund EFG during a 30-day stress scenario designed by regulators. Banks are required to hold high-quality liquid assets equivalent to at least 100% of projected net cash outflows during the stress scenario.

Loan/deposit ratio
The loan/to deposit ratio is the ratio of loans and advances to customers divided by the total of the sum of 'Due to customers' and financial liabilities at amortised cost on the basis as presented in the IFRS balance sheet.

Alternative performance measures

The reconciliation of underlying results to IFRS results as at 30 June 2022, 31 December 2021 and 30 June 2021 are as follows:

	Underlying half-year ended 30 June 2022 CHF millions	Life insurance CHF millions	Acquisition-related intangible amortisation CHF millions	Exceptional legal costs and provisions CHF millions	IFRS half-year ended 30 June 2022 CHF millions
Net interest income	154.0	(2.0)			152.0
Net banking fee and commission income	355.9				355.9
Net other income	91.9	4.1			96.0
Operating income	**601.8**	**2.1**	**–**	**–**	**603.9**
Operating expenses	(465.8)	(1.4)	(4.7)	(5.2)	(477.1)
Provisions	(0.6)			(8.1)	(8.7)
Loss allowances expense	1.0				1.0
Profit before tax	**136.4**	**0.7**	**(4.7)**	**(13.3)**	**119.1**
Income tax expense	(20.1)		1.0	1.6	(17.5)
Net profit for the period	**116.3**	**0.7**	**(3.7)**	**(11.7)**	**101.6**
Net profit attributable to non-controlling interests	(1.3)				(1.3)
Net profit attributable to equity holders of the Group	**115.0**	**0.7**	**(3.7)**	**(11.7)**	**100.3**

	Underlying half-year ended 31 December 2021 CHF millions	Life insurance CHF millions	Acquisition-related intangible amortisation CHF millions	Exceptional legal costs and provisions CHF millions	IFRS half-year ended 31 December 2021 CHF millions
Net interest income	130.4	(0.3)		2.0	132.1
Net banking fee and commission income	382.4				382.4
Net other income	88.0	22.8			110.8
Operating income	**600.8**	**22.5**	**–**	**2.0**	**625.3**
Operating expenses	(482.8)	(2.2)	(4.9)	(2.1)	(492.0)
Provisions	(19.1)	(1.9)		(73.2)	(94.2)
Loss allowances expense	0.9			72.5	73.4
Profit before tax	**99.8**	**18.4**	**(4.9)**	**(0.8)**	**112.5**
Income tax expense	(10.3)		1.1		(9.2)
Net profit for the period	**89.5**	**18.4**	**(3.8)**	**(0.8)**	**103.3**
Net profit attributable to non-controlling interests	(4.0)				(4.0)
Net profit attributable to equity holders of the Group	**85.5**	**18.4**	**(3.8)**	**(0.8)**	**99.3**

	Underlying half-year ended 30 June 2021 CHF millions	Life insurance CHF millions	Acquisition-related intangible amortisation CHF millions	Exceptional legal costs and provisions CHF millions	IFRS half-year ended 30 June 2021 CHF millions
Net interest income	127.1	(0.5)		0.6	127.2
Net banking fee and commission income	374.1				374.1
Net other income	83.1	44.9			128.0
Operating income	**584.3**	**44.4**	**–**	**0.6**	**629.3**
Operating expenses	(465.8)	(2.6)	(4.7)	(2.8)	(475.9)
Provisions	(11.2)	(8.6)			(19.8)
Loss allowances expense	2.4			(3.1)	(0.7)
Profit before tax	**109.7**	**33.2**	**(4.7)**	**(5.3)**	**132.9**
Income tax expense	(23.3)		1.0		(22.3)
Net profit for the period	**86.4**	**33.2**	**(3.7)**	**(5.3)**	**110.6**
Net profit attributable to non-controlling interests	(4.1)				(4.1)
Net profit attributable to equity holders of the Group	**82.3**	**33.2**	**(3.7)**	**(5.3)**	**106.5**

Forward-looking statements

This document has been prepared by EFG International AG ("EFG") solely for use by you for general information only and does not contain and is not to be taken as containing any securities advice, recommendation, offer or invitation to subscribe for or purchase or redemption of any securities regarding EFG.

This report by EFG International AG ("EFG") includes forward-looking statements that reflect EFG's intentions, beliefs or current expectations and projections about EFG's future results of operations, financial condition, liquidity, performance, prospects, strategies, opportunities and the industries in which it operates. Forward-looking statements involve all matters that are not historical facts. EFG has tried to identify those forward-looking statements by using the words 'may', 'will', 'would', 'should', 'expect', 'intend', 'estimate', 'anticipate', 'project', 'believe', 'seek', 'plan', 'predict', 'continue' and similar expressions. Such statements are made on the basis of assumptions and expectations which, although EFG believes them to be reasonable at this time, may prove to be erroneous.

These forward-looking statements are subject to risks, uncertainties and assumptions and other factors that could cause EFG's actual results of operations, financial condition, liquidity, performance, prospects or opportunities, as well as those of the markets it serves or intends to serve, to differ materially from those expressed in, or suggested by, these forward-looking statements. Important factors that could cause those differences include, but are not limited to: changing business or other market conditions, legislative, fiscal and regulatory developments, general economic conditions in Switzerland, the European Union and elsewhere, and EFG's ability to respond to trends in the financial services industry. Additional factors could cause actual results, performance or achievements to differ materially. In view of these uncertainties, readers are cautioned not to place undue reliance on these forward-looking statements. EFG and its subsidiaries, and their directors, officers, employees and advisors expressly disclaim any obligation or undertaking to release any update of or revisions to any forward-looking statements in this media release and any change in EFG's expectations or any change in events, conditions or circumstances on which these forward-looking statements are based, except as required by applicable law or regulation.

Alternative performance measures and reconciliations: This document contains certain financial measures of historical and future performance and financial position that are not defined or specified by IFRS, such as "net new assets", "Assets under Management", "operating profit", "underlying net profit", "cost/income ratio", "revenue margin", "Liquidity Coverage Ratio", "Loan/deposit ratio". These alternative performance measures (APM) should be regarded as complementary information to, and not as a substitute for the IFRS performance measures. The definitions of APM used in this document, together with reconciliations to the most directly reconcilable IFRS line items, are provided in the section headed "Alternative performance measures" of this document.

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