Annual Report

2022

EFG Entrepreneurial thinking. Private banking.

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

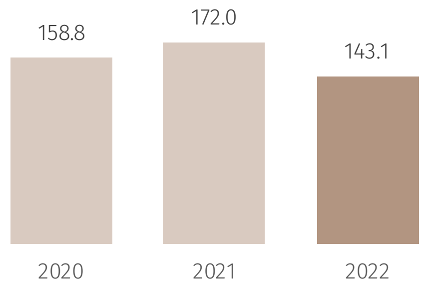
As a leading Swiss private bank, EFG has a presence in major financial centres and growth markets. It has strong roots in Switzerland, with Zurich, Geneva and Lugano serving as hubs for clients as well as the governance and operations of the bank.
EFG International serves clients in around 40 locations 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.

Key figures

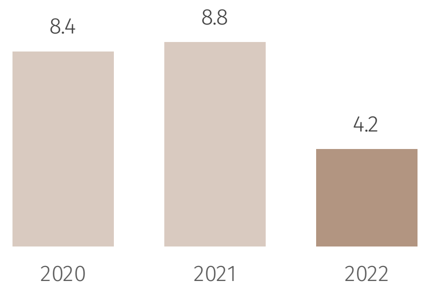
Assets under Management

in CHF billion



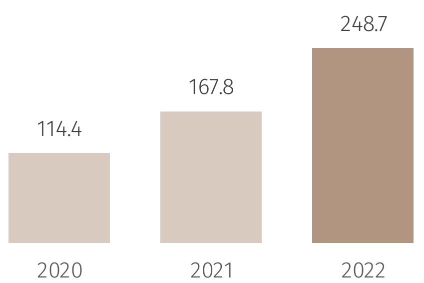
Net new assets

in CHF billion



Underlying net profit

in CHF million



	2022	2021	2020
EFG International			
Operating income, in CHF million	1,270.0	1,254.6	1,130.6
Operating expense, in CHF million	975.0	967.9	951.5
IFRS net profit, in CHF million	202.4	205.8	115.3
Cost/income ratio, in %	76.0	76.2	83.1
Underlying net profit, in CHF million	248.7	167.8	114.4
Underlying cost/income ratio, in %	75.4	79.9	82.7
Underlying return on tangible equity, in %	16.4	10.6	8.1
Balance Sheet			
Total assets, in CHF billion	43.5	42.1	40.6
Shareholders' equity, in CHF billion	1.7	1.9	1.8
LCR, in %	205	188	188
Capital			
Regulatory capital, in CHF billion	1.7	2.2	2.0
CET1 Ratio, in %	14.7	16.3	16.2
Total Capital Ratio, in %	18.6	21.9	19.9
Assets under Management and Net new assets			
Assets under Management, in CHF billion	143.1	172.0	158.8
Assets under Administration, in CHF billion	29.7	32.5	21.5
Net new assets, in CHF billion	4.2	8.8	8.4
Net new assets growth rate, in %	2.4	5.5	5.5
Employees (full-time equivalents)			
Number of employees	2,828	3,027	3,149
Number of Client Relationship Officers	654	740	772
Share information			
Shares outstanding, in millions	309.5	303.9	296.1
Market capitalisation at 31 December, in CHF million	2,672	2,112	1,717
Dividend per share, in CHF	0.45	0.36	0.30
Earnings per share, in CHF (basic)	0.60	0.62	0.39
Rating			
Moody's	Long term: A3		
Fitch	Long term: A		

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Chair and CEO message

Dear shareholders,
The hope that 2022 might signal a return to normality after two years of the coronavirus pandemic was short-lived. In February 2022, we saw the first invasion of a European nation since World War II. We also witnessed one of the toughest market environments since the global financial crisis. This time, however, the main challenge was not a credit crunch or economic turmoil but soaring inflation and the resulting interest rate hikes by central banks around the globe in a bid to tame price rises. This combination of factors weighed heavily on market performance and resulted in low visibility across asset classes.

At times like these, our clients need our support and expertise more than ever. Throughout 2022, we stayed close to our clients, offering them high-quality solutions and impartial advice. Combining our entrepreneurial thinking with a risk-aware mindset, we sought to deliver the best possible outcomes for our clients in this difficult environment – inspiring confidence and reinforcing our position as their trusted long-term financial partner.

"We are entering our new strategic cycle 2023-2025 from a position of strength."

Against the challenging backdrop of 2022, EFG reported an IFRS net profit of CHF 202.4 million and an underlying return on tangible equity (RoTE) of 16.4% for the full year. Our underlying net profit for 2022 increased by 48% compared to the previous year. We recorded net assets inflows of CHF 4.2 billion for the full year, with the fourth quarter of 2022 marking the 15th consecutive quarter of positive inflows – demonstrating the trust that clients place in EFG. While recurring revenues were impacted by the subdued client activity during 2022, we saw tailwinds from the rising interest rates on our net interest income. We made further progress in de-risking our legacy litigation portfolio and have strengthened our capital and liquidity positions in recent years. At the beginning of January 2023, our CET1 capital ratio stood at 16.6%, reflecting the reclassification of a portfolio of financial assets which reduces volatility in the

Alexander Classen, Chair (right),
Giorgio Pradelli, CEO (left)

Group's regulatory capital, effective 01 January 2023. Throughout the year, we once again demonstrated our organisational and financial resilience, reacting swiftly to external developments and maintaining our strong capital and liquidity positions.

2022 marked the final year of the strategic plan we announced in 2019. Although our operating environment changed dramatically during that period, we achieved the ambitious targets we had set at the start of that strategic cycle. Over the past four years, we have consistently delivered on our goals – achieving strong growth throughout the period and almost tripling our net profit. We also increased our underlying RoTE to 16.4% in 2022, compared to 8% in 2019. At the same time, we have maintained our disciplined approach to costs and reported an underlying cost/income ratio of 75.4% for 2022, a significant improvement from 83% in 2019. We were able to achieve these results thanks to our distinctive value proposition, our resilient and globally diversified business model, and our skilled and dedicated employees.

We are entering the new strategic cycle 2023-2025 from a position of strength. Our strategic plan for the next three years is focused on sustaining our profitable growth and achieving further scale. To deliver this, we need to continue to drive sustainable and profitable growth, as we have done over the last four years – focusing on our clients and on further driving simplicity across our organisation through a far-reaching transformation project. Additionally, we plan to accelerate our performance through content innovation, including in the fields of alternative investments, digital solutions and ESG-related products . As an asset allocator, we help to drive change by supporting our clients as they seek to invest a growing proportion of their assets in transformative technologies and companies that support sustainable development and innovation.

Alongside our unique client approach, the key factor that sets EFG apart is our people. As a financial services provider, our people are our most important asset. Our strategy puts people at its core – through our client-centric CRO model, but also through our efforts to be an employer of choice. EFG's corporate purpose and culture are built on our corporate values that are firmly embedded in our approach to business and are lived by our employees day after day.

It goes without saying that state-of-the art risk management and compliance remain the foundation of our success. In markets of increasing complexity and constantly evolving regulatory requirements, prudent risk management and responsible business conduct are crucial. Our streamlined and reliable compliance processes and systems allow our teams to focus their full attention on delivering value for our clients and they support our efforts to create sustained value.

Private banking and wealth management remain an attractive industry that is growing across geographies and segments. We believe that our next three-year strategic cycle will offer abundant opportunities to capitalise on this growth. With our new strategic plan, the Board and our management team are reinforcing our commitment to long-term value creation for our clients, shareholders and employees.

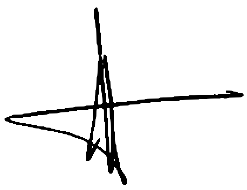
Throughout 2022 the share price of EFG International outperformed the market, both in absolute and in relative terms. We have a progressive dividend policy and plan to continue making attractive distributions to our shareholders, with a target payout ratio of around 50% of underlying net profit. For 2022, the

Chair and CEO message

payment of an ordinary dividend of CHF 0.45 per share (exempt from Swiss withholding tax) will be proposed to the Annual General Meeting of 21 April 2023. This corresponds to an increase of 25% compared to the previous year.

Our success and the momentum we have generated in recent years are the result of our entrepreneurial mindset and resilience, as well as our success in partnering with our clients. We wish to take this opportunity to express our gratitude to our almost 3,000 employees for their hard work and dedication. We also want to thank you, our shareholders, for your trust in EFG and your valued support.

Best regards



Alexander Classen
Chair of the Board

Giorgio Pradelli
Chief Executive Officer

Chair and CEO message

1 This section 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" and "Assets under Management". These Alternative performance measures (APM) should be regarded as complementary information to, and not as a substitute for the IFRS performance measures. For definitions of APM, together with reconciliations to the most directly reconcilable IFRS line items, please refer to the section headed "Alternative performance measures" of this Annual Report.

About EFG

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Value creation model

This model is based on the IFRS Foundation's blueprint and shows how we generate sustained value through our business activities and interaction with our stakeholders, covering both financial and non-financial aspects.

Input

Intellectual capital

- Client-centric model
- Open product architecture
- IT platforms and partnerships
- Policies, directives and controls
- EFG brand value and reputation

Human capital

- Employees' skills and expertise (2,828 FTEs)
- Global and diverse teams (70 nationalities)
- Learning and development opportunities

Financial capital

- Financial capital from investors (CHF 1.7 billion of shareholders' equity)
- Deposits and savings (CHF 34.0 billion of client deposits)
- Client Assets under Management (CHF 143.1 billion of Assets under Management)

Social and natural capital

- Stable political environment in our home market of Switzerland
- ESG-related products
- Engagement and participation in industry networks
- Climate action and carbon footprint

Drivers of value

Our Purpose

Empowering entrepreneurial minds to create value – today and for the future

Output[1]

Clients and prospects

- Long-term client relationships
- Impartial advice
- Strong compliance culture and prudent risk management
- Content innovation and digital acceleration

Our brand proposition

"Bringing entrepreneurial thinking to Swiss private banking"

Employees

- Employer of choice (over 360 new hires)
- Diverse, equitable and inclusive environment (41% women in the workforce)
- Empowering and fostering talents (average of 10 hours of training conducted per employee, graduate training programme)

Our corporate values

- Accountable
- Hands-on
- Passionate
- Solution-driven
- Partnership-oriented

Shareholders and investors

- Total dividend of CHF 110 million paid to shareholders
- CHF 560 million increase in total market capitalisation through share price appreciation
- CHF 21 million of interest paid to AT1 holders
- CHF 16.7 billion of loans

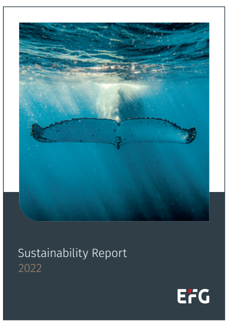
Our 2023–2025 ambition

"Sustaining profitable growth, achieving scale"

Society and the environment

- Tax payments and goods and services procured from local SMEs
- CHF 2.0 billion of AuM in investment products/services with a dedicated ESG focus[2]
- Employee volunteering and donations
- Strategic climate-related measures

Our approach to sustainability



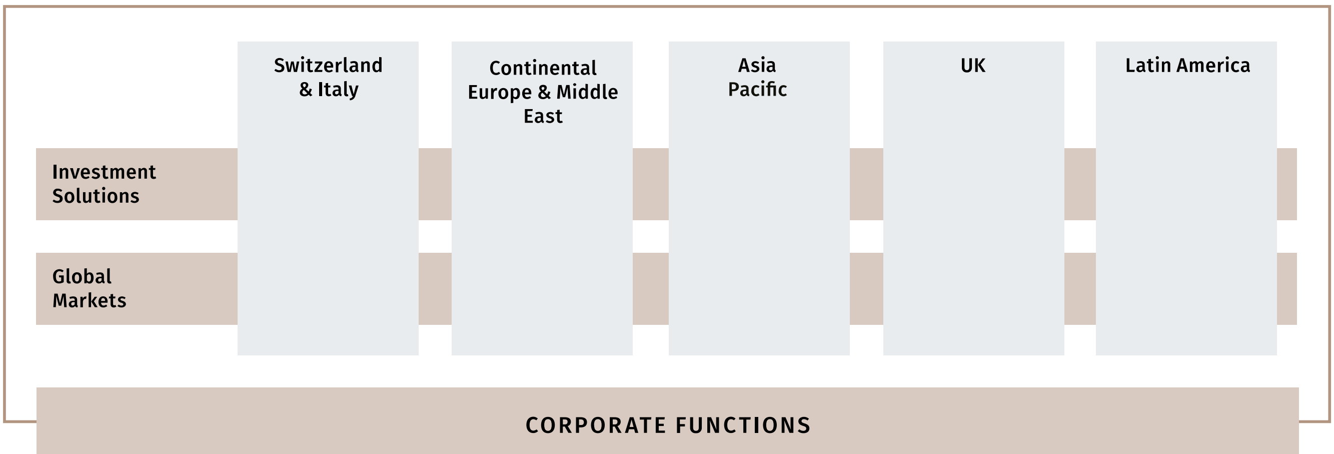
[1] All figures as of end 2022, unless otherwise stated [2] This compares with a total of CHF 22.5 billion of Assets under Management invested in our New Capital business line of products as well as our discretionary managed assets.

Delivering bespoke financial solutions on a global scale

As a global private banking group, EFG's strategy builds on its core strengths – effectively combining local know-how with a global network, strong client focus and a comprehensive and impartial product and service offering. A strong risk management and regulatory compliance framework are a prerequisite to generating profitable and sustainable growth for the benefit of our stakeholders.

EFG serves its clients through five business regions, which are supported by two global divisions specialising in investment solutions and capital market products and services. EFG's business regions and global divisions work together closely to provide clients with financial solutions that are tailored to their individual needs and designed to deliver on their financial objectives.

Organisational Set-up



Switzerland & Italy
EFG's Switzerland & Italy Region offers comprehensive financial solutions to private clients and Independent Asset Managers, focusing on both offshore and onshore target markets. Through its presences in Zurich, Geneva and Lugano, EFG primarily serves high-net-worth and ultra-high-net-worth clients in its Swiss domestic market, clients from Italy, Southern Europe, the Middle East, CEE/CIS, as well as institutional clients and Independent Asset Managers.

Continental Europe & Middle East
Offering comprehensive wealth and investment services to private clients and Independent Asset Managers, EFG leverages its global network of experts and tailored local capabilities and know-how in the region to fully capture opportunity and achieve growth. EFG's private banking network and brand span across Europe and the Middle East with a presence in Luxembourg, Monaco, Greece and Portugal, as well as in Dubai and Bahrain.

Asia Pacific
Primed to capture the opportunity in Asia Pacific, EFG has a presence in Hong Kong and Singapore. EFG offers tailor-made solutions, including investment finance and wealth planning, to high-net-worth clients and Independent Asset Managers in the region, focusing on both onshore and offshore target markets. In the Australian onshore market, EFG serves clients through Shaw and Partners.

UK
EFG in the UK has a strong presence in London and is strategically well positioned to attract global wealth. Leveraging its expertise in discretionary portfolio management, real estate financing and wealth planning solutions and the global Investment Solutions division, EFG offers personalised onshore and offshore private banking services to wealthy UK and international clients, in particular from CEE/CIS and the Middle East.

Latin America
With a presence in Miami, the main wealth management centre for international clients in Latin America, as well as through our booking centres in Switzerland, the Bahamas and on the Cayman Islands, EFG is one of the few global private banks to offer a comprehensive range of private banking, US broker-dealer and custody services to private clients and Independent Asset Managers in the region. Together with EFG's in-house experts and a dedicated trading team focused on Latin America fixed income, the regional business provides clients in some of the most dynamic emerging market economies with a local product offering.

Investment Solutions
EFG offers clients impartial products and services and a differentiated investment advisory process. EFG's Investment Solutions unit provides a broad range of services including advisory and discretionary mandates, ranging from equity and fixed income portfolios to multi-asset strategies. The products, solutions and services developed by EFG's experts in close collaboration with the Private Bank are complemented by selected third-party products.

Global Markets
The Global Markets division operates our global trading business which spans EFG's main regions. It supplies 24-hour execution services for Client Relationship Officers, certain private clients, institutional clients and independent asset managers, as well as selected direct trading floor access. Products covered are equities, fixed income, foreign exchange, precious metals, derivatives and structured products

Investment Solutions & Global Markets

Two global divisions

Our five private banking business regions are supported by two global divisions with a comprehensive products and services offering.

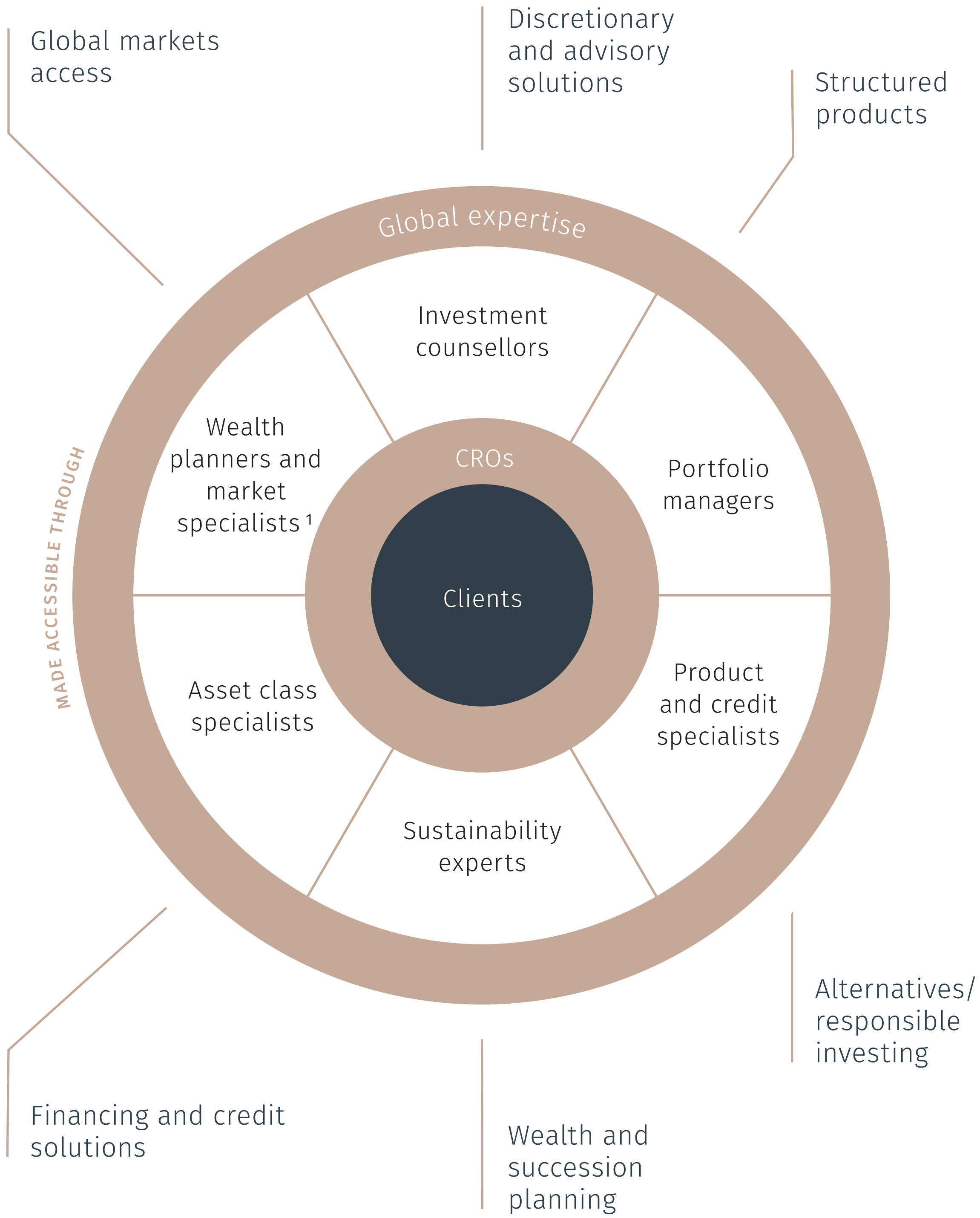
Investment Solutions

- Discretionary Solutions
- Advisory Solutions
- Investment Funds
- Investment Finance and Real Estate Finance Solutions
- Wealth Solutions

Global Markets

- 24-hour execution services for CROs, Independent Asset Managers (IAM) and Direct Access Clients (DAC)
- Equities, fixed income, foreign exchange, derivatives and structured products

Holistic product offering tailored to client needs



[1] Includes global market specialists and trading consultants

Strategy & value proposition

We are a leading Swiss private bank renowned for its distinctive client approach. Our Client Relationship Officer (CRO) model combines personalisation and geographic proximity to our clients with continuity, efficiency and scale. Our differentiated model enables us to offer truly client-centric advice, tailored service and innovative solutions.

Entering a new strategic cycle from a position of strength
This year concludes our 2019-2022 strategic cycle focused on consistent delivery, cost discipline and implementation of strong foundations for growth. The actions we have implemented over this past cycle have enabled us to achieve our previously announced 2022 financial targets, despite an unprecedented operating environment. In October 2022, we updated investors on our objectives and priorities for the next strategic plan 2023-2025.

In 2022, we maintained our growth momentum and doubled both our underlying and reported net profit compared to 2019, while continuously enhancing our operational efficiency. For the year 2022 we reported an IFRS net profit of CHF 202.4 million and an underlying return on tangible equity (RoTE) of 16.4% (up from 8% in 2019).

Since the successful completion of the integration of BSI in 2017, representing one of the most important transformations in the Swiss financial centre in the last decade, EFG has grown into one of the largest Swiss private banks. With CHF 143.1 billion of Assets under Management as of end 2022, a distinctive entrepreneurial approach, our pool of talent, a truly global network and deep investment expertise, we are well positioned to benefit from the expected growth in wealth creation across different geographies and client segments.

Our unique value proposition and resilient business model enable us to enter our next strategic cycle from a position of strength with the ambition, over 2023-2025, to sustain profitable growth and achieve scale. We believe there is significant potential to further grow our business, leveraging our scale and continued operational efficiency through automation and cost management.

Our strong organic capital generation and our solid capital position enable us to fund our organic growth and further support a transparent and progressive dividend policy. We aim to continue distributing 50% of our underlying net profit to shareholders as dividend payments. Our capital management framework for 2023-2025 includes a management floor of 12% CET1 capital ratio and the possibility of additional capital distributions if the CET1 capital ratio exceeds 15%, subject to market conditions, M&A opportunities, and regulatory developments.

While our capital-light operating model allows us to achieve strong organic growth, we will continue to consider accretive and culturally-fit acquisition opportunities with the aim to accelerate market share gains and/or acquire capabilities in strategic markets where we are already present.

Our ambition to sustain profitable growth and achieve further scale through our 2023-2025 strategic cycle is based on the following drivers and differentiators:

Client-centric approach leveraging unique CRO model
The long-term relationships that we built with our clients is our most precious asset that we aim to further preserve and cultivate. Our global reach coupled with local know-how and impartial client solutions allow our CROs to best serve our clients. In today's increasingly competitive market environment, having a strong brand is an important differentiating factor. Our brand positioning 'Bringing entrepreneurial thinking to Swiss private banking' represents our unique approach to private banking.

As part of our human capital and growth strategies, we are building on our strong track record in attracting talented CROs. Our success in onboarding new talents reflects our reputation as an employer of choice in global wealth management and confirms that our CRO model is considered among the most competitive and attractive in the industry. In addition, we are further supporting CRO productivity, increasing their average portfolio size and applying performance measures reflecting increased ambitions in terms of delivering best-in-class quality, growth and profitability within the defined risk and compliance framework. To ensure a smooth transition of client relationships and develop the next generation of CROs, we actively provide support in the progression of defined CRO career paths and have set, upon achievement of clear targets, a well-defined succession planning framework. As part of our 2023-2025 strategic plan, we have set ambitious CRO goals to drive future growth and aim to hire approximately 50-70 new CROs per year and increase AuM/CRO by 10-15% by 2025.

Growth across our five business regions

In line with our 2023-2025 strategy of capturing significant growth opportunities in selected markets, we initiated a number of targeted initiatives across EFG's business regions to further develop our market presence.

Our Switzerland & Italy Region strategy builds on the following drivers:

1. Strengthen the support to our CROs to exploit their full potential and attract new talents
2. Accelerate the development of our independent asset managers (IAM) platform
3. Foster new business opportunities such as our recently opened office in Israel as well as other entrepreneurial initiatives
4. Expand our investment solutions and lending offering for clients domiciled in Switzerland
5. Enhance profitability by further increasing the advisory and discretionary mandate penetration

Our Continental Europe & Middle East Region strategy builds on the following key pillars:

1. expanding our Middle East business with the Gulf Cooperation Council and Levant as key markets
2. accelerate growth into Southern Europe capitalising on the two key hubs in Luxembourg and Monaco and benefitting from our unique position in Portugal
3. broaden our credit offering, with a particular focus on Sharia and custody services for local Middle East securities.

Within the United Kingdom Region, our ambition is driven by three growth levers:

1. grow our CRO base by deploying new digital channels and dedicated events to identify talented individuals
2. streamline client journeys end-to-end to improve operational leverage as we scale and
3. attract and retain top talent while improving our brand recognition, implement formal development pathways and enhance our employee offering with next-gen ways of working.

In the Asia Pacific Region our strategy will focus on three growth levers:

1. double-down on strategic CRO hiring in attractive markets and client segments
2. grow existing business in Hong Kong and Singapore through a refined credit offering and increase penetration of higher margin and income- generating products and a rollout of digital trade execution platform for clients and IAM and
3. fully realise synergies from the Shaw and Partners acquisition and thereby increase the scale of the business through our Singapore hub.

Within the Latin America Region, our strategy focuses on four levers:

1. growth from existing CROs
2. hire strong talent and grow our CRO team
3. reinforce our commitment to the region with new offices in Rio de Janeiro, São Paulo, and in Zona Franca in Uruguay
4. digitise and enhance our offering platform.

In addition to implementing regional initiatives, we have continued to rationalise our international footprint and have reassessed EFG's global booking centres with a view to focusing on strategically relevant, high-yielding, high-growth target markets.

People: fostering a culture in which people thrive and create value for our clients

People are EFG's most important asset. EFG seeks to be an employer of choice that can attract, retain and develop talented professionals with the skills and the experience needed to serve our clients around the globe. We aim to provide an inclusive working environment in which all our employees are valued equally and can thrive.

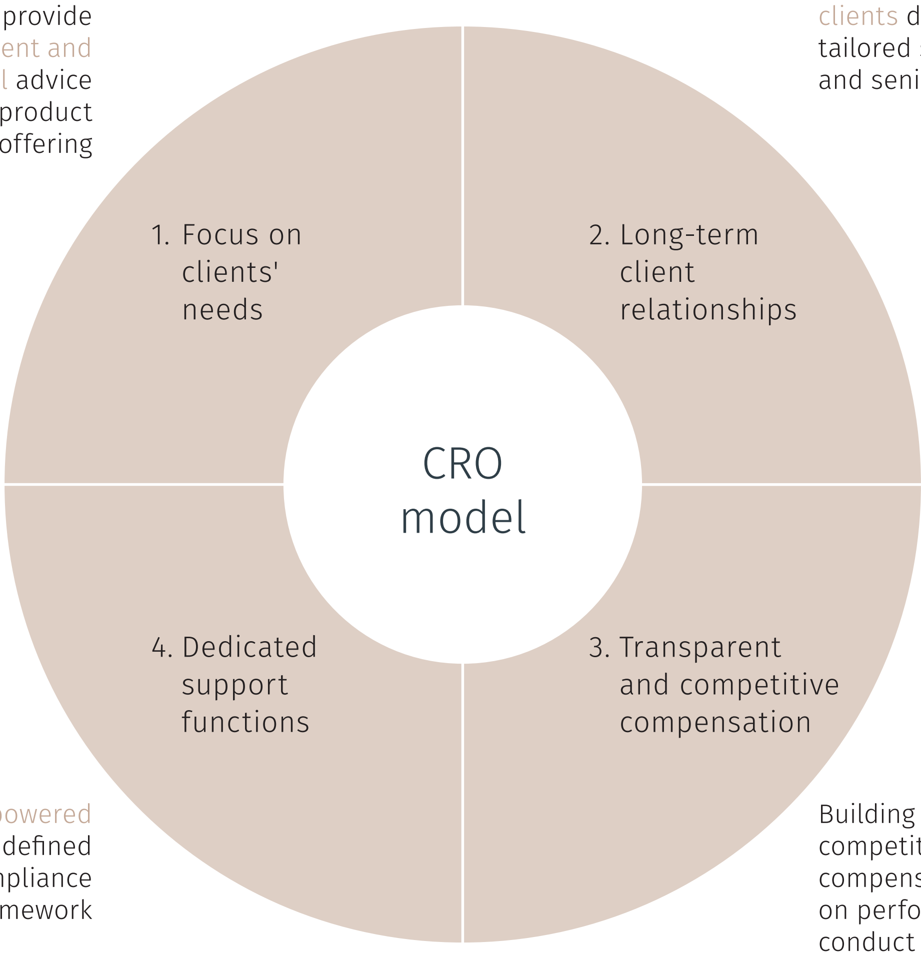
Our Purpose statement "Empowering entrepreneurial minds to create value – today and for the future" captures what makes EFG unique and builds on our corporate values and culture. Our five corporate values are a core part of our appraisal, people management and compensation processes – applied globally across functions and hierarchy levels.

We also recognise the importance of our partnerships and social commitments beyond banking that embody our corporate values and our strong and growing brand. We actively support a number of partners in the field of fine art, music and sport. By sharing cultural and sporting interests with our clients and understanding what is important to them in life, we believe that we can build stronger relationships.

Client Relationship Officer (CRO) model

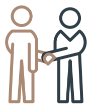
Entrepreneurial approach to provide independent and impartial advice for holistic product offering

Partnership with clients driven by tailored solutions and senior expertise

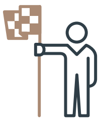


Fully empowered specialists within defined risk and compliance framework

Building own team with competitive variable compensation based on performance and conduct



Partnership-oriented



Accountable

Solution-driven

Hands-on

Passionate

embedded in EFG's values

Our approach to sustainability

At EFG, we believe that sustainability is all about choosing the right path to balance economic, environmental and social interests. Based on this conviction, we are pursuing a sustainability strategy that focuses on two main pillars: Our responsibility as an asset allocator on behalf of our clients, and our responsibility as a firm.

We are convinced that by integrating sustainability aspects more deeply across EFG, we can meet the needs of existing and future clients, including the Next Generation, while making our business more resilient in a rapidly changing world.

EFG's approach to sustainability and the progress we achieved in 2022 are reflected in our Sustainability Report, which we have prepared for the first time in accordance with the Global Reporting Initiative (GRI) standards, the world's most widely used standards for sustainability reporting. For the purpose of that report, we conducted a double materiality assessment. This allowed us to enhance transparency and disclosures about areas of impact in line with upcoming regulatory requirements and industry practice.

Our sustainability strategy goes hand in hand with EFG's Purpose-led business strategy, which focuses on generating sustained profitable growth and achieving scale. In 2022, we defined a clear Purpose, "Empowering entrepreneurial minds to create value – today and for the future", which articulates what EFG stands for and our commitment to creating long-term value for our stakeholders.

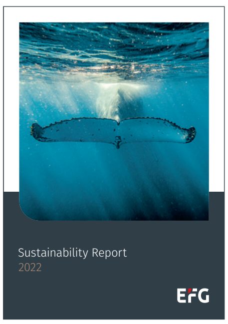
In our role as an asset allocator, we help to drive change by supporting our clients as they seek to invest a growing proportion of their assets in transformative technologies and companies that support sustainable development and innovation.

Alongside our responsibilities as an asset allocator, EFG has wide-ranging duties as a firm. As a financial services provider, we believe that our people are our most important asset. We aim to be an employer of choice to attract, develop and retain skilled professionals with the talent and experience needed to serve our clients around the globe. This includes offering them learning opportunities, flexible working arrangements and an inclusive workplace where they are valued equally and can thrive.

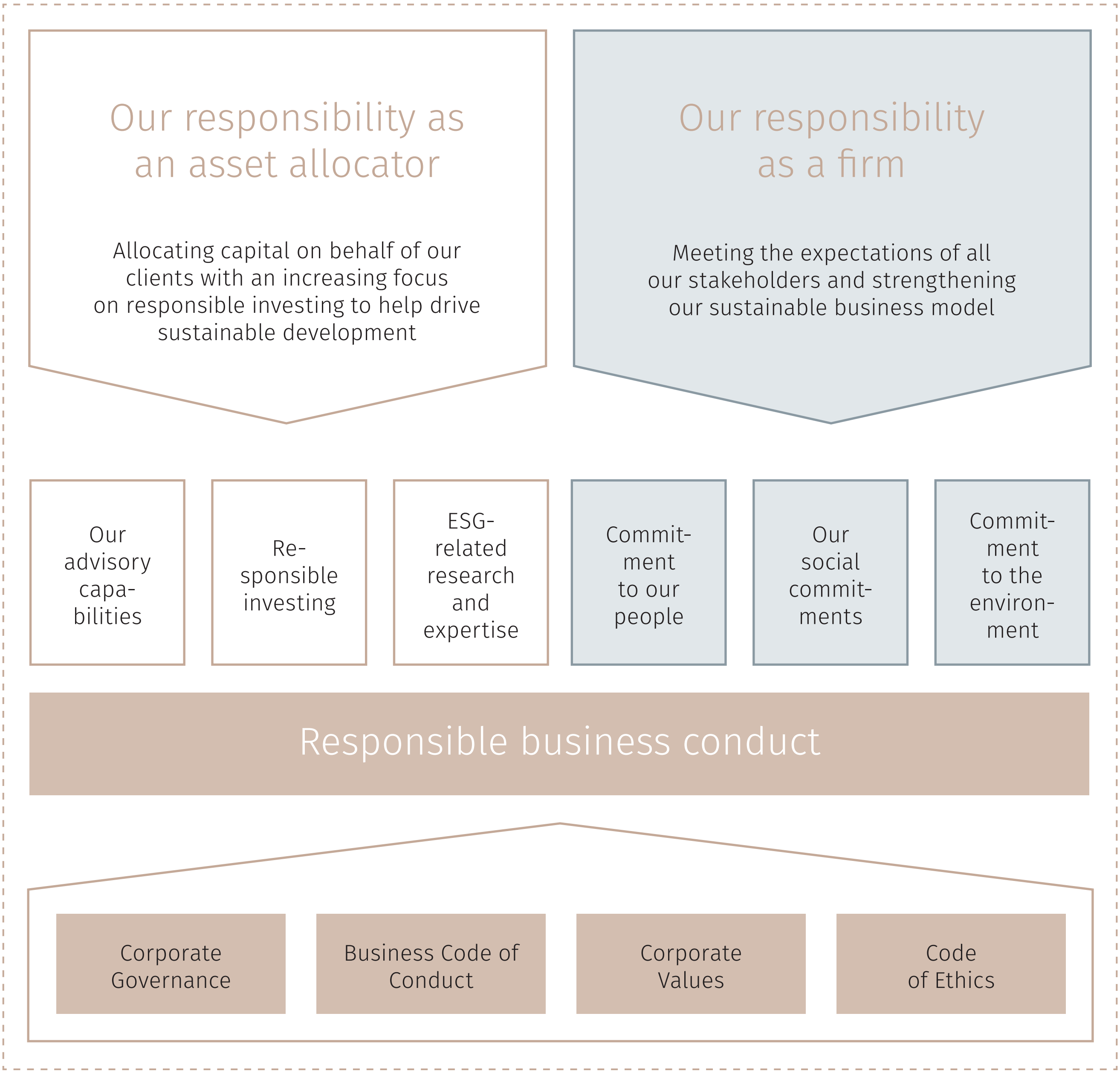
Beyond our commitment to our own people, EFG also seeks to support the communities around us. We work with a variety of partners in the worlds of art, music and sport, as well as charitable and humanitarian projects. Through these measures, we help to promote a rich cultural life, foster the development of talent and empower young people to realise their full potential.

Our approach to sustainability also encompasses our commitment to protecting the environment. We recognise the importance of helping to protect our planet and of tackling challenges such as climate change. This is also why we develop products and services with an ESG focus, promote the careful use of resources and implement operational measures to improve our own environmental performance.

For further information, see our Sustainability Report 2022:
www.efginternational.com/sustainability



Sustainability Framework



The EFG Sustainability Framework aims to create long-term value for our clients, employees and society as a whole to ensure the prosperity of future generations.

Beyond banking

We want to make a meaningful contribution to the communities around us. EFG supports a variety of partners in the worlds of art, music and sport as well as charitable and humanitarian projects. In this way, we can help to promote a rich cultural life, foster the development of talent and empower young people to realise their full potential.

© Picture: Marin Le Roux - polaRYSE
EFG's association with sailing begins with a commitment to supporting the next generation of talent through provision of valuable life skills. In this we have the perfect partner in Team Malizia and Boris Herrmann.

© Picture: Matteo de Fina
EFG is Institutional Patron of the Peggy Guggenheim Collection Venice since 2001, one of the most prestigious art collections in the world.

© Picture: Jazz Voice 2022 at the EFG London Jazz Festival by Emile Holba. The EFG London Jazz Festival is a flagship event that has been supported by EFG as title sponsor for almost a decade.

© Picture: Right To Play
We are proud to support Right To Play, an international humanitarian and development organisation that improves the lives of children in some of the world's poorest countries.

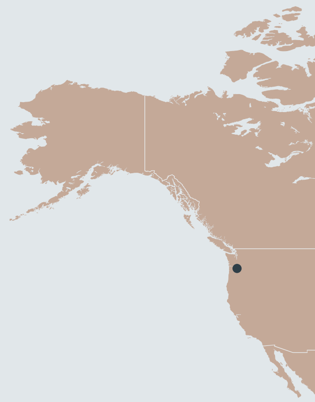
© Picture: Southbank Sinfonia
EFG has been the principal partner of Southbank Sinfonia since 2009, providing a springboard into the orchestral profession for talented young musicians.

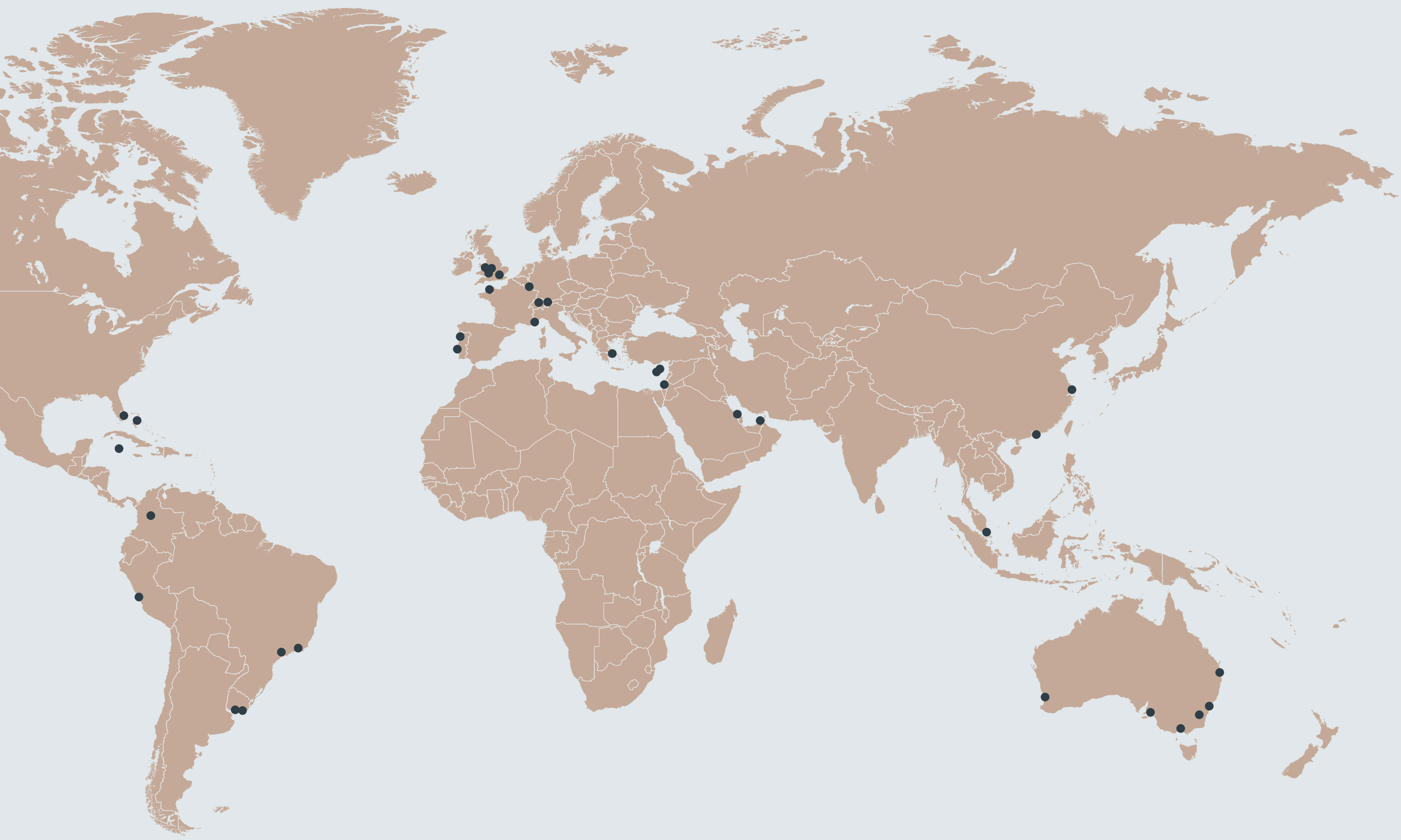
About EFG

Local experts – globally

EFG was founded in Zurich – the Swiss financial centre at the heart of Europe and a city that is still home to our headquarters today. Switzerland's solid and entrepreneurial economy continues to inspire our approach to business as we expand around the world.

With a presence in 40 locations spanning every time zone from Asia Pacific to Europe and from the Middle East to the Americas, we are perfectly placed to partner with our clients and help them thrive. Our entrepreneurial spirit and dynamic collaborative approach, as well as our commitment to delivering outstanding service and advice, form the basis of our relationship with our clients.





Our locations

Switzerland
Zurich (headquarters)
Geneva
Lugano
Chiasso
Lausanne
Locarno

Europe
Athens
Birmingham
Jersey
Limassol
Lisbon
London
Luxembourg
Monaco
Nicosia
Ombersley
Porto
Shrewsbury
Vaduz

Asia Pacific
Adelaide
Brisbane
Canberra
Hong Kong
Melbourne
Perth
Shanghai
Singapore
Sydney

Americas
Bogotá
Grand Cayman
Lima
Miami
Montevideo
Nassau
Portland
Punta del Este
Rio de Janeiro
São Paulo

Middle East
Bahrain
Dubai
Tel Aviv

Financial review

Financial review

In 2022, EFG delivered record underlying operating results and maintained its growth momentum in one of the most challenging market environments since the global financial crisis.

Against this backdrop, EFG recorded net new assets of CHF 4.2 billion in 2022. Assets under Management declined to CHF 143.1 billion at end-2022 from CHF 172.0 billion at end-2021, reflecting the strong market correction, the divestment of the Spanish private bank Asesores y Gestores Financieros S.A. (A&G), and negative foreign exchange impacts, partially offset by solid net new assets.

Driven by strong operating leverage, EFG's underlying net profit increased by 48.3% to a record CHF 248.7 million for 2022. IFRS net profit totalled CHF 202.4 million, down 1.6% year on year. This result reflected significantly higher underlying profitability, a lower contribution from EFG's life insurance portfolio as well as the impact of the final resolution of a longstanding legacy issue relating to a client relationship with a Taiwanese insurance company[1].

Detailed operating performance
In 2022, EFG successfully concluded its 2019-22 strategic plan. Over this period, EFG achieved an annual net new asset growth rate of 4.7%, which was within its target range of 4-6%. The underlying revenue margin was 91 basis points for the second half of 2022 and the underlying cost/income ratio for the full-year 2022 was 75.4%. This compared to a revenue margin target of 85 basis points and an underlying cost/income ratio target range of 72-75%. The underlying return on tangible equity in 2022 was 16.4%, exceeding EFG's target of >15%.

During the year, EFG completed the previously announced sale of its minority stake in Spanish private bank A&G to the bank's management team. In 2022, EFG established a presence in Israel with the opening of a representative office in Tel Aviv. It has also opened two representative offices in São Paulo and Rio de Janeiro in Brazil.

In 2022, EFG has also redeemed the remaining outstanding Tier 2 notes on the first notional call date on 05 April 2022 at their principal amount and repurchased the remaining outstanding Fiduciary Certificates on 03 May 2022.

"EFG delivered record underlying operating results in a challenging market environment."

Operating income
EFG reported a 6.4% increase in underlying operating income to CHF 1,261.3 million in 2022, as significantly higher net interest income and net other income more than offset lower net banking fee and commission income.

Underlying net interest income increased by 58.0% to CHF 406.9 million compared to 2021, primarily driven by interest rate increases across major currencies.

Underlying net banking fee and commission income decreased by 16.8% year on year to CHF 629.5 million in 2022, reflecting subdued client activity and lower revenue-generating Assets under Management due to the market correction and divestments. It also reflects the disposal of A&G in mid-2022.

Underlying net other income increased by 31.4% to CHF 224.9 million, mainly driven by foreign exchange trading by clients.

Based on average revenue-generating Assets under Management of CHF 156.2 billion in 2022, EFG's underlying revenue margin increased significantly to 81 basis points for the full year 2022 from 71 basis points in 2021. In the second half of 2022, the underlying revenue margin was 91 basis points. The increase mainly reflects the positive impact of higher interest rates.

1 See note 49 (i) in this report for more details

On a reported basis, EFG's operating income increased to CHF 1,270.0 million in 2022 from CHF 1,254.6 million in 2021 on the back of stronger underlying operating income.

Operating expenses

As a result of disciplined cost management, underlying operating expenses were practically stable at CHF 951.7 million for 2022, compared to CHF 948.6 million in 2021. While underlying personnel expenses decreased slightly to CHF 688.7 million in 2022 from CHF 691.0 million in 2021, other operating expenses rose to CHF 263.1 million from CHF 257.6 million in the previous year.

EFG's underlying cost/income ratio improved to 75.4% in 2022 from 79.9% in 2021.

On a reported basis, operating expenses for 2022 were almost flat at CHF 975.0 million compared to the previous year. The reported cost/income ratio improved to 76.0% compared to 76.2% in 2021.

At end-2022, the number of employees decreased to 2,775[1] (full-time equivalents), compared to 2,932 at end-2021.

Operating profit and net profit

EFG's underlying operating profit for 2022 increased by 30.9% to CHF 309.6 million and underlying net profit grew by 48.3% to CHF 248.7 million. The significant increase in profitability mainly reflects the generation of strong operating leverage.

On a reported basis, EFG's net profit declined by 1.6% to CHF 202.4 million. This result reflected significantly higher underlying profitability, a lower contribution from EFG's life insurance portfolio as well as the impact of the final resolution of a longstanding legacy issue relating to a client relationship with a Taiwanese insurance company.

Net new assets and Assets under Management

Net new assets totalled CHF 4.2 billion for 2022, corresponding to a growth rate of 2.4%. The Continental Europe & Middle East Region generated CHF 3.2 billion of net new assets, followed by the Switzerland & Italy Region with CHF 1.4 billion. The Asia Pacific and Latin America regions each saw inflows of CHF 0.5 billion, while the UK Region and Investment Solutions recorded outflows of CHF 0.5 billion and CHF 0.9 billion, respectively.

Revenue-generating Assets under Management declined by 16.8% to CHF 143.1 billion at end-2022. This decrease reflects negative market effects of CHF 16.2 billion, the divestment of the stake in A&G and other negative impacts totalling CHF 12.9 billion, and negative foreign exchange effects of CHF 3.9 billion, partially offset by solid net new assets of CHF 4.2 billion.

CRO development and productivity

EFG's unique business model continued to attract high-quality Client Relationship Officers (CROs) with sizable portfolios. In 2022, EFG hired 58 new CROs, bringing the total number of CROs to 654. Excluding EFG's Australian subsidiary Shaw and Partners the total number of CROs was 436.

Despite the impact of the market correction, the average portfolio size of our CRO's remained almost stable with CHF 313 million at end-2022, compared to CHF 316 million at-end-2021 (excluding Shaw and Partners and CROs hired in 2022). EFG's advisory and discretionary mandate penetration was 56%.

Balance sheet

At end-2022, total assets were CHF 43.5 billion, reflecting an increase of 3.3% compared to end-2021.

Client deposits grew by 4.7% to CHF 34.0 billion while loans decreased by 8.1% to CHF 16.7 billion, further improving the overall liquidity of the balance sheet. Cash balances with central banks totalled CHF 9.5 billion at end-2022, compared to CHF 9.8 billion at end-2021. The loan/deposit ratio was 44% and the liquidity coverage ratio was 205%. The majority of tangible assets remain callable or disposable within three months, with the exception of life insurance policies of CHF 0.6 billion and CHF 5.7 billion of mortgages.

Shareholders' equity totalled CHF 1.7 billion at end-2022, compared to CHF 1.9 billion at end-2021. The decrease primarily reflects net losses in debt instruments measured at fair value through other comprehensive income. At end-2022, EFG's Common Equity Ratio (CET1) was 14.7%, compared to 15.8% at end-2021. The Total Capital Ratio decreased to 18.6% from 21.5% at end-2021, reflecting the redemption of the remaining outstanding Tier 2 Notes in April 2022. Following the reclassification of investment portfolios on 01 January 2023, EFG's Common Equity Ratio (CET1) stood at 16.6% and its Total Capital Ratio stood at 20.5%. All capital ratios are based on IFRS figures, since EFG

1 Excluding FTEs on notice period or in social plan as at year-end

transitioned to reporting capital ratios on an IFRS basis (rather than a FINMA-ARB basis) on 01 January 2022.

Risk-weighted assets totalled at CHF 9.0 billion at end-2022 compared to CHF 9.6 billion at end-2021.

Ordinary dividend
For the financial year 2022, the Board of Directors will propose the payment of an ordinary dividend of CHF 0.45 per share (exempt from Swiss withholding tax) to the Annual General Meeting of 21 April 2023. This corresponds to an increase of 25% compared to the previous year. This higher dividend is a testament to EFG's commitment to an attractive and progressive dividend policy.

Ratings
EFG International and EFG Bank are rated by the rating agencies Fitch and Moody's.

The current ratings are as follows:

EFG International
Fitch: Long-term issuer default rating of A and short-term issuer default rating of F1 with stable outlook.

Moody's: Long-term issuer rating of A3 and short-term bank deposit rating of P1 with stable outlook.

EFG Bank
Fitch: Long-term issuer default rating of A and short-term issuer default rating of F1 with stable outlook.

Moody's: Long-term bank deposit rating of A3 and short-term bank deposit rating of P1 with stable outlook.

Note: This section 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 results", "underlying cost/income ratio", "underlying revenue margin", "liquidity coverage ratio" and "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.
In addition, this section makes reference to "underlying results", such as "underlying net profit" or "underlying operating expenses", which are not defined or specified by IFRS and should be regarded as complementary information to, and not as a substitute for the IFRS performance measures. For definitions of these APMs and non-IFRS performance measures, together with reconciliations to the most directly reconcilable IFRS line items, please refer to the section headed "Alternative performance measures" of this Annual Report.

Corporate governance

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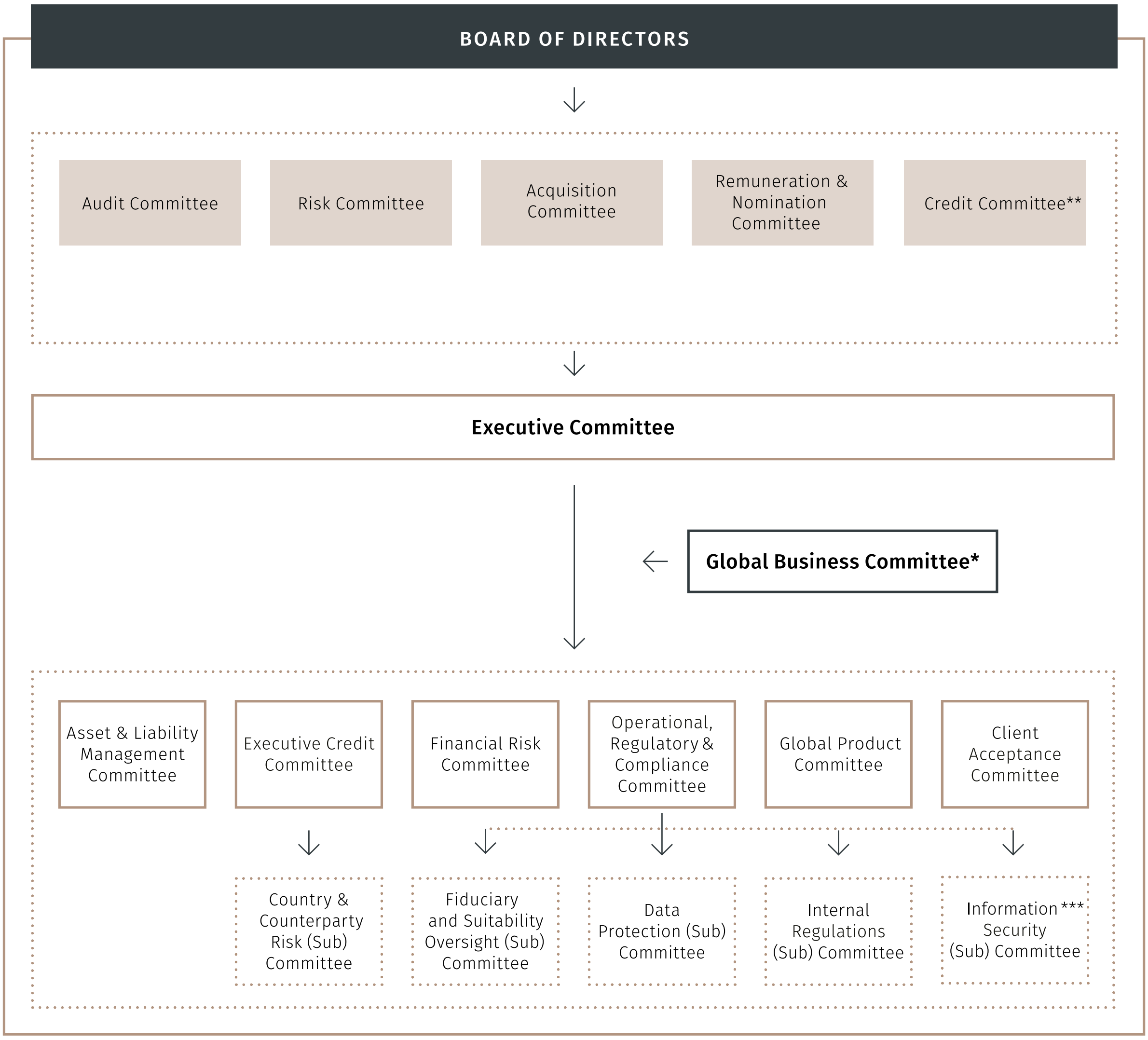
Corporate Governance

Robust corporate governance ensures that a company is managed efficiently and effectively in the interests of all stakeholders. It pursues a balanced relationship between leadership, control, and transparency. EFG International aims to achieve good corporate governance based on leading national and international standards whilst always respecting the rights of shareholders to the highest degree. EFG International ensures transparency by properly disclosing company information. This part of the annual report provides key information with regard to EFG International's governing bodies and corporate governance practices within the company.

EFG International operates under clear separation of responsibilities between the Board of Directors and the Executive Committee in full compliance with Swiss banking law. The responsibilities of both bodies are clearly defined in the Articles of Association and the Organisational and Management Regulations of EFG International AG (these documents are available on EFG International's website: www.efginternational.com/articlesofassociation and www.efginternational.com/internalregulations).

EFG International governing bodies



* Advisory role to the Executive Committee
** Established on 01 September 2022
*** Established on 09 June 2022

As a publicly listed Swiss company, EFG International AG is subject to and complies with the Corporate Governance Directive and its annex and commentary, issued by SIX Swiss Exchange AG (SIX). The information provided in this section adheres to the Corporate Governance Directive (dated 18 June 2021 and entered into force on 01 October 2021), the SIX guidelines revised on 10 April 2017 and the recommendations of the 'Swiss Code of Best Practice for Corporate Governance' of the Swiss Business Federation, economiesuisse, as amended in 2014 and in 2016, as well as its appendix 1, 'Recommendations on compensation for Board of Directors and Executive Board', which address transparency with respect to the compensation of the members of the Board of Directors and the Executive Committee. Furthermore, EFG International AG complies with the statutory Swiss compensation regulation (the Ordinance against Excessive Compensation in Listed Companies [Ordinance] that entered into force on 01 January 2014 and was integrated in the Swiss Code of Obligations [CO] with effect as per 01 January 2023) and the FINMA Circular 2017/1 Corporate Governance – Banks entered into force in July 2018 (version as of 1 January 2020). The following information corresponds to the situation as at 31 December 2022, unless indicated otherwise.

If information required by the Corporate Governance Directive is published in the notes to the financial statements or in the compensation report, a reference indicating the corresponding section of the notes or page number is given.

1. Organisation of EFG International & Group entities

1.1 Operational structure of EFG International

EFG International AG is a holding company domiciled in Zurich, organised under the laws of Switzerland in accordance with Art. 620 et seq. of the Swiss Code of Obligations. It manages a global private banking group offering private banking and asset management services. EFG International's group of private banking businesses operates in around 40 locations worldwide.

EFG International is organised in the following business segments: Switzerland & Italy, Continental Europe & Middle East, Asia Pacific, United Kingdom, Americas, Investment & Wealth Solutions, and Global Markets & Treasury. Further information can be found in note 25 'Segmental Reporting' to the consolidated financial statements. The functional organisation of EFG International AG is outlined on page 32.

1.2 Group entities

The main consolidated entities are listed in note 44 on page 186 (Shares in subsidiary undertakings) to the consolidated financial statements. Within the EFG International Group, only EFG International AG is a listed company.

The registered shares of EFG International AG are traded on the main standard of SIX in Zurich (security no. 002226822; ISIN CH0022268228, symbol EFGN). The Company's market capitalisation was CHF 2.73 billion on 31 December 2022.

Details about significant shareholders can be found in section 3.1.

2. Capital structure

2.1 Capital

2.1.1 Share capital

The outstanding share capital amounts to CHF 154,742,497.50, consisting of 309,484,995 registered shares with a par value of CHF 0.50 each; the shares are fully paid-in (for details about the changes in share capital please refer to the table in section 2.3.2). For details about authorised capital and conditional capital see section 2.2.1 and 2.2.2 below.

Further information on the share capital can be found in note 54 to the consolidated financial statements.

2.1.2 Participation capital

The outstanding participation capital of EFG International AG amounts to CHF 200,730, consisting of 13,382 non-voting preference 'Class B Bons de Participation' with a nominal value of CHF 15 each. These 'Bons de Participation' have been issued to Banque de Luxembourg as fiduciary in connection with the initial issue by Banque de Luxembourg of the EUR 400 million EFG Fiduciary Certificates on 14 November 2004 and 17 January 2005 (for details of the reduction in participation capital in 2012 and 2013, see

EFG International's Annual Report 2013 (page 49) and Annual Report 2014 (page 50)[1]).

The EFG Fiduciary Certificates were listed at the Luxembourg Stock Exchange (ISIN: XS0204324890). The preference rights attached to the 'Class B Bons de Participation' consist of preferential dividend and liquidation rights, as mainly set out in Art. 13 of the Articles of Association[2]. The preferential dividend rights are expressed to remain at all times at the full discretion of the General Meeting of shareholders.

EFG International has bought back the remaining outstanding participation capital in May 2022 and will submit a proposal to cancel the participation capital to the ordinary shareholders meeting in April 2023.

2.2 Authorised and conditional capital

2.2.1 Authorised capital

As at 31 December 2022, the authorised capital amounted to CHF 21,700,000 (equating 14% of total share capital issued as at 31 December 2022).

The Board of Directors is authorised, at any time until 29 April 2024, to increase the share capital by no more than CHF 21,700,000 by issuing no more than 43,400,000 fully paid-in registered shares with a par value of CHF 0.50 each. Partial increases are permissible. The Board of Directors is empowered to determine the issue price, the starting date of the dividend entitlement and the type of contribution for any shares issued out of authorised share capital.

In addition, the Board of Directors is authorised to exclude the preferred subscription rights of the shareholders and the participants in favour of third parties for the acquisition of or participations in companies, or for the financing or refinancing of the acquisition of or participations in companies.

The Board of Directors will propose to the Annual General Meeting in April 2023 to replace the existing authorised capital by the capital band as per the revised Art. 653-653v CO, authorising the Board of Directors to increase and reduce the share capital without previous resolution by the General Meeting.

2.2.2 Conditional capital

As at 31 December 2022, the share capital may be increased by no more than CHF 4,296,067.50 (or up to 2.8% of total share capital issued as at 31 December 2022) by issuing no more than 8,592,135 fully paid-in registered shares with a par value of CHF 0.50 each through the exercise of options (including existing or future Restricted Stock Units) granted to employees at all levels of EFG International. The pre-emptive rights and the advance subscription rights of the shareholders and the participants are excluded in favour of the holders of the Restricted Stock Units. The conditions for the allocation and the exercise of the option rights and similar rights are determined by the Board of Directors. The shares may be issued at a price below the market price.

The share capital may further be increased by no more than CHF 10,000,000 (or up to 6.5% of total share capital issued as at 31 December 2022) by issuing no more than 20,000,000 fully paid-in registered shares with a par value of CHF 0.50 each through the exercise of conversion and/or option rights granted in connection with the issuance of newly issued convertible debentures, debentures with option rights or other financing instruments by EFG International AG or one of its subsidiaries. The preferential subscription rights of the shareholders and the participants are excluded in favour of the holders of conversion and/or option rights.

The Board of Directors may limit or withdraw the right of the shareholders and the participants to subscribe in priority to convertible debentures, debentures with option rights or similar financing instruments when they are issued, if any of the following applies:
- An issue by a firm underwriting by a consortium of banks with subsequent offering to the public without preferential subscription rights seems to be the most appropriate form of issue at the time, particularly in terms of the conditions or the time plan of the issue
- The financing instruments with conversion and/or option rights are issued in connection with the financing or refinancing of the acquisition of an enterprise or parts of an enterprise or with participations or new investments of the Company

[1] See www.efginternational.com/financial-reporting
[2] See www.efginternational.com/articlesofassociation

If advance subscription rights are denied by the Board of Directors, the following applies:
- Conversion rights may be exercised only for up to seven years and option rights only for up to four years from the date of the respective issuance
- The respective financing instruments must be issued at the relevant market conditions

2.3 Changes in capital structure

2.3.1 Share capital increase by use of conditional capital

In context of the equity incentive plan for employees (Employee Equity Incentive Plan) of EFG International (see also section 6.2.1 of the compensation report and note 63 to the consolidated financial statements), the Company has started in 2013 issuing its conditional share capital to provide registered shares for exercised options and Restricted Stock Units to employees.

In 2022, EFG International AG issued a total of 3,963,976 registered shares with a par value of CHF 0.50 at a total nominal amount of CHF 1,981,988 for Restricted Stock Units exercised by employees of EFG International.

The movements (creation of additional conditional capital and exercise of conditional capital for Restricted Stock Units exercised in 2022) are summarised in the table below:

	Number of shares	CHF
Conditional capital as at 31 December 2021	28,256,111	14,128,055.50
Additional conditional capital created in 2022	4,300,000	2,150,000
Less: shares issued during 2022 via conditional capital (RSUs exercise)	(3,963,976)	(1,981,988)
Remaining conditional capital as at 31 December 2022	**28,592,135**	**14,296,067.50**

In 2021, EFG International AG issued a total of 2,722,165 registered shares with a par value of CHF 0.50 at a total nominal amount of CHF 1,361,082.50 for Restricted Stock Units exercised by employees of EFG International.

In 2020, EFG International AG issued a total of 1,027,382 registered shares with a par value of CHF 0.50 at a total nominal amount of CHF 513,691.00 for Restricted Stock Units exercised by employees of EFG International.

In 2019, EFG International AG issued a total of 999,335 registered shares with a par value of CHF 0.50 at a total nominal amount of CHF 499,667.50 for Restricted Stock Units exercised by employees of EFG International.

2.3.2 Ordinary share capital increase and increase by use of authorised capital

In 2022, EFG International AG did not implement an ordinary capital increase.

In June 2022 the Company issued 1,600,000 registered shares with a par value of CHF 0.50 at a total nominal amount of CHF 800,000 out of authorised capital for shares granted to EFG International Group’s employees [and members of the Board of Directors] and Restricted Stock Units exercised by employees [and members of the Board of Directors] of EFG International in connection with the equity incentive plan.

Details of the movements in share capital (conditional and authorised capital) during 2022 are shown in the table below:

Share capital (registered shares EFG International)	Number of shares	CHF
Shares issued as at 31 December 2021	303,921,019	151,960,509.50
Shares issued via authorised capital in 2022	1,600,000	800,000
Shares issued during 2022 via conditional capital (Restricted Stock Units exercise)	3,963,976	1,981,988
Total shares issued as at 31 December 2022	**309,484,995**	**154,742,497.50**

On 19 November 2021, EFG International issued 2,972,969 registered shares with a nominal value of CHF 0.50 out of authorised capital to finance the acquisition of the remaining minority stake of 25% in the shares of the subsidiary Shaw and Partners Ltd.

In 2020, EFG International AG did not issue any registered shares out of authorised capital or via ordinary capital increase.

On 13 March 2019, EFG International announced the acquisition of a majority participation of 51% in Shaw and Partners Ltd. The consideration consisted of a cash payment and up to 2,124,577 newly issued registered shares of EFG International AG with a nominal value of CHF 0.50 each, paid in tranches subject to contractually agreed lock-up undertakings and possible downward revision. In view of this transaction, 2,124,577 new shares were sourced from authorised capital. Further details are disclosed in note 43 to the financial statements of the EFG International 2019 Annual Report[1].

2.4 Shares and participation certificates

Shares	**Number of shares**
As at 31 December 2022:	
Registered shares of CHF 0.50 par value	309,484,995

All registered shares are fully paid-in and entitled to dividends. Each share carries one vote. There are no preferential rights or similar rights attached to the shares.

Participation certificates	**Number of participation certificates**
As at 31 December 2022:	
Preference Class B Bons de Participation of CHF 15 par value	13,382

All preference Class B Bons de Participation are entitled to preferential dividend and liquidation rights (see section 2.1.2 above).
They do not confer voting rights.
The outstanding participation capital was repurchased by EFG International in May 2022 and a proposal to cancel the participation capital will be submitted to the ordinary shareholders meeting in April 2023.

2.5 Profit-sharing certificates

There are no profit-sharing certificates outstanding.

2.6 Convertible bonds and warrants/options

Apart from the amounts disclosed in note 63 to the consolidated financial statements, EFG International has not issued any option or conversion rights.

3. Shareholders and shareholders' rights

3.1 Significant shareholders

2,099 shareholders were recorded as at 31 December 2022 in EFG International's share register (i.e., shareholders with voting rights), representing 85.4% (previous year: 82.2%) of the total issued share capital. The shares of unrecorded shareholders (dispo) amounted to 14.6% (previous year: 17.8%).

Ownership interests in companies domiciled in Switzerland whose shares are listed at least partly in Switzerland must be notified both to the issuer company and to SIX when the holder's voting rights reach, increase above or fall below certain thresholds. These notification thresholds are 3%, 5%, 10%, 15%, 20%, 25%, 33.33%, 50% and 66.66% of voting rights.

[1] See www.efginternational.com/financial-reporting

The legal basis for the disclosure of shareholdings is, in particular, set out in the Financial Market Infrastructure Act (Art. 120 ff. FMIA) and in its implementing provisions, the Financial Market Infrastructure Ordinance-FINMA (Art. 10 ff. FMIO-FINMA) and the Financial Market Infrastructure Ordinance (FMIO). The Rules of the SIX Disclosure Office include organisational and procedural provisions on proceedings before the SIX Disclosure Office.

All notifications received by EFG International AG in 2022 and published on the SIX Disclosure Office's electronic publication platform can be found under https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/ (Issuer: EFG International).

The shareholding structure of EFG International is shown in the following table:

As at 31 December 2022	**Number of registered shares**	**Percentage of voting rights**
EFG Bank European Financial Group SA[1, 3, 5]	140,421,406	45.4%
BTGP-BSI Limited[2, 3]	61,228,372	19.8%
Belleview SA [4, 5]	10,775,862	3.5%
The Capital Group Companies, Inc [6]	10,179,204	3.3%
Other shareholders [7]	86,880,151	28.0%
Total	**309,484,995**	**100.0%**

1 EFG Bank European Financial Group SA is controlled by the Latsis Family Interests through several intermediate parent companies. For details of the shareholder's ownership structure, please refer to the shareholding disclosure notification cited in note 3 below.

2 BTGP-BSI Limited is a subsidiary of Banco BTG Pactual SA, Rio de Janeiro, a bank listed on the B3 São Paulo Stock Exchange in Brazil. For details of the shareholder's ownership structure, please refer to the shareholding disclosure notification cited in note 3 below.
The total number of shares includes 9.4% of the EFG International registered shares that were transferred to an Escrow Agent based on an escrow agreement between EFG International, BTGP-BSI Limited and Bratschi AG (Escrow Agent) and shares used for lending transactions. Not included are shares used for derivative transactions (Total Return Swaps). For details, please refer to the shareholding disclosure notification cited in note 3 below.

3 By virtue of an agreement dated 31 October 2016 among EFG Bank European Financial Group SA, BTGP-BSI Limited and Banco BTG Pactual SA, the Latsis Family Interests and the beneficial owners of the shares of BTGP-BSI Limited form a group of shareholders within the meaning of article 120 et seq. of the Financial Market Infrastructure Act (FMIA). This agreement contains, among others, a right of first offer in case of a private sale of EFG International registered shares held by BTG Pactual, and an undertaking of EFG Bank European Financial Group SA to vote its shares in EFG International in favour of two board candidates nominated by BTG Pactual SA (or one board candidate in case the total shareholding in EFG International controlled by BTG Pactual S.A. represents less than 25% of EFG International's issued share capital at the time). For further details on the agreement, the members of the shareholder group and the reported sale and purchase positions pursuant to article 120 FMIA and its implementing ordinances, please refer to the most recent shareholding disclosure notification published on 02 March 2022 at https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/ (Issuer: EFG International).

4 Beneficial owner is Mr Boris Collardi. For details, please refer to the shareholding disclosure notification cited in note 5 below.

5 The Latsis Family Interests and Mr Boris Collardi form a group of shareholders within the meaning of article 120 et seq. of the Financial Market Infrastructure Act (FMIA) by virtue of an agreement to, among others, coordinate a potential sale of shares. This shareholder group is separate and independent from the shareholder group referred to under note 3 above. For further details on the members of the shareholder group, the agreement and the reported combined position pursuant to article 120 FMIA and its implementing ordinances, please refer to the most recent shareholding disclosure notification published on 07 May 2022 at https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/ (Issuer: EFG International).

6 According to shareholding disclosure notification reported on 24 April 2021 to SIX Exchange Regulation.

7 Including 2.6% registered shares held by EFG International. For details on treasury shares, see note 54 to the consolidated financial statements. No other shareholders have notified a shareholding of 3% or more of the voting rights of EFG International pursuant to article 120 FMIA.

3.2 Cross-shareholdings

EFG International has not entered any cross-shareholdings that exceed 5% of the capital shareholdings or voting rights on either side.

3.3 Registration in the share register

There is no statutory rule on the deadline for registering shareholders in connection with the attendance of the General Meeting. However, for organisational reasons, no shareholders will be entered into the share register during the period beginning 15 days prior to a General Meeting and ending immediately after the closing of the General Meeting.

3.4 Limitations on transferability and nominee registrations

EFG International AG's shares are freely transferable, without any limitation, provided that the buyers expressly declare themselves to have acquired the shares concerned in their own name and for their own account and comply with the disclosure requirement stipulated by the FMIA. Transfers of intermediated shares, including the granting of security interests, are subject to the Swiss Intermediated Securities Act. The transfer of uncertificated shares is affected by a corresponding entry in the books of a bank or depositary institution following an assignment by the selling shareholder and notification of such assignment to the Company by the bank or depositary institution. The transferee must file a share registration form in order to be registered in the Company's share register as a shareholder with voting rights. Failing such registration, the transferee may not vote at or participate in any General Meeting but may still receive dividends and other rights with financial value.

The uncertificated shares may only be transferred with the assistance of the bank that administers the book entries of such shares for the account of the transferring shareholder. Further, shares may only be pledged to the bank that administers the book entries of such shares for the account of the pledging shareholder; in such case, the Company needs to be notified. According to the Articles of Association[1], a person having acquired shares will be recorded in the Company's share register as a shareholder with voting rights upon request.

Persons not expressly declaring themselves to be holding shares for their own account in their application for entry in the share register (nominees) shall be entered in the share register with voting rights without further inquiry up to a maximum of 2% of the outstanding share capital available at the time (see Art. 6 of the Articles of Association[1]). Above this limit, registered shares held by nominees shall be entered in the share register with voting rights only if the nominee in question discloses the names, addresses and shareholdings of the persons for whose account the nominee is holding 0.5% or more of the outstanding share capital available at the time and provided that the disclosure requirements stipulated by FMIA are respected.

Legal entities or partnerships or other associations or joint ownership arrangements which are linked through capital ownership or voting rights, through common management or in like manner, as well as individuals, legal entities, or partnerships (especially syndicates) which act in concert with the intent to evade the entry restriction are considered as one shareholder or nominee. Amendments to the provisions in the Articles of Association governing the transferability and nominee registration would require an according resolution of the shareholders' meeting with the quorum set forth in Art. 25 of the Articles of Association[1] or any higher statutory quorum.

The Board of Directors is authorised to issue regulations to implement the above provisions.

3.5 Voting right restrictions and representation

Persons who acquired registered shares will, upon application, be entered in the share register without limitation as shareholders with voting power, provided they expressly declare themselves to have acquired the shares concerned in their own name and for their own account and comply with the disclosure requirement stipulated by FMIA (for details please refer to Art. 6 of the Articles of Association[1] and see also section 3.4 above).

According to Art. 23 of the Articles of Association[1], shareholders can exercise their voting rights either by themselves or appoint a third party authorised in writing or the independent proxy to vote on their behalf. Such representatives need not to be shareholders. Amendments to the provisions governing voting rights and representation

[1] See www.efginternational.com/articlesofassociation

would require an according resolution of the shareholders' meeting with the quorum set forth in Art. 25 of the Articles of Association[1] or any higher statutory quorum. All shareholders receive with the invitation to the General Meeting a proxy appointment form for the appointment of the independent proxy and instruct them regarding each agenda item and additional ad-hoc motions.

EFG International offers to its shareholders the possibility to exercise their voting rights prior to the General Meeting via the online platform of Smartprimes by empowering and instructing the independent proxy to vote. The votes will be cast by the independent proxy at the General Meeting. Voting at the General Meeting usually takes place in electronic form via televoting devices. The televoting devices allow a timely and accurate result delivery during the General Meeting.

3.6 Statutory quorums

No statutory quorums other than those defined by Swiss corporate law and the Swiss Federal Merger Act apply.

3.7 Convocation of general meetings

The statutory rules on the convocation of General Meetings correspond with legal provisions. Accordingly, a General Meeting is summoned at least 20 days before the date of the meeting by notice published in the 'Swiss Official Gazette of Commerce' and by letter sent to the addresses of the shareholders entered in the share register.

With regards to shareholders' rights to convene a meeting, the statutory rules provide, in accordance with former law, that shareholders who represent at least 10 % of the share capital may request that a General Meeting be held. The Board of Directors will propose to the Annual General Meeting in April 2023 to implement the revised statutory provision regarding shareholders' rights to convene General Meetings. According to the revised law and subject to the shareholders' approval of the amendments to the Articles of Association, shareholders holding at least 5 % of the share capital or voting rights will be able to request that a General Meeting be convened.

3.8 Agenda

The Board of Directors announces the agenda for the General Meeting. Based on the current Articles of Associations, shareholders representing shares with a nominal value of at least CHF 1.0 million may request that an item of business be placed on the agenda until at the latest 40 days prior to the date of the General Meeting. Such request must be in writing and must state the relevant motions.

The Board of Directors will propose to the Annual General Meeting in April 2023 to implement the revised statutory provision regarding shareholders' rights to request that items of business and/or motions be included in the convention notice. According to the revised law and subject to the shareholders' approval of the amended Articles of Association, shareholders holding at least 0.5 % of the share capital or voting rights will be able to request that items of business and/or motions be included in the convention notice.

4. Board of Directors

4.1 Elections and terms of office

According to Art. 26 of the Articles of Association[1], the Board of Directors shall consist of at least five members, who are individually elected by the General Meeting of shareholders for a one-year term ending with the closure of the following Annual General Meeting. Re-election is possible without restrictions regarding the numbers of terms. Please refer to the table in section 4.2 for each initial date of election. The term of all the current members of the Board of Directors will expire at the closure of the upcoming Annual General Meeting in April 2023.

In compliance with the statutory law, the General Meeting of shareholders also elects the Chair of the Board of Directors and all members of the Remuneration & Nomination Committee individually and on an annual basis (see Art. 17 of the Articles of Association[1]).

[1] See www.efginternational.com/articlesofassociation

4.2 Composition

The Board of Directors currently comprises 12 members, all of whom are non-executive directors. The Board of Directors of EFG Bank AG (EFG Bank) is composed of the same members as the Board of Directors of EFG International AG.

No member of the Board held a management position in EFG International over the last three years.

No member of the Board of Directors (neither as individual nor as representative of a third party) has any significant business connection with EFG International or any of its subsidiaries.

An overview of the Board and the Board-delegated Committees' memberships in 2022 is presented in the table below:

			Board-Delegated Committees				
	Board member since	**Independence**	**Acquisition Committee**	**Credit Committee[6]**	**Risk Committee**	**Remuneration & Nomination Committee**	**Audit Committee**
Alexander Classen (Chair)[1]	2022	Independent	Member[1]	–	–	–	–
Susanne Brandenberger[2]	2015	Independent	–		**Chair**	–	Member
Emmanuel L. Bussetil	2005		**Chair**		–	Member	Member
Boris Collardi[3]	2022		Member[3]	–	–	–	–
Roberto Isolani	2016		–	Member	Member	–	–
Steven M. Jacobs[2]	2016		Member		–	Member	-
John S. Latsis	2018		–	Member	–	–	–
Carlo M. Lombardini	2020	Independent	–	**Chair**	Member	–	–
Périclès Petalas	2005		Member		Member	Member	–
Stuart M. Robertson	2018	Independent	–		Member	–	**Chair**
Freiherr Bernd-A. von Maltzan	2013	Independent	Member	Member	Member	**Chair[4]**	–
Yok Tak A. Yip	2020	Independent	–		–	–	–
Peter A. Fanconi (Chair)[5]	2020	Independent	Member[5]		–	**Chair[5]**	–

1 Elected at the Extraordinary General Meeting (EGM) on 06 October 2022 as member of the Board of Directors with immediate effect and as the Chair as from 01 November 2022. Appointed as a member of the Acquisition Committee as of 06 October 2022.
2 Does not stand for re-election at the next Annual General Meeting (AGM) in April 2023.
3 Elected as member of the Board of Directors at the Extraordinary General Meeting (EGM) on 06 October 2022. Appointed as a member of the Acquisition Committee as of 06 October 2022.
4 Appointed as the Chair of the Remuneration & Nomination Committee as at 01 November 2022 after the resignation of the former Chair Peter Fanconi, who stepped down as from the same date.
5 Peter Fanconi stepped down as the Chair and member of the Board of Directors, as the Chair and a member of the Remuneration & Nomination Committee, and as a member of the Acquisition Committee as from 31 October 2022.
6 Established as of 01 September 2022.

4.3 Independence

According to the Organisational and Management Regulations, one third of the members of the Board of Directors shall be independent.

The Board of Directors has applied the independence criteria as per the definition of the FINMA Circular 17/01 (Corporate Governance – Banks). These criteria have also been incorporated into EFG International's Organisational and Management Regulations that state that a member of the Board of Directors is deemed independent if he/she:
- Does not hold and/or over the last two years has not held any position in the Group other than being a member of the Board or one of its committees
- Is not (or has not been over the last two years) in charge of the external audit of the Group, the Company or any of its direct or indirect subsidiaries

– Does not maintain a business relationship with the Group, the Company or any of its direct or indirect subsidiaries in a way or to an extent – in view of their nature and scope – that may create a conflict of interest
- Is not a qualified participant as defined under Swiss Banking and Stock Exchange Act, i.e., a person directly or indirectly holding 10% or more of the share capital or voting rights of the Company, or has similar influence through other means, nor represents such participant.

4.4 Role & responsibilities

The Board of Directors of EFG International is ultimately responsible for supervision of the management of EFG International. The Board of Directors sets the strategic direction of EFG International and monitors its implementation. Based on recommendations by the Chief Executive Officer, the Board of Directors decides on EFG International's strategy whilst also assuming the responsibility of supervising and monitoring the businesses. The day-to-day management operations are delegated by the Board of Directors to the Executive Committee.

Further details about the powers and responsibilities of the Board of Directors can be found in the Organisational and Management Regulations[1].

4.5 Organisational structure

The internal organisational structure of the Board of Directors is laid down in the Organisational and Management Regulations[1]. The Board of Directors meets as often as business requires, but at least four times a year, normally once every quarter. Members of the Executive Committee, managerial staff and external advisors may be called upon to attend Board of Directors' meetings. In order to make a binding decision, at least 50% of the members of the Board of Directors must be present. The Board of Directors takes decisions by a majority of the members present. In the event of a tie, the Chair does not have a casting vote. The composition of the Board of Directors and its committees is disclosed in the table in section 4.2 above.

The Board of Directors met ten times in 2022 (five ordinary meetings and five ad hoc topical meetings). Ordinary meetings typically last six to seven hours. For further details, please refer to the following table:

Members in 2022	Attendance / Meeting & Call	%
Alexander Classen (Chair)*[1]	2/2	100%
Susanne Brandenberger*	10/10	100%
Emmanuel L. Bussetil	10/10	100%
Boris Collardi[2]	2/2	100%
Roberto Isolani	10/10	100%
Steven M. Jacobs	9/10	90%
John S. Latsis	10/10	100%
Carlo M. Lombardini*	9/10	90%
Périclès Petalas	9/10	90%
Stuart M. Robertson*	9/10	90%
Freiherr Bernd-A. von Maltzan*	8/10	80%
Yok Tak A. Yip*	10/10	100%
Peter A. Fanconi (Chair)*[3]	9/9	100%

* Independent Director
1 Elected at the EGM on 06 October 2022 as member with immediate effect and as Chair as from 01 November 2022
2 Member as at the EGM on 06 October 2022
3 Chair until 31 October 2022

The Board of Directors has established an Audit Committee, a Risk Committee, a Remuneration & Nomination Committee, a Credit Committee, and an Acquisition Committee in line with the Organisational and Management Regulations[1].

Audit Committee
The Audit Committee is established as a committee of the Board of Directors. Its primary function is to assist the Board of Directors in fulfilling its oversight responsibilities of EFG International with regard to:
– The financial and business reporting processes, including the selection and application of appropriate accounting policies
– The integrated internal control systems for financial reporting as well as the internal controls of areas beyond financial reporting
– EFG International's tax risks
– The internal and external audit processes

The Audit Committee shall consist of at least three members of the Board of Directors. The Chair and other

[1] See www.efginternational.com/internalregulations

members of the Audit Committee must all be members of the Board of Directors and are appointed by the latter.

The Chair and the majority of the Audit Committee members must be independent as defined in paragraph 2.1.c. of the Organisational and Management Regulations[1].

The Audit Committee meets as often as business requires, but at least four times a year, as well as for the review of the financial statements and related reports before these are approved by the Board of Directors and/or made publicly available by EFG International or sent to regulatory/tax authorities.

Ordinary meetings typically last four to five hours and are also attended by members of the executive management responsible for areas supervised by the Audit Committee.

The minutes of the Audit Committee are reviewed by the Board of Directors at its ordinary meetings. In addition, the Chair of the Audit Committee provides a report to the Board of Directors at its ordinary meetings.

In 2022, the Audit Committee met eight times (six ordinary meetings, including for the review of the financial statements, and two ad hoc topical meetings). For further details, please refer to the table below:

Members in 2022	Attendance / Meeting & Call	%
Stuart M. Robertson (Chair)*	8/8	100%
Susanne Brandenberger*	8/8	100%
Emmanuel L. Bussetil	8/8	100%

* Independent Director

Risk Committee

The Risk Committee is the primary advisory committee to the Board of Directors on matters relating to risk and compliance. The Risk Committee advises, reviews, and acts as an expert of the Board of Directors on the overall current and future risk appetite and oversees executive management's implementation of the risk management framework. In addition, it monitors the risk profile and reports on the state of risk culture in EFG International and interacts with and oversees the performance of the Chief Risk Officer and the Head of Legal & Compliance.

The Risk Committee shall consist of at least three members. The Chair and other members of the Risk Committee must all be members of the Board of Directors and are appointed by the latter. The Chair and the majority of the entire Risk Committee must be independent as defined in paragraph 2.1.c. of the Organisational and Management Regulations[1].

The Risk Committee meets as often as business requires, but at least four times a year. Ordinary meetings typically last six to seven hours and are attended by members of the executive management responsible for risk management.

The minutes of the Risk Committee are reviewed by the Board of Directors at its ordinary meetings. In addition, a report from the Chair of the Risk Committee is given to the Board of Directors at its ordinary meetings.

In 2022, the Risk Committee met sixteen times (four ordinary meetings and twelve ad hoc topical meetings primarily to review, and approve credit requests until 31 August 2022 when responsibility was transferred to the newly established Credit Committee). For further details, please refer to the following table:

Members in 2022	Attendance / Meeting & Call	%
Susanne Brandenberger (Chair)*	16/16	100%
Roberto Isolani	14/16**	88%
Carlo M. Lombardini*	16 /16	100%
Périclès Petalas	16/16	100%
Stuart M. Robertson*	16/16	100%
Freiherr Bernd-A. von Maltzan*	14/16**	88%

* Independent Director
** Attended all ordinary meetings

Remuneration & Nomination Committee

The Remuneration & Nomination Committee is established as a committee of the Board of Directors.

Its primary function is to assist the Board of Directors in fulfilling its governance responsibilities, with regards to remuneration and nomination-related aspects. For remuneration, this includes:

[1] See www.efginternational.com/internalregulations

– Establishing the general remuneration policy and strategy of EFG International
– Reviewing annually the remuneration of members of the Board of Directors and the Executive Committee of EFG International and making a recommendation to the Board of Directors thereupon
– Approving annually the remuneration of principal executives of the Group
– Any other remuneration tasks conferred to it by the Board of Directors from time to time

In addition, the Remuneration & Nomination Committee reviews and assesses the nomination of new members to the Board of Directors and the Executive Committee, as well as the nomination of the heads of the key control functions – Audit, Compliance and Risk – and the Regional Business Heads and makes a recommendation to the Board of Directors thereupon.

For more details about competences and responsibilities of the Remuneration & Nomination Committee, please see the compensation report, Art. 30 of the Articles of Association[1] and section 2.10 of the Organisational and Management Regulations[2].

The shareholders elect the individual members of the Remuneration & Nomination Committee for a one-year term ending with the closure of the following Annual General Meeting with the possibility of being re-elected (see Art. 17 of the Articles of Association[1]).

The Remuneration & Nomination Committee shall consist of at least three members of the Board of Directors. The Chair and other members of the Remuneration & Nomination Committee must all be members of the Board.

The Remuneration & Nomination Committee meets annually in the first quarter to review fixed and variable compensation proposals. Additional meetings can be held when necessary. Meetings typically last two hours and are attended by the Chief Executive Officer and the Global Head of Human Resources.

The minutes of the Remuneration & Nomination Committee are reviewed by the entire Board of Directors. In addition, a report by the Chair of the Remuneration & Nomination Committee is given to the Board of Directors at its ordinary meetings.

In 2022, the Remuneration & Nomination Committee met ten times. For further details, please refer to the following table:

Members in 2022	Attendance / Meeting & Call	%
Freiherr Bernd-A. von Maltzan (Chair)[1*]	10/10	100%
Emmanuel L. Bussetil	10/10	100%
Steven M. Jacobs	9/10	90%
Périclès Petalas	10/10	100%
Peter A. Fanconi (Chair)[2*]	9/9	100%

* Independent Director
1 Chair as from 01 November 2022
2 Chair until 31 October 2022 when he stepped down

Acquisition Committee

The Acquisition Committee is established as a committee of the Board of Directors. Its primary function is to examine and approve or recommend to the Board of Directors all acquisitions or disposal of companies or businesses proposed by management in accordance with the acquisition policy approved by the Board of Directors.

The Acquisition Committee has the authority to approve all investments or divestments up to certain thresholds and criteria which are defined in the acquisition policy. Above these thresholds, only the Board of Directors may approve acquisitions or divestments, and the Acquisition Committee will submit a recommendation to the Board of Directors.

The Acquisition Committee shall consist of at least three members of the Board of Directors and are appointed by the latter.

The Acquisition Committee meets on an ad hoc basis throughout the year in order to review specific transactions or to receive an update from the Chief Executive Officer and the Chief Financial Officer regarding the status of negotiations with various acquisition targets or divestments.

[1] See www.efginternational.com/articlesofassociation
[2] See www.efginternational.com/internalregulations

Meetings vary in length from one to three hours and can be attended by members of the management or external advisors.

The minutes of the Acquisition Committee are reviewed by the entire Board of Directors at its meetings. In addition, a report from the Chair of the Acquisition Committee is given to the Board of Directors at its ordinary meetings.

In 2022 the Acquisition Committee met two times. For further details, please see the table below:

Members in 2022	Attendance / Meeting & Call	%
Emmanuel L. Bussetil (Chair)	2/2	100%
Alexander Classen*[1]	1/1	100%
Boris Collardi[1]	1/1	100%
Steven M. Jacobs	2/2	100%
Périclès Petalas	1/2	50%
Freiherr Bernd-A. von Maltzan*	1/2	50%
Peter A. Fanconi*[2]	1/1	100%

* Independent Director
1 Appointed as from 06 October 2022
2 Member until 31 October 2022 when he stepped down

Credit Committee

The Credit Committee is established as a committee of the Board of Directors. Its primary function is to examine and approve or recommend to the Board, within the risk appetite defined by the Board of Directors, credits or limits granted by subsidiaries to clients, exceeding certain thresholds also defined by the Board.

The Credit Committee shall consist of at least three members of the Board of Directors who are appointed by the latter.

The Credit Committee meets as often as business requires. Ordinary meetings typically last one hour and are also attended by members of the executive management responsible for the area.

The minutes of the Credit Committee are reviewed by the Board of Directors at its ordinary meetings. In addition, the Chair of the Credit Committee provides a report to the Board of Directors at its ordinary meetings.

The Credit Committee was established on 01 September 2022 and, since then, met one time. For further details, see the table below:

Members in 2022	Attendance / Meeting & Call	%
Carlo M. Lombardini (Chair)*	1/1	100%
Roberto Isolani	1/1	100%
John S. Latsis	1/1	100%
Freiherr Bernd-A. von Maltzan*	1/1	100%

* Independent Director

5. Information on the members of the Board of Directors

5.1 Provisions on the number of permitted external mandates in the Articles of Association

In accordance with Art. 626 para. 2 point 1 CO (formerly Art. 12 para. 1 point 1 of the Ordinance), the number of permitted external mandates of the members of the Board of Directors is outlined in Art. 37 of the Articles of Association[1]. The members of the Board of Directors may each have up to 20 mandates, of which a maximum of five may be in listed companies. Additionally, a member of the Board of Directors may perform up to ten mandates in associations, charitable institutions as well as welfare and pension institutions.

Several mandates in legal entities under common control or under the control of the same beneficial owner are deemed one mandate.

5.2 External mandates and vested interests

Please refer to the information provided in the biographies of each member of the Board of Directors in section 5.3 below, where the significant activities in governing and supervising bodies of important organisations, institutions and foundations are mentioned.

5.3 Biographies

The following biographies provide information on the mandates, memberships, activities, and functions as required by the SIX Swiss Exchange Corporate Governance Directive (situation as at 31 December 2022).

Mandates in other EFG entities mentioned in the following biographies include all mandates in entities directly or indirectly controlled by EFG International.

Alexander Classen

Chair of the Board of Directors
Member of the Acquisition Committee

Year of birth and nationality
1962 I Swiss

Professional history and education
Alexander Classen is an acknowledged leader in the international wealth management industry with a strong track record in delivering growth and repositioning mandates. He has extensive industry experience and has worked for renowned global organisations in various leadership positions for more than 28 years.

He served as CEO & Country Head Switzerland of HSBC Private Bank (Suisse) SA from 2018 to September 2022. Prior to that, he was Managing Partner at Bedrock, a global investment and advisory firm based in Geneva. From 2011 to 2015, Alexander Classen held the position of CEO of Coutts International. Additionally, he spent four years with Morgan Stanley International as Head of Private Wealth Management EMEA and he ran Goldman Sachs Bank AG Zurich as General Manager from 2000 to 2006. For Pictet, where Alexander Classen started his career as a portfolio manager and private banker in 1985, he acted as local CEO in Singapore from 1995 to 2000.

Alexander Classen holds a degree in Business Administration from the University of Geneva.

Mandates in other EFG entities
Chair of the Board, EFG Bank AG

[1] See www.efginternational.com/articlesofassociation

Corporate Governance

Susanne Brandenberger
Member of the Board of Directors
Chair of the Risk Committee
Member of the Audit Committee

Year of birth and nationality
1967 I Swiss

Professional history and education
Mrs Brandenberger was with Vontobel Group between 1999 and 2015, as Head of Risk since 2004. She began her career at the Swiss Financial Market Supervisory Authority (FINMA), formerly the Swiss Federal Banking Commission, where from 1994 to 1999, she was responsible for building up and heading the Risk Management Unit.

Mrs Brandenberger holds a PhD from the Swiss Institute for Banking and Finance of the University of St Gallen and a master's degree in banking and finance from the University of St Gallen.

Mandates in other EFG entities
Member of the Board, EFG Bank AG

Main external mandates
Member of the Board and Chair of the Risk and Audit Committees, Thurgauer Kantonalbank
Member of the Board and Vice-Chair, Stoxx Limited, Switzerland
Members of the Board, Clearstream Funds Center AG, Zurich
Member of the Board, Pedagogical Association, Küsnacht

Emmanuel L. Bussetil
Member of the Board of Directors
Chair of the Acquisition Committee
Member of the Audit Committee
Member of the Remuneration & Nomination Committee

Year of birth and nationality
1951 I British

Professional history and education
Mr Bussetil joined the Latsis Group of companies in 1982 as Chief Internal Auditor and, since then, he has held a number of executive and non-executive positions for other principal commercial holding and operating companies controlled by Latsis Family Interests. Prior to that, he was an Audit Manager at Pricewaterhouse in the United Kingdom, where he was employed from 1976 to 1982.

Mr Bussetil received his GCSE A-Levels in mathematics and physics in 1970. He attended the Thames Polytechnic London, UK, and obtained his Higher National Diploma in mathematics, statistics & computing in 1972. His professional training was undertaken as an Articled Clerk at Dolby Summerskill, Liverpool (1972/1973), and at Morland and Partners, Liverpool (1974/1976).

He is a Fellow of the Institute of Chartered Accountants of England and Wales.

Mandates in other EFG entities
Member of the Board, EFG Bank AG
Member of the Board, EFG Bank (Monaco) SAM

Main external mandates
Member of the Board, European Financial Group EFG (Luxembourg) SA
Member of the Board, EFG European Financial Group Ltd
Member of the Board, SETE Holdings Sarl
Member of the Board, Hellenikon Global I SA
Member of the Board, Gestron Asset Management SA
Member of the Board, Paneuropean Oil and Industrial Holdings SA
Member of the Board, Consolidated Lamda Holdings SA
Member of the Board, Lamda Developments SA
Member of the Board, EFG Consolidated Holdings SA
Member of the Board, Ophelia International Investments SA
Member of the Board, Pronia Health SICAR
Member of the Board, John S. Latsis Public Benefit Foundation

Boris Collardi
Member of the Board of Directors
Member of the Acquisition Committee

Year of birth and nationality
1974 I Swiss and Italian

Professional history and education
Mr Collardi is a recognised leader in the global wealth management industry.

In 2009, Mr Collardi was named CEO of Julius Baer, which he led to become the reference in global wealth management, the third largest wealth management group in Switzerland and among the top 10 in the world. In 2018, Mr Collardi joined the Pictet Group to become one of the seven managing partners where he further developed the bank's international wealth management activities. Mr Collardi started his career at Credit Suisse in Geneva almost three decades ago. In his earlier years, Mr Collardi gained broad international experience covering several executive positions in wealth management mainly in Europe and also in Asia, where he spent five years, gaining a deep understanding of the business and the opportunities for the wealth management industry. Mr Collardi was on the Board Committee of the Swiss Bankers Association for over a decade.

Mandates in other EFG entities
Member of the Board, EFG Bank AG

Main external mandates
Member of the Board, European Financial Group EFG (Luxembourg) SA
Member of the Board, EFG Bank European Financial Group SA, Geneva
Member of the Advisory Board, The Longevity Suite, Milan (IT)
Member of the Foundation Board, International Institute for Management Development (IMD), Lausanne (CH)
Member of the Honorary Board, Interpol Foundation for a Safer World, Geneva (CH)
Member of the Strategic Advisory Board, Ecole Polytechnique Fédérale de Lausanne (EPFL), Lausanne (CH)
Member of the Board, Ares Invest SA, Baar (CH)
Member of the Advisory Board, Roboze SpA, Bari (IT)
Member of the Advisory Board, Luxurynsight SAS Paris (FR)
Member of the Board / Advisory Board of several of his portfolio companies
Member of the Board, Paulo Coelho & Cristina Oiticica Philantropic Foundation, Geneva (CH)

Roberto Isolani
Member of the Board of Directors
Member of the Risk Committee
Member of the Credit Committee

Year of birth and nationality
1964 I Italian

Professional history and education
Mr Isolani is a Managing Partner of BTG Pactual. Before joining BTG Pactual in 2010, he worked for 17 years at UBS where he last held the position of Joint Head of Global Capital Markets and had joint responsibility for the Client Services Group, the Fixed Income and FX global salesforces at UBS. He jointly headed a marketing team of over 1,000 staff. Mr Isolani was also a member of UBS Investment Bank's Board.

Mr Isolani joined UBS (formerly SBC) in 1992 and spent ten years in Fixed Income, in Derivatives Marketing and DCM before being promoted to Head of European DCM in 2000. He transferred to IBD in 2002, moving to Italy as Co-Head of Italian Investment Banking. He moved back to London in 2007 to become Global Head of DCM, before assuming his latest responsibilities at the beginning of 2009.

During his career, Mr Isolani held a number of executive and Board roles in regulated and unregulated Italian UBS entities. He was notably a member of the Board of Directors of Banca Monte dei Paschi di Siena S.p.A. from 2014 to 2017, and Deputy Chair (from 2015 to 2017).

Mr Isolani graduated from the University of Rome, La Sapienza, cum laude in 1989 and was a lecturer at the university before going on to work at IMI and Cofiri and then joining UBS.

Mandates in other EFG entities
Member of the Board, EFG Bank AG
Member of EFG Regional Asia Pacific Advisory Board

Steven Jacobs
Member of the Board of Directors
Member of the Acquisition Committee
Member of the Remuneration & Nomination Committee

Year of birth and nationality
1969 I British

Professional history and education
Mr Jacobs is CEO of Scarlet Capital, a fintech investment company. In addition, he is a senior advisor to BTG Pactual, the Brazil listed financial services group.

He joined BTG Pactual in January 2010. Prior to that, he was a Managing Director at UBS, where over ten years he held various roles including Head of Group Strategy for UBS Group, based in Zurich, Head of Private Equity & Infrastructure, and member of UBS Global Asset Management Executive Committee, based in London. From 1990 to 1999, Mr Jacobs worked for Ernst & Young in London and Sydney, focusing on providing corporate finance services to financial services clients across the world.

Mr Jacobs holds a Bachelor's degree (Hons) in finance, accounting and law from Brighton University, UK, and an Executive Master's in international strategy and diplomacy from the London School of Economics. He is a qualified Chartered Accountant and fellow of the Institute of Chartered Accountants of England and Wales.

Mandates in other EFG entities
Member of the Board, EFG Bank AG
Chair of the Board, Shaw and Partners Ltd, Sydney
Member of the Board, EFG Investment and Wealth Solutions Holding AG

Main external mandates
Member of the Board, BTGP-BSI Limited
Member of the Board, Vesuvium Limited
Member of the Board and CEO, Scarlet Capital Limited
Member of the Board, Scarlet Digital Limited

Dr John S. Latsis
Member of the Board of Directors
Member of the Credit Committee

Year of birth and nationality
1977 I British

Professional history and education
Dr Latsis is the Managing Director of Gestron Services SA and is Chair of Gestron Asset Management. He is also an active member in a number of committees and Boards of Directors.

During his distinguished career, Dr Latsis has developed extensive academic experience; he holds a Bachelor's degree from the University of Oxford, a Master's degree from the London School of Economics, a PhD from the University of Cambridge and is a member of the Higher Education Academy of the United Kingdom. He held academic positions at the Universities of Reading, Oxford, and Harvard during a 13-year academic career.

Dr Latsis has published more than 25 articles, chapters and edited books and remains an active research scholar.

Mandates in other EFG entities
Member of the Board, EFG Bank AG
Member of the Board, EFG Capital Holdings, Miami
Member of EFG Regional Advisory Board for Latin America

Main external mandates
Managing Director, Gestron Services SA
Member of the Board, EFG Bank European Financial Group SA
Chair of the Board, Gestron Asset Management SA
Member of the Board, La Tour Holding SA
Member of the Board, Monas S.A.M
Member of the Board, International Latsis Foundation
Chair of the Board, Independent Social Research Foundation
Member of the Board of Trustees, Friends of Europe

Carlo M. Lombardini
Member of the Board of Directors
Chair of the Credit Committee
Member of the Risk Committee

Year of birth and nationality
1964 I Swiss and Italian

Professional history and education
Mr Lombardini is a proven specialist in the field of banking law, having worked as a lawyer with Poncet Turrettini in Geneva, where he served as a partner since 1990. In addition, he has extensive experience in the academic sector having held various academic positions, including from 2010 to 2014 as a lecturer in banking law at the University of Lausanne and from 2014 onwards as an associate professor at the law faculty. Throughout his distinguished career, Mr Lombardini also published numerous books and academic articles concerning various banking law topics and discussions regarding the financial services industry.

Mr Lombardini has held several board memberships, where he served as an active member of the audit and risk committees and later as Chair of such committees.

Mandates in other EFG entities
Member of the Board, EFG Bank AG

Main external mandates
Member of the Board, Crédit Agricole Next Bank (Suisse) SA
Member of the Board, Fondation Grand Rabbin Joseph Cohen

Freiherr Bernd-Albrecht von Maltzan
Member of the Board of Directors
Chair of the Remuneration & Nomination Committee
Member of the Risk Committee
Member of the Acquisition Committee
Member of the Credit Committee

Year of birth and nationality
1949 I German

Professional history and education
Before joining the Board of EFG International, Mr von Maltzan was with Deutsche Bank, where he held a variety of senior positions, including Global Head Trading & Sales DB Group in Frankfurt (1993–1995), Divisional Board Member and Global Head Private Banking in Frankfurt (1996–2002), followed by Divisional Board Member and Vice-Chair Private Wealth Management in Frankfurt, and from where he retired in 2012.

Mr von Maltzan studied economics at the universities in Munich and Bonn and holds a doctorate in business administration (1978) from the University of Bonn.

Mandates in other EFG entities
Member of the Board, EFG Bank AG
Chair of the Board, EFG Bank (Luxembourg) SA

Main external mandates
Chair of the Board of Trustees, Niagara Foundation, Germany

Corporate Governance

Dr Périclès Petalas
Member of the Board of Directors
Member of the Acquisition Committee
Member of the Risk Committee
Member of the Remuneration & Nomination Committee

Year of birth and nationality
1943 I Swiss

Professional history and education
Since 1997, Dr Petalas is the Chief Executive Officer of EFG Bank European Financial Group SA, Geneva. Prior to this position, he was Senior Vice President and General Secretary of Banque de Dépôts, Geneva. Previously, he worked for Union Bank of Switzerland in Zurich (1978–1980) and Petrola International, Athens (1977–1978).

Dr Petalas obtained a diploma (1968) and a doctorate (1971) in theoretical physics at the Swiss Federal Institute of Technology in Zurich. He also received a post-graduate degree in industrial and management engineering from the same institute in 1977.

Mandates in other EFG entities
Member of the Board, EFG Bank AG

Main external mandates
Chief Executive Officer, EFG Bank European Financial Group SA
Member of the Board, European Financial Group EFG (Luxembourg) SA

Stuart M. Robertson
Member of the Board of Directors
Chair of the Audit Committee
Member of the Risk Committee

Year of birth and nationality
1955 I Swiss and British

Professional history and education
Mr Robertson has over 30 years of experience in the Swiss financial services sector in both audit and consulting and has a profound understanding of the Swiss and international regulatory and accounting landscape. Throughout his career, Mr Robertson has advised and audited many global institutions and managed numerous complex projects in the areas of growth, M&A, strategy and transformation, performance, as well as risk and regulatory topics. Mr Robertson worked at KPMG for over 30 years, where he has held various leadership positions and managed teams of up to 200 people. Laterally, he was a member of the Board of Directors. In addition, he held the role of Global Lead Partner serving a large financial institution.

Mr Robertson is a member of the Institute of Chartered Accountants of Scotland and of the Swiss Institute of Certified Accountants and Tax Consultants.

He holds a Master of Arts (Hons) degree from the University of St Andrews and a diploma in accounting from Heriot-Watt University.

Mandates in other EFG entities
Member of the Board, EFG Bank AG
Member of the Board and Chair of the Audit Committee, EFG Private Bank Limited (UK)

Main external mandates
Member of the Board of Overseers, Reinet Investments S.C.A., Luxembourg
Member of the Board of Trustees, Guatemala Association Central America

Yok Tak Amy Yip
Member of the Board of Directors

Year of birth and nationality
1951 I Chinese

Professional history and education
Ms Yip has a deep understanding of the Asian private banking industry, having worked for more than 40 years in various leadership and managerial roles for global players in the region. Since 2011, she is a founding partner of RAYS Capital Partners, an investment management company specialising in Asian capital markets.

Prior to this, Ms. Yip worked at DBS Bank in Hong Kong, where she served as Chief Executive Officer from 2006 to 2010. Before joining DBS Bank, Ms. Yip held various senior roles within the Hong Kong Monetary Authority (1996-2006). Since starting her career in 1975 at American Express in Hong Kong, Ms Yip has worked for a number of leading global financial institutions such as J.P. Morgan, Citibank, and Rothschild Asset Management.

Ms Yip holds an MBA from Harvard Business School and a Bachelor of Arts in Asian History from Brown University, USA.

Mandates in other EFG entities
Member of the Board, EFG Bank AG
Chair of EFG Regional Asia Pacific Advisory Board

Main external mandates
Member of the Board, Prudential Plc
Member of the Board, Fidelity Foundation, Charity

5.4 Changes in the Board of Directors in 2022

Members who did not stand for re-election or stepped down

Peter A. Fanconi
Peter Anthony Fanconi is a Swiss citizen and was born in 1967.

Mr Fanconi was the Chair of the Board of Directors of EFG International and EFG Bank from 29 April 2019 to 31 October 2022 when he decided to step down.

Mr Fanconi is a proven specialist and entrepreneur in the field of financial services, with extensive industry experience spanning more than 25 years. Before working at BlueOrchard Finance where he served as Chief Executive Officer, Mr Fanconi was Chief Executive Officer of the Private Banking division at Bank Vontobel (2009–2012) and he was Managing Partner and later Chief Executive Officer at Harcourt Investment Consulting from 2003 to 2009. Previous to this, he was Managing Partner within the Corporate Finance division of PricewaterhouseCoopers, after founding MAP Group in 1997 and merging it into PricewaterhouseCoopers.

Mr Fanconi is co-author of several books, amongst others the bestseller 'Small money – big impact' and is the Chair of the Supervisory Board, BlueOrchard Finance and the Chair of the Board, Graubündner Kantonalbank.

He holds a Master's degree in law from the University of Zurich.

Proposed new member of the Board of Directors for election at the Annual General Meeting in April 2023

Maria Leistner is a Bulgarian, French, and British citizen and was born in 1966. She will be proposed for election as a new member of the Board of Directors of EFG International and EFG Bank at the upcoming Annual General Meeting in April 2023.

Mrs Leistner is a seasoned professional with vast experience in senior roles in legal and compliance functions in the financial industry. Most recently, she served as Group Chief Legal Officer and a member of the Executive Board of Quintet Private Bank, Luxembourg, where she oversaw the compliance, legal and data protection functions.

Between 2016 and 2019, she held senior positions at UBS in Zurich – including serving as General Counsel Global Wealth Management. Prior to that, Maria Leistner spent over ten years at Credit Suisse in various senior roles, including as General Counsel International Wealth Management in Zurich, and General Counsel EMEA and Co-General Counsel for the Investment Bank, in London. She is a qualified solicitor in England and Wales and an attorney in New York and has practiced in major English and American law firms before entering the banking industry.

6. Executive Committee

6.1 Composition, organisation, and functional responsibilities

EFG International's Executive Committee is organised as a single structure reporting to the Chief Executive Officer.

The Executive Committee comprises at least four members. Members of the Executive Committee are appointed by the Board of Directors upon recommendation by the Chief Executive Officer.

Various support services or control units report either directly to the Chief Executive Officer or to a member of the Executive Committee.

As at 31 December 2022, the Executive Committee comprised the following members:

	Function	Member of the Committee since
Piergiorgio Pradelli	Chief Executive Officer	June 2012
Vassiliki Dimitrakopoulou[1]	Global Head of Legal & Compliance	November 2022
Martin Freiermuth	Chief Operating Officer	August 2020
Enrico Piotto	Chief Risk Officer	June 2021
Dimitris Politis	Chief Financial Officer & Deputy CEO	January 2018
Harald Reczek[2]	Head of Investment Solutions	May 2021

1 Vassiliki Dimitrakopoulou was appointed Global Head of Legal & Compliance as from 01 November 2022. She had performed this role on an interim basis after Yves Aeschlimann stepped down effective 01 April 2022.
2 Harald Reczek stepped down effective as at 01 February 2023.

The titles and brief functional descriptions for members of the Executive Committee are set forth as follows:

Chief Executive Officer
The Chief Executive Officer of EFG International is responsible to the Board of Directors for the overall management and performance of EFG International. He manages the implementation and development of strategic and operational plans as approved by the Board of Directors. He represents EFG International towards third parties, including regulators, and is responsible (together with the Board of Directors and other senior executives) for the prudent management and regulation-compliant operation of the organisation.

Furthermore, the Chief Executive Officer chairs the Executive Committee and the Global Business Committee and directly oversees the Human Resources, Marketing & Communications functions, as well as the Global Private Banking COO, the Corporate Sustainability and Strategic Projects.

Deputy Chief Executive Officer
The Deputy Chief Executive Officer has a direct reporting line to the Chief Executive Officer of EFG International. He supports the Chief Executive Officer with the day-to-day management of EFG International and can take over his responsibilities in case of absence.

Global Head of Legal & Compliance
The Global Head of Legal & Compliance is responsible for the oversight, coordination, and supervision of all compliance risks and all legal matters of the Group as well as for Regulatory Affairs. She/he also supervises the Compliance and Legal activities deployed in all entities of EFG International.

Chief Operating Officer
The Chief Operating Officer assumes business responsibility for the management, coordination, supervision and control of the entire Operations and IT functions, as well as for Client Administration & General Services. He is also responsible for the cost management program across the organisation, for further improving EFG's operational efficiency and for driving the bank's digitalisation efforts.

Chief Financial Officer
The Chief Financial Officer is responsible for all financial, tax and prudential regulation matters of EFG International

as well as other business or control areas allocated to the position. He ensures transparent and timely financial reporting for internal and regulatory purposes as well as public reporting in line with legal and regulatory requirements and industry best practices.

The Chief Financial Officer has the oversight of liquidity and capital management within the general regulations and guidelines set by the Board of Directors, EFG International's Board-delegated Audit and Risk Committees, and by FINMA and other regulators in jurisdictions where EFG International operates. The Chief Financial Officer oversees and monitors business performance, strategic acquisitions and EFG International Group's relationship with rating agencies.

He also has primary responsibility for Financial Reporting, Financial Planning & Controlling, Litigations, Investor Relations, and Group Corporate Office functions. In addition, he supervises the activities of Global Markets & Treasury.

Chief Risk Officer

The Chief Risk Officer is accountable for overseeing and enabling EFG International's efficient and effective risk governance. The Chief Risk Officer is accountable to the Executive Committee, the Board of Directors, the Risk Committee, and the Credit Committee for enabling the business to balance risk and reward. In the same regard, he is responsible for coordinating the Risk Management approach and for assessing and causing mitigating actions to significant competitive, regulatory, and technological threats to EFG International's capital and earnings. The responsibilities also include managing, identifying, evaluating, reporting, and overseeing EFG International's risks externally and internally to ensure a functioning internal control system.

Head of Investment Solutions

The Head of Investment Solutions is responsible for EFG International's global investment activities covering all discretionary and advisory mandates, research and all funds managed by EFG International's Asset Management.

6.2 Information on the members of the Executive Committee

Provisions on the number of permitted external mandates in the Articles of Association

In accordance with the Art. 626 para. 2 point 1 CO (formerly Art. 12 para. 1 point 1 of the Ordinance), the number of permitted external mandates of the members of the Executive Committee are outlined in the Art. 37 of the Articles of Association[1]. The members of the Executive Committee may upon approval by the Board of Directors or the Remuneration & Nomination Committee each have up to three external mandates of which a maximum of one may be in a listed company. Additionally, a member of the Executive Committee may perform up to ten mandates in associations, charitable institutions as well as welfare and pension institutions.

Several mandates in legal entities under common control or under the control of the same beneficial owner are deemed one mandate.

External mandates and vested interests

Please refer to the information provided in the biographies of each member of the Executive Committee below, where the significant activities in governing, advisory and supervising bodies of important organisations, institutions and foundations are mentioned.

Biographies

The following biographies provide information on the mandates, memberships activities and functions of the members of the Executive Committee as required by the SIX Swiss Exchange Corporate Governance Directive (situation as at 31 December 2022).

[1] See www.efginternational.com/articlesofassociation

Piergiorgio Pradelli
Chief Executive Officer

Appointed as a member
June 2012
Year of birth and nationality
1967 I Italian

Professional history and education
Piergiorgio Pradelli was appointed CEO of EFG International and EFG Bank, effective as of 01 January 2018. He is also Chair of EFG International and EFG Bank Executive Committees, as well as of the EFG International Global Business Committee. He further holds several non-executive Board positions in other entities directly or indirectly controlled by EFG International.

Prior to his appointment as CEO, Mr Pradelli held the role of Deputy CEO and CFO at EFG International and EFG Bank since January 2014 and June 2012, respectively. Before joining EFG International, he was Head of International Operations at Eurobank Ergasias SA and a member of the Executive Committee, from 2006 until 2012. Prior to this, he served as Deputy Finance Director in London for EFG Bank European Financial Group SA, from 2003 to 2006, participating in major EFG Bank European Financial Group SA restructuring and strategic initiatives, notably the initial public offering of EFG International in 2005.

Mr Pradelli started his career at Deutsche Bank, working in a number of senior management positions including Head of Private & Business Banking in Italy and Head of Business Development for the Private Clients and Asset Management Group in Frankfurt and London from 1991 until 2003.

Mr Pradelli is a member of the Board of Directors of the Association of Swiss Asset and Wealth Management Banks (VAV/ABG), and of the Swiss American Chamber of Commerce in Zurich.

He holds a degree in economics and business administration from the University of Turin, Italy.

Vassiliki Dimitrakopoulou
Global Head of Legal & Compliance

Appointed as a member
November 2022
Year of birth and nationality
1968 I Greek

Professional history and education
Vassiliki Dimitrakopoulou is Global Head of Legal & Compliance of EFG International and EFG Bank and is a member of the respective Executive Committees since 01 November 2022. She is also a member of EFG International Global Business Committee and holds non-executive Board positions in other entities directly or indirectly controlled by EFG International.

Prior to serving as interim Global Head of Legal & Compliance from 01 April to 31 October 2022, she held the positions of Deputy Group General Counsel (Legal International) and Group Head of Regulatory Affairs.

Before joining EFG International in 2016, she served in various senior roles at EFG Group since 1992, including as Head of the International Legal Division and as Deputy Legal Counsel at Eurobank.

She holds a Law degree from the University of Athens and an LL.M in Banking Law from King’s College London. She is admitted to the Athens Bar.

Corporate Governance

Martin Freiermuth
Chief Operating Officer

Appointed as a member
August 2020
Year of birth and nationality
1970 I Swiss

Professional history and education
Martin Freiermuth is the Chief Operating Officer of EFG International and EFG Bank and is a member of the respective Executive Committees. He is also a member of EFG International Global Business Committee.

In his role, Mr Freiermuth oversees the entire Operations and IT functions, as well as Client Administration & General Services and is responsible for further improving EFG's operational efficiency as well as driving the bank's digitalisation efforts.

Prior to joining EFG, Mr Freiermuth was with Banque Internationale à Luxembourg, where he worked since 2014, first as Group Head Products & Solutions and since October 2018 as Group Head Products & Markets and member of the Executive Committee. He also served as member of the Boards of Directors for IWI International Wealth Insurer in Luxembourg between 2015 and 2016 and for the Luxembourg Stock Exchange between 2019 and 2020.

Before this, Martin Freiermuth worked at Bank Vontobel AG in Zurich for more than ten years from 2002 to 2013. He joined Vontobel as Head Credit & Counterparty Risk and later became a member of the Executive Committee Private Banking, first as Head Private Banking Services and later Head PB Wealth Management Services.

He holds a PhD in economics from the University of St Gallen as well as a European Master Diploma of the Community of European Management Schools (CEMS).

Dimitris Politis
Chief Financial Officer & Deputy CEO

Appointed as a member
January 2018
Year of birth and nationality
1971 I Greek

Professional history and education
Dimitris Politis is the Chief Financial Officer of EFG International and EFG Bank and he is a member of the respective Executive Committees. Effective 01 March 2022 Mr Politis has been appointed Deputy CEO. He is also a member of EFG International Global Business Committee and holds several non-executive positions in other entities directly or indirectly controlled by EFG International.

As Chief Financial Officer, Mr Politis' responsibilities encompass Financial Reporting, Financial Planning & Controlling, Litigations, Investor Relations, and Group Corporate Office functions. In addition, he oversees the activities of Global Markets & Treasury.

Prior to joining EFG, he held the role of Chief Financial Officer at SETE SA (Geneva) and was also responsible for the oversight of strategic investments in the organisation's corporate entities, including EFG International. Mr Politis has been with the EFG Group since 1999, when he first joined EFG Eurobank Ergasias SA, where he was a member of the senior management team and involved in key strategic decisions and initiatives.

Before joining SETE SA in 2013, he last held the role of General Manager, Head of Strategy, and Investor Relations.

Mr Politis started his career in 1995 at the Charles River Associates management consulting firm in Boston, MA (USA).

He holds an MBA degree from INSEAD in France, as well as a Master's degree in Science from the Massachusetts Institute of Technology in Boston (Technology & Policy Program) and a Bachelor's degree in Aeronautical Engineering from Imperial College in London.

Enrico Piotto
Chief Risk Officer

Appointed as a member
June 2021
Year of birth and nationality
1972 I Italian and Swiss

Professional history and education
Enrico Piotto is Chief Risk Officer of EFG International and EFG Bank and a member of the respective Executive Committees. He is also a member of EFG International Global Business Committee and holds some non-executive Board positions in entities directly or indirectly controlled by EFG International.

Before joining EFG, he has served as Head of Lending for Wealth Management Europe at Deutsche Bank since 2018. From 2003 to 2018, Enrico Piotto held various senior roles at UBS AG, including Chief Risk Officer for Wealth Management Europe, Emerging Markets and Global Head of Wealth Management Transaction Decisions.

He holds a PhD in Nuclear Physics from the University of Milan and an M.A. in Physics from the University of Padua.

Harald Reczek
Head of Investment Solutions

Appointed as a member
May 2021
Year of birth and nationality
1969 I Austrian

Professional history and education
Harald Reczek is Head of Investment Solutions of EFG International and EFG Bank and is a member of the respective Executive Committees[1]. He is also a member of EFG International Global Business Committee and holds several non-executive Board positions in entities directly or indirectly controlled by EFG International.

Harald Reczek joined EFG in 2020 as Deputy Head of Investment Solutions and Global Head of Distribution.

Before joining EFG, he served as Head of Distribution EMEA and later as Deputy Head Asset Management for Switzerland and the EMEA region at Credit Suisse. Prior to that, he was Co-CEO at Deutsche Asset Management Switzerland from 2013 to 2015 and before served as CEO and Country Head Switzerland, Italy, Austria & CEE at DWS Schweiz since 2006.

He holds a Master of Business Administration in International Economics and Business Studies from the Leopold-Franzens University of Innsbruck.

[1] He stepped down effective as at 01 February 2023.

6.3 Changes to the Executive Committee in 2022

Yves Aeschlimann
Yves Aeschlimann was the Group Head of Legal & Compliance of EFG International and EFG Bank and a member of the respective Executive Committees from 01 March 2019 until 01 April 2022 when he stepped down.

Prior to joining EFG International, Mr Aeschlimann served as Group Head of Legal & Compliance and a member of the Executive Committee at Edmond de Rothschild (Suisse) SA from 2013 to 2019. Prior to that, he worked as a Senior Financial Sector Specialist in Financial Market Integrity for the World Bank in Washington DC and spent eight years at the Geneva Criminal Justice Department as Investigating Magistrate from 2001 to 2009.

Mr Aeschlimann is a registered barrister and adjunct Professor of Law at the Case Law University in Cleveland, Ohio.

He holds a Master of Law from the University of Geneva, where he also worked as a research assistant for three years.

6.4 Global Business Committee (GBC)

6.4.1 Composition, organisation, and functional responsibilities

In 2018, EFG International's Executive Committee established the Global Business Committee (GBC), with an advisory role in assessing and validating business strategies, key business aspects and priorities as well as in analysing industry trends and issues.

The Global Business Committee consists of the members of EFG International's Executive Committee and of the regional Heads and selected senior managers. As at 31 December 2022, the Global Business Committee comprised the following members in addition to the members of the Executive Committee (see section 6.1):

Members*	Function	Member of the Committee since
Ioanna Archimandriti	Global Head of HR	November 2022
Albert Chiu	Head of Asia Pacific Region	July 2018
Sir Anthony Cooke-Yarborough	Private Banking Chair	July 2018
Kurt Haueter	Head of Global Markets & Treasury	January 2020
Sanjin Mohorovic	Head of Latin America Region	July 2021
Franco Polloni	Head of Switzerland & Italy Region	July 2018
Patrick Ramsey	Head of Continental Europe & Middle East Region	January 2021
Richard A Thomas MBE	Head of UK Region	January 2019

* The biographies of the members of the Global Business Committee are available on the EFG International website https://www.efginternational.com/About/Organisation/Global-Business-Committee.html

The titles and brief functional descriptions for the members of the Global Business Committee are set forth as follows:

Global Head of HR

Ioanna Archimandriti
Year of birth and nationality
1969 I Greek

The Global Head of HR assumes business responsibility for all HR functions, human capital management and the development and implementation of people and HR strategies for EFG International worldwide.

Head of Asia Pacific Region

Albert Chiu
Year of birth and nationality
1965 I Hong Kong

The Head of Asia Pacific Region assumes regional business responsibility for the private banking activities of EFG International in the Asia Pacific region.

Corporate Governance

Private Banking Chair

Sir Anthony Cooke-Yarborough
Year of birth and nationality
1956 I British

The Private Banking Chair works with Regional Business Heads and their Heads of Private Banking to generate profitable and sustainable growth globally. This includes leading key client initiatives and supporting commercial activities, as well as recruitment and development of Client Relationship Officers. He is also responsible for the global functions of Wealth Planning and Wealth Solutions.

Head of UK Region

Richard A Thomas MBE
Year of birth and nationality
1967 I British

The Head of the United Kingdom Region assumes regional business responsibility for the private banking activities of EFG International in the United Kingdom and the Channel Islands.

Head of Global Markets & Treasury

Kurt Haueter
Year of birth and nationality
1972 I Swiss

The Head of the Global Markets & Treasury assumes business responsibility for trading and execution in all asset classes on the financial markets as well as treasury and balance sheet management for EFG International worldwide.

Head of Latin America Region

Sanjin Mohorovic
Year of birth and nationality
1976 I Swiss and Croatian

The Head of Latin America Region assumes regional business responsibility for the private banking activities of EFG International in the Americas, consisting mostly of Latin American clients.

Head of Switzerland & Italy Region

Franco Polloni
Year of birth and nationality
1965 I Swiss

The Head of Switzerland & Italy Region assumes regional business responsibility for the private banking and independent asset managers activities in Switzerland. He is also responsible for the private banking business in Italy and Liechtenstein.

Head of Continental Europe & Middle East Region

Patrick Ramsey
Year of birth and nationality
1969 I Swiss

The Head of Continental Europe & Middle East Region assumes regional business responsibility for the private banking activities of EFG International in Continental Europe as well as in the Middle East and the Eastern Mediterranean target markets.

7. Delineation of areas of responsibility between the Board and the Executive Committee

As indicated in section 4.4 above, the Board of Directors of EFG International is ultimately responsible for supervision of the management of EFG International. The Board of Directors sets the strategic direction of EFG International and monitors its implementation. Details of the powers and responsibilities of the Board of Directors can be found in the Organisational and Management Regulations[1].

The Board of Directors has delegated the operational management of EFG International to the Chief Executive Officer and the Executive Committee. Members of the Executive Committee, under the responsibility of the Chief Executive Officer and the control of the Board of Directors, manage the operations of EFG International, pursuant to applicable internal regulations and report thereon to the Board of Directors on a regular basis.

EFG International Executive Committee

The Executive Committee is responsible for the implementation of EFG International's overall strategy, within the respective parameters established by the Board of Directors, and is accountable for all operational and organisational matters as well as for the operating results. The Executive Committee is responsible for the day-to-day activities of the Group. Consistent with strategy set by the Board of Directors, the Executive Committee is responsible for implementing business strategies, risk management systems, risk culture, processes, and controls for managing the risks – both financial and non-financial – to which EFG International is exposed and concerning which it is responsible for complying with laws, regulations, and internal policies.

Details of the powers and responsibilities of the Executive Committee can be found in the Organisational and Management Regulations[1].

Organisational details of the Executive Committee can be found in section 6.

Information and control instruments vis-à-vis the Executive Committee

The Board of Directors supervises the management of EFG International through various meetings with management, including meetings of the Board of Directors and its committees. The Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, and the Head of Investment Solutions (and other members of the Executive Committee depending on the topics under review) attend the Board of Directors meetings during the year and are available to answer questions from the Board of Directors. The Chief Executive Officer provides a written report to the Board of Directors at each ordinary meeting summarising developments in the business. The Chief Executive Officer is also readily available to answer questions from the Board of Directors.

In addition, the Chief Financial Officer reports on the financial results and the Head of Investment Solutions and the Chief Operating Officer on their respective areas to the Board of Directors at each ordinary meeting. Additional reporting to the Board of Directors includes financial and risk reporting, business reporting, business proposals, approvals, staff matters, credit approvals, reports from the various Board-delegated committees, a report on claims and litigations and any other business matters. Members of the management responsible for the finance and accounting functions, including the Chief Financial Officer, attend the Audit Committee meetings and are available to answer questions from the committee relating to the financial statements.

The Global Head of Legal & Compliance attends the Risk Committee meetings and is available to answer questions relating to compliance issues.

The Chief Risk Officer provides oversight of all major areas of risk within EFG International. He also provides an update on the overall key risk aspects of EFG International at each regular meeting of the Risk Committee and provides an annual written risk assessment to the Audit Committee. Please also see the information about risk management in note 5 to the consolidated financial statement.

Internal Audit

Internal audit services are provided to EFG International by the Audit Services Department (ASD) which is governed

[1] See www.efginternational.com/internalregulations

by an internal audit charter duly approved by the Audit Committee. In accordance with the Organisational and Management Regulations[1] and the Internal Audit Charter, the mission of the internal audit is to support the Board of Directors in their statutory responsibility for ensuring that the operations of EFG International are conducted according to the highest standards by providing an independent, objective assurance function and by advising on best practice. ASD provides copies of all internal audit reports to the external auditors and maintains a dialogue with the external auditors to share risk issues arising from their respective audits. Through a systematic and disciplined approach, the internal audit supports EFG International in accomplishing its objectives by evaluating the effectiveness of risk management, control and governance processes and making recommendations for improvement. To ensure independence, the internal audit reports directly to the Audit Committee, which reports on its activities to the Board of Directors. The Chief Internal Auditor has, for the purpose of performing his duties, the right of unlimited access to all information, premises, resources, and people necessary for the performance of internal audits.

8. Other information

8.1 Management contracts

EFG International and its subsidiaries have not entered management contracts with third parties.

8.2 Compensation, shareholdings, and loans of the members of the Board of Directors and the Executive Committee

In application of Art. 716a para. 1 point 8 and Art. 734 et seq. CO (previously Art. 5 and Art. 13 of the Ordinance), the Board of Directors issued a compensation report for the year ended 31 December 2022 (see page 67 and following). The compensation report includes all compensation directly or indirectly paid to current members of the Board of Directors and of the Executive Committee, as well as any direct or indirect remuneration to former members of the Board of Directors and of the Executive Committee in connection with their prior functions. The compensation report also discloses the loans and credits granted directly or indirectly by the Company to the members of the Board of Directors and the Executive Committee as well as loans, credits, and remuneration to closely related parties thereof, which are not granted at market conditions.

Details about the remuneration framework for members of the Board of Directors and the compensation framework for Executive Committee members can be found in the compensation report in sections 4 and 5 of this Annual Report.

In addition to the aforementioned, further details on the compensation and compensation-related elements granted to the members of the Board of Directors and of the Executive Committee can be found in the following provisions of the Articles of Association[2].
- Art. 17 and Art. 18 of the Articles of Association defining the mechanism for the approval of the compensation of the Board of Directors and the Executive Committee by the General Meeting of shareholders
- Art. 30 of the Articles of Association describing the authorities and the procedure of determining the form and amount of compensation for members of the Board of Directors and the Executive Committee
- Art. 32 and Art. 33 of the Articles of Association determining the basic principles and elements of the compensation for members of the Board of Directors and the Executive Committee
- Art. 34 of the Articles of Association determining the available additional amount for payments to members of the Executive Committee appointed after the vote on pay at the General Meeting of shareholders
- Art. 35 of the Articles of Association on the principles applicable to performance-related variable compensation and to the allocation of equity securities or Restricted Stock Units as part of the Company's shareholding programmes for members of the Executive Committee
- Art. 35a of the Articles of Association on the principles applicable to variable compensation for members of the Board of Directors
- Art. 36 of the Articles of Association containing the rules on pension benefits not based on occupational pension schemes

[1] See www.efginternational.com/internalregulations

[2] See www.efginternational.com/articlesofassociation

- Art. 36a of the Articles of Association describes the principles for granting loans and credits to the members of the Board and the Executive Committee

Details about the compensation paid to the members of the Board of Directors and the Executive Committee in 2022 and 2021 can be found on pages 79 and following of the compensation report.

Details about the shareholdings of the members of the Board of Directors and the Executive Committee, can be found on section 7.5 and section 8.3 of the compensation report or in the financial statements of EFG International, note 21.

8.3 Quiet periods (Blackout Periods)

All employees and members of the Board of Directors as well as their immediate family members are prohibited from entering into personal investment transactions in EFG International securities as well as exercising Restricted Stock Units or options or, as the case may be, other benefits or instruments from 01 December (with respect to the annual results) and 15 June (with respect to the semi-annual results) each year until 24 hours after the day of the announcement or publication of the annual or semi-annual results of EFG International. This prohibition is extended to the board members of the (direct and indirect) parent companies of EFG International and any other person to the extent that they are identified as likely to receive insider information in relation to the annual or semi-annual results of EFG International.

In addition, the functions in charge of the preparation of the financial information (annual and semi-annual results as well as related management information) and the members of the Executive Committee and Global Business Committee are prohibited from entering into personal investment transactions in EFG International securities as well as exercising Restricted Stock Units or options or, as the case may be, other benefits or instruments from 15 November (with respect to the annual results) and 01 June each year (with respect to the semi-annual results) until 24 hours after the day of the announcement or publication of the annual or semi-annual results of EFG International.

Extraordinary blackout periods may be imposed if EFG International becomes aware of significant developments that have not yet been disclosed to the public.

9. Change of control and defence measures

9.1 Duty to make an offer

EFG International has not taken any defence measures against takeover attempts. Therefore, there are no statutory rules on ‘opting up’ and ‘opting out’. The Articles of Association contain no provision which would rule out the obligation of an acquirer of shares exceeding the threshold of 33.33% of the voting rights to proceed with a public purchase offer (opting-out provision pursuant to Art. 125 FMIA) or which would increase such threshold to 49% of the voting rights (opting-up provision pursuant to Art. 135 para. 1 FMIA).

9.2 Clauses on change of control

Options and Restricted Stock Units granted to employees would become exercisable during the extended offer period granted by the offeror upon a mandatory or a voluntary tender offer that becomes unconditional according to the FMIA. In the event that more than 90% of EFG International registered shares are acquired by a company listed on a recognised stock exchange, options or Restricted Stock Units become exercisable or the outstanding options can be exchanged prior to the start of the exercise period by replacing the options or Restricted Stock Units with options to acquire shares of the successor company (Successor Options) on terms and conditions which will result in such Successor Options being in all other material aspects identical to those that apply to options or Restricted Stock Units.

10. Auditors

10.1 Duration of mandate and term of office of Head Auditor

PricewaterhouseCoopers SA (PwC), Geneva, were appointed as statutory auditors and group auditors of EFG International on 08 September 2005, when EFG International was incorporated. The shareholders must confirm the appointment of the auditors on an annual basis at the General Meeting.

Mr Alex Astolfi became lead audit partner on 29 April 2022.

10.2 Auditing fees

During the 2022 financial year, external auditors received fees totalling CHF 4.656 million for the audits of EFG International and its subsidiaries.

10.3 Additional fees

For additional audit-related services covering topics such as accounting, controls reporting as well as compliance, external auditors received fees totalling CHF 0.919 million during the 2022 financial year from EFG International.

For additional consulting-related services comprising legal, IT, tax, and other project-related counselling, EFG International Group paid external auditors fees totalling CHF 0.471 million during the 2022 financial year.

10.4 Supervisory and control instruments vis-à-vis the auditors

The Audit Committee, on behalf of the Board of Directors, monitors the qualification, performance and remuneration of the statutory external auditors ('Auditors') in order to satisfy itself as to their independence. Among others, the Audit Committee confers with EFG International's Auditors about the effectiveness of the internal control system in view of the risk profile of the EFG International.

The Auditors report annually to the Audit Committee the recurring and non-recurring fees they receive for professional services provided throughout the EFG International Group. On a quarterly basis, the Auditors report to the Audit Committee the approved mandates throughout the EFG International Group for conducting permissible non-audit/non-recurring services and how these compare to the approved fees for audit/recurring services. Additionally, the Auditors assure the Audit Committee on an annual basis as to whether they comply with the rules of the EFG International Group's External Auditor Independence Policy and their internal rules regarding auditor independence.

The Auditors report to the Audit Committee on areas where critical accounting estimates/judgements are made by management, on alternative treatments of financial information discussed with management, corrected and uncorrected misstatements, and other significant written communication between the Auditors and management.

The Audit Committee meets regularly with the lead audit partners, at least four times per year. In addition, the Chair of the Audit Committee discusses with the lead audit partners the audit work performed, their main conclusions and potential important issues that arose during the audit.

The Chair of the Audit Committee briefs the Board of Directors about the Audit Committee's contacts and discussions with the Auditors.

The Auditors have direct access to the Audit Committee at all times.

11. Information policy

EFG International regularly informs its shareholders and the public by means of Annual and Half-Year Reports, compensation reports, Pillar III disclosures as well as media releases and presentations as needed. The documents are available, in electronic form at:
www.efginternational.com/financial-reporting
www.efginternational.com/investors
www.efginternational.com/press-releases
as well as in printed form upon request.

Interested parties can subscribe to the e-mail distribution service to receive free and timely notifications of potentially price-sensitive facts and media releases:
www.efginternational.com/newsalert

These releases are also published on the EFG International website at the same time as they are sent to the subscribers, and are available online for several years at:
www.efginternational.com/press-releases

Additional corporate information, such as documents related to General Meetings, Articles of Association and Organisational and Management Regulations, can be found at:
www.efginternational.com/agm
www.efginternational.com/articlesofassociation
www.efginternational.com/internalregulations

Financial calendar dates
Important dates:
21 April 2023: Annual General Meeting, Zurich
25 April 2023: Ex-dividend date
26 April 2023: Record date
27 April 2023: Dividend payment date
26 July 2023: Publication of half-year results 2023

The financial calendar of upcoming events relevant to shareholders, analysts, the media, and other interested parties can be found on our investor relations website at: *www.efginternational.com/investors*

The Company's notices are published in the 'Swiss Official Gazette of Commerce' (SOGC).

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Compensation report

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Compensation report

The Company's compensation is governed by the Ordinance against Excessive Compensation in Listed Companies (the Ordinance), the Articles of Association (AoA) and the Company's Organisational and Management Regulations (O&MR). All internal regulations mentioned in this report are available on our website www.efginternational.com.

1. Total remuneration approach

1.1 Total remuneration principles

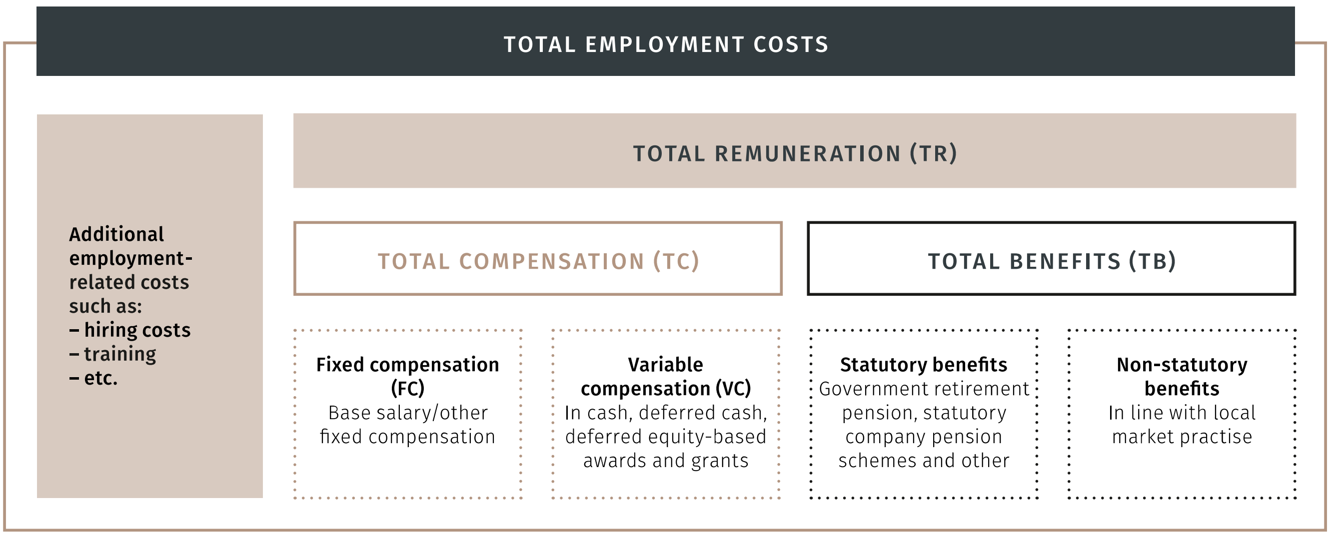
EFG International Group uses a total remuneration approach which includes fixed and variable remuneration as well as statutory and non-statutory benefits. Furthermore, the following principles govern this approach:
– Total remuneration must support the development and implementation of business plans; it must be funded out of business results, and includes a substantial risk-adjusted variable component for profit generators.
– EFG International Group is known for its distinctive Client Relationship Officer (CRO) remuneration model and this shall remain a core part of how the bank operates.
– Total remuneration supports meritocracy; remuneration follows function and not hierarchy and is based on factual assessments of individual contributions to the short- and longer-term sustainable success of EFG International Group.
– In calibrating total remuneration levels, market competitiveness within specific functions or business units takes priority over internal comparability across functions or business units.

2. 2022 AGM approved variable compensation 2021 and fixed compensation 2022

At the 2022 AGM, shareholders approved the aggregate maximum fixed compensation of the Board of Directors of CHF 3.745 million for the term of office from the 2022 AGM to the closure of the 2023 AGM. This amount was increased to CHF 4.145 million at the Extraordinary General Meeting 06 October 2022. This includes fixed compensation, social charges and pension scheme contributions.

At the 2022 AGM, shareholders approved a maximum aggregate fixed compensation amount of CHF 8 million for the members of the Executive Committee for the business year 2022. This includes fixed compensation, social charges and pension scheme contributions.

In addition, the shareholders approved an aggregate maximum variable compensation amount of CHF 7.745 million for the members of the Executive Committee based on the performance in the business year 2021.



2022 Annual General Meeting approved compensation	Amount (CHF)
Fixed compensation Board of Directors to be paid and awarded for the term of office from the 2022 Annual General Meeting to the 2023 Annual General Meeting	**4,145,000***
Fixed compensation Executive Committee to be paid and awarded in the business year 2022	**8,000,000**
Variable compensation Executive Committee to be paid and awarded in 2022 based on the performance in the business year 2021	**7,745,000**

* Amount increased from CHF 3,745,000 at the Extraordinary General Meeting on 06 October 2022

3. Performance awards

EFG International Group distinguishes between performance awards for non-CROs, CROs and US Financial Advisors.

3.1 Performance award bonus pool for non-CROs

Our performance award bonus pool funding framework for non-CROs is based on EFG International Group and business unit performance, including achievements against a set of performance targets. In addition, we take into consideration the Company's risk profile and culture and the extent to which operational risks and audit issues have been identified and resolved.

The funding of the non-CRO performance award bonus pool is an ongoing process throughout the year. The size of the pool is dependent on the current year financial performance of the EFG International Group, for which purpose profit sustainability and risk adjustments are considered via the concept of economic profit.

The allocation of the performance award bonus pool is linked to relative regional business performance and reflects headcount and employee location. For all non-CROs in the business as well as for global function, support function and control function, quantitative and qualitative assessments covering risk management, conduct adherence to EFG's corporate values are considered.

The performance award bonus pool for non-CROs is reviewed by the CEO and presented to the Remuneration & Nomination Committee, which may apply a positive or negative discretionary adjustment to the performance bonus award pool, including recommending a zero award before its final recommendation to the Board of Directors.

3.1.1 Adjustment for qualitative performance – Business Development

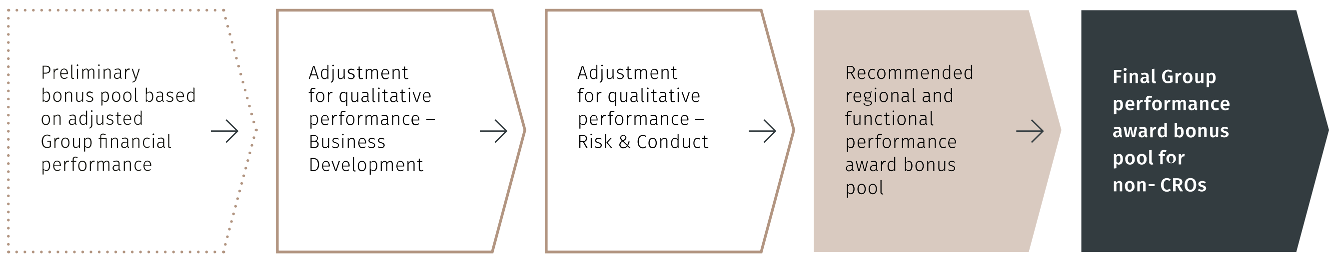
Business development adjustments result from relative performance versus peers.

3.1.2 Adjustment for qualitative performance – Risk & Conduct

Assessment with respect to regulatory compliance and risk (such as legal, compliance, reputational and operational risk) as well as alignment with the Company's values.

3.1.3 Recommended regional and functional performance award bonus pool

The performance award bonus pool determination process is based on quantitative and qualitative assessments and results in a recommendation from the Group CEO to the Remuneration & Nomination Committee.



3.1.4 Final Group performance award bonus pool for non-CROs

The Remuneration & Nomination Committee considers the recommendation with respect to the factors outlined above and verifies it is in line with EFG International Group's strategy and its Total Remuneration Principles to create sustainable shareholder value and support the growth of the Group. The Committee may alter the recommendation of the Group CEO (upward or downward, including recommending a bonus pool of nil), before making its final recommendation to the Board of Directors.

3.2 Performance award approach for Client Relationship Officers (CROs)

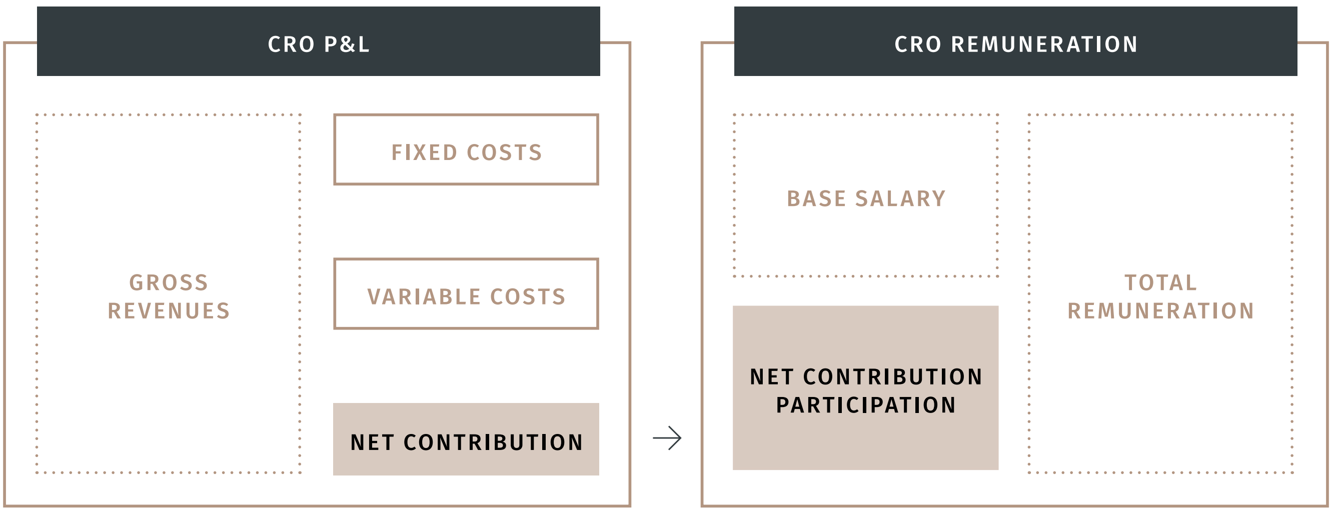
EFG International generally only hires experienced bankers for the role of CROs who bring with them previous business development experience in this area.

The Group is known for its distinctive CRO remuneration approach which rewards CROs based on net contribution, taking into account the Group's risk management framework, individual conduct in line with EFG International's corporate values besides growth potential. The CROs are required to provide top quality service and advice to clients. The CROs are made stakeholders in the business in line with EFG International's entrepreneurial approach within the strict boundaries of EFG International Group's risk management framework and guidelines. CROs have the possibility to build their own team (Client Service Officers and Junior CROs) and benefit from EFG's open architecture approach.

The performance award approach for CROs therefore includes all revenues and related costs attributable to them. Bona fide operational errors leading to losses are debited from their net contribution. Losses arising from operational errors, serious mistakes, or non-compliance with internal or external regulations or applicable laws, as well as violation of the EFG International Group's values directly reduce performance awards in line with the CRO risk score card and the yearly conduct assessment.

3.3 Compensation approach for US Financial Advisors

In line with US market practice, the compensation of Financial Advisors consists of revenue and product focused pay-out and is delivered monthly. Part of Financial Advisors' compensation is deferred over three years and may be reduced in case of unfavourable risk and conduct assessments. The Financial Advisor CRO model does not envisage payment of a fixed base salary and therefore is a 100% variable compensation approach.



4. Remuneration framework for members of the Board of Directors

The Board of Directors is responsible for the remuneration strategy and approves such remuneration, as recommended by the Remuneration & Nomination Committee, following the principles set forth in the Articles of Association (AoA).

As determined in the AoA, EFG International's Organisational and Management Regulation and the Terms of Reference of the Remuneration & Nomination Committee, the Remuneration & Nomination Committee has the following key responsibilities, in the name and on behalf of the Board of Directors:

– **With regard to remuneration:**
  To determine the remuneration strategy of EFG International and its subsidiaries.
  To ensure that decisions made by the Board of Directors in respect of remuneration (in particular general salary increases and bonuses) are complied with and to approve the remuneration.
  To make recommendations to the Board with regards to the remuneration of the members of the Board of Directors and Executive Committee within the limits set by the General Meeting of Shareholders.
  To approve the remuneration of senior executives of the Company and its subsidiaries, including management incentive plans, in particular plans using equity.
  To ensure that the policy regarding bonuses and other variable compensation elements of employee remuneration is not in conflict with client interests.
  Finally, it ensures together with the Risk Committee that the remuneration framework is in line with the Group's risk management framework and encourages risk awareness across the organisation.
– **With regard to nomination of Board members:**
  To propose the composition, size and skills of the Board of Directors to adequately discharge their responsibilities and duties; the plans for the succession of the members of the Board of Directors; the selection criteria and processes for the identification and submission to the Board of Directors of suitable candidates to become members of the Board of Directors for election by the General Meeting of Shareholders; and the external directorships and other positions held by any person being considered for the appointment to the Board of Directors or any new appointment for existing members of the Board of Directors (Article 2.10.a of the Organisational and Management Regulations).

EFG International's Remuneration & Nomination Committee consists of four Board of Directors members, who are elected annually by the shareholders at the Annual General Meeting (AGM).

Among the responsibilities described above, the Remuneration & Nomination Committee, on behalf of the Board of Directors, annually:

– Reviews and approves EFG International's remuneration policies and processes
– Reviews the performance award bonus determination and proposes the final performance award bonus pool to the Board of Directors for approval
– Reviews and approves the remuneration of Heads of Control Functions jointly with the Risk or Audit Committee
– Establishes performance targets, evaluates performance and proposes the compensation for EFG International's CEO to the Board of Directors
– Together with EFG International's CEO, reviews performance targets and performance assessments and proposes base salaries and annual performance award for the other members of the Executive Committee
– Proposes the compensation approach for the Board of Directors for approval by the Board of Directors
– Together with the Board of Directors, proposes the maximum aggregate amounts of compensation for the Board of Directors and for the Executive Committee for submission for approval by the AGM

EFG International Group's Remuneration & Nomination Committee currently comprises the following members of the Board of Directors who were individually elected by the General Meeting 2022 for a term of office of one year.

– Freiherr Bernd-A. von Maltzan (Chair since 01 November 2022)
– Emmanuel L. Bussetil
– Steven M. Jacobs
– Périclès Petalas

On 21 July 2022 it was announced that Peter A. Fanconi, who was also elected by the General Meeting 2022, has decided to step down as Chair and member of the Board of Directors and Chair and member of the Remuneration & Nomination Committee of EFG International and EFG Bank, effective 31 October 2022.

The Remuneration & Nomination Committee meets at least once a year. In 2022, the Remuneration & Nomination Committee held ten meetings with an average participation rate of 98%.

The minutes of the Remuneration & Nomination Committee meetings are sent to all Board of Directors members.

Compensation report

EFG International Group's Remuneration & Nomination Committee reviews annually and recommends to the Board of Directors the form and amount of the compensation of the members of the Board of Directors and any additional compensation to be paid for service as Chairman, for service on committees of the Board of Directors and for service as a chairman of a committee (article 30 paragraph 2 of the Articles of Association).

In line with article 32 of the Articles of Association of EFG International Group, the compensation of the members of the Board of Directors consists of a fixed base fee paid in cash and/or awarded in deferred equity or equity linked instruments with multi-year vesting period. The compensation of the members of the Board of Directors is intended to recognise the responsibility and governance nature of their role, to attract and retain qualified individuals and to ensure alignment with shareholders' interests.

4.1. 2022 compensation framework for Board of Directors members

Those members of the Board of Directors which receive compensation, receive a fixed base board fee and a fee for serving on each of the Board Committees. Remuneration for chairmanship of a board-delegated committee is higher than for a simple membership, considering the greater responsibility and time required to perform the respective chairing role. Fixed base board fees are delivered in cash and/or deferred equity instruments – RSUs (restricted stock units) until 2021 and shares/RSUs since 2022– which vest over three years.

Members of the Board of Directors have the right to waive their fees. Members of the Board of Directors are not eligible for performance awards and meeting attendance fees. Board of Directors members may not receive severance payments in any form.

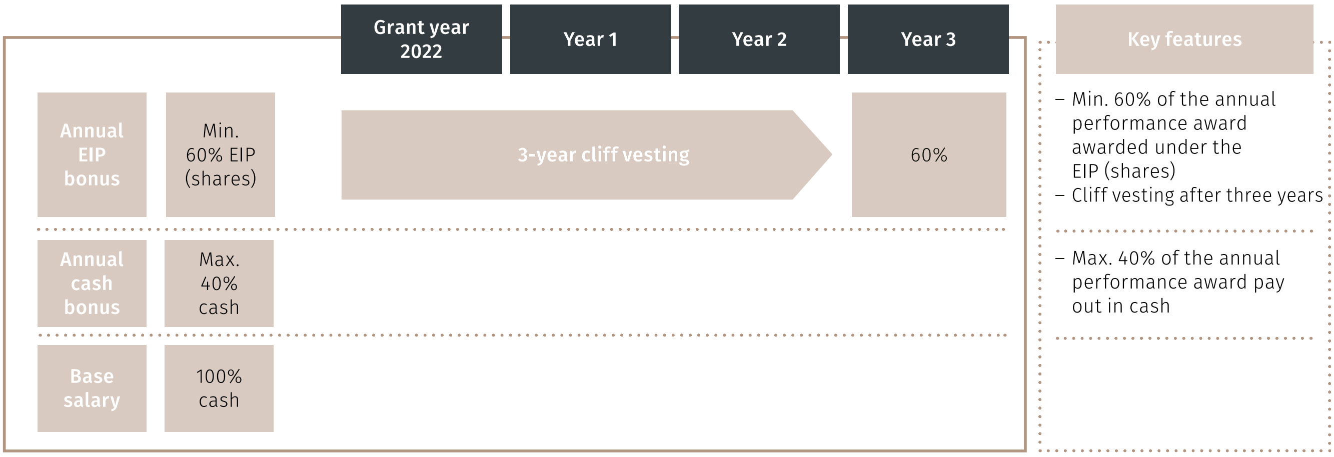
(i) Compensation governance

	Compensation proposal by	Approval body
Chair of the Board of Directors	Remuneration & Nomination Committee	Remuneration & Nomination Committee as delegate of the Board of Directors[1]
Board of Directors members	Remuneration & Nomination Committee	Remuneration & Nomination Committee as delegate of the Board of Directors[1]
Group CEO	Chair of the Board of Directors and Remuneration & Nomination Committee	Remuneration & Nomination Committee as delegate of the Board of Directors[1]
Other Executive Committee members	Group CEO and Remuneration & Nomination Committee	Remuneration & Nomination Committee as delegate of the Board of Directors[1]

1 Aggregate compensation for the Executive Committee and aggregate remuneration for the Board of Directors are subject to shareholder approval.

5. Compensation framework for Executive Committee members

The overview below illustrates the compensation elements, pay mix and features for Executive Committee members.



5.1. 2022 compensation framework for Executive Committee members

Executive Committee members' base salary is reviewed annually by EFG International's Remuneration & Nomination Committee. The CEO's annual base salary for 2022 was CHF 1.58 million and has remained unchanged since his appointment in 2018.

Each year, the AGM approves separately the proposals of the Board of Directors on the aggregate maximum amounts of the fixed base salary paid in cash of the Executive Committee members for the following year plus a reserve for new hires and promotions. *Refer to Articles of Association article 18 and 33.*

With respect to awarded variable compensation for the business performance of one year, a maximum of 40% is paid in the form of cash and at least 60% is deferred until the end of year three in the form of shares.

5.2. Executive Committee employment contracts and severance terms

Performance award caps	• Cap of 40% of performance award in cash
Delivery and deferrals	• At least 60% of annual performance awards are at risk of forfeiture for three years • Alignment with shareholders through EIP
Contract terms	• No severance payments • Six-month notice period
Other safeguards	• NA

The employment contracts of our Executive Committee members are subject to a six-month notice period. Neither severance payments nor supplemental pension scheme contributions are part of these employment contracts. For Executive Committee members leaving EFG International Group during the performance year, a performance bonus award may be considered to receive such an award as part of the non-CRO performance award pool and is subject to Board of Directors and shareholder approval at the respective AGM.

5.3. Benchmarking for the Group CEO and other Executive Committee members

EFG International Group regularly benchmarks the total compensation of its Executive Committee functions and its CEO to its peer group. For 2021 and 2022, benchmarking with McLagan consisted of the following peer group:

Julius Baer	LGT Bank
Lombard Odier	Pictet
UBP	Vontobel

This list of competitors is extended by regional competitors for benchmarking other functions in the different regional businesses.

6. Remuneration framework for employees other than Executive Committee members

6.1. Remuneration elements for all employees

6.1.1. Total remuneration

EFG International Group's approach to compensation focuses on total remuneration, consisting of total compensation as well as total benefits. The Remuneration & Nomination Committee regularly reviews the EFG International's remuneration principles and framework to ensure EFG International Group remains competitive and aligned with stakeholders' interest.

Fixed compensation development, e.g. base salaries, follows relevant labour markets in line with type of business and function to ensure we offer our employees competitive base salaries. Therefore, salary increases are a direct result of functional promotions, performance, conduct, overall responsibility and skill set.

In principle, employees of EFG International Group are eligible for an annual performance award, depending on the performance of EFG International Group, the employee's organisational unit, individual performance and conduct assessment. Performance awards may be reduced for conduct and risk in case of adverse assessment.

6.1.2. Total benefits

Besides the statutory benefits, EFG International Group offers all employees retirement benefits and health insurance, where such is local market practice. Benefits and contributions vary and follow local market practice.

6.2. EFG International Group's deferred compensation plans

6.2.1. Equity incentive plan (EIP)

To align employees' objectives with the company's long-term sustainable goals, risk framework and culture, we defer delivery of part of the annual performance awards. Deferred compensation is mainly provided via our equity-based instrument RSUs (restricted stock units)/shares in the form of our equity incentive plan (EIP) and to a lesser extent via deferred cash. EFG International Group uses a deferral regime of up to three years.

For Executive Committee members, Senior Managers with global responsibility and major risk takers (MRT) as defined by local regulators, a three-year cliff vesting deferral regime is in place.

6.2.2. Long term incentive plan introduction in 2023

The Board of Directors further intends to implement a long term incentive plan (LTIP) for EFG International's senior management. The LTIP shall be implemented to underline management's commitment to achieving EFG International's targets, to further align management's interests with shareholders' interests through increased stock based remuneration, and to align to market practice and FINMA guidelines for increased and longer deferrals of variable compensation, as well as to incentivise long lasting employment relationships.

The LTIP to be implemented shall be a plan covering a three years performance period starting in 2023 and rewarding senior management's achievement based on financial and business targets. In the base case scenario, 9,000,000 shares of EFG International will be awarded to senior management (including, subject to shareholders' approval, the Executive Committee) via restricted stock units (RSUs) and shares.

Subject to meeting minimum thresholds of all targets and depending on the performance achieved, the award will be within 55% to 150% of the base case allocation, corresponding to the percentage achievement of each target, and any reduction due to risk and conduct aspects.

Assuming all minimum targets will have been achieved, the award will be between 4,950,000 and 13,500,000 RSUs/shares.

The award will be distributed in two allocations over the three year cycle of the LTIP. 3,000,000 shares will be allocated via RSUs at the start of the LTIP in 2023. The balance will be allocated at the end of the LTIP in 2026 via RSUs/shares. For the members of the Executive Committee the currently envisaged full award (i.e. 150% of the allocation in the base case scenario) will be allocated at the start of the LTIP with special restrictions and rules regarding forfeiture, resulting in an equal treatment of, and equal incentive for, all participants to the LTIP.

The RSUs/shares granted shall, under normal circumstances, vest in three equal instalments in 2026, 2027 and 2028, and the vesting shall be further subject to certain conditions (most notably continuing employment).

6.3. Other variable compensation components

To support recruiting and retention at senior levels, EFG International Group may offer certain other compensation elements, such as:

- buy-out payments to compensate employees for deferred performance awards with their former employer, which were forfeited as a result of joining EFG International. We strictly follow a like-to-like approach in such cases with respect to deferral periods and instruments in which such awards were made as far as our employee incentive plans allows us
- retention awards made to employees to induce them to stay and support the implementation of critical projects, such as divestments or reorganisations. Such awards may be delivered partially in a deferred form
- on a limited basis, guarantees may be required to attract individuals with certain skills and experience – these incentives follow our standard equity-based deferral rules and are limited to the first year of employment
- award grants to employees hired in the second half of the business year to replace performance awards which they would have earned at their former employers but lose by joining EFG International. Such awards are delivered as part of the normal performance award time wise as well as using our standard equity-based deferral rules

Below Executive Committee level, severance payments may occur in line with regulatory requirements, local market practice and local social plans negotiated with our local social partners.

7. 2022 Board of Directors compensation

7.1. Chair of the Board compensation

The Chair's total compensation for the term from AGM to AGM is contractually fixed without any variable component. For the current period from the 2022 AGM to the 2023 AGM, the compensation of Peter A. Fanconi (Chair from 2022 AGM until 31 October 2022) amounted to CHF 1 million (annualised), excluding social charges, pension scheme contributions and benefits. The Chair's fixed compensation for the current period consisted of a cash payment of CHF 0.8 million and a deferred equity award of CHF 0.2 million in the form of shares which vest over three years.

The compensation of Alexander Classen (Chair since 01 November 2022) amounts to CHF 1.32 million (annualised from AGM to AGM), excluding social charges, pension scheme contributions and benefits. The Chair's fixed compensation consists of a cash payment of CHF 1.27 million and a deferred equity award of CHF 50,000 in the form of shares which vest over three years.

Compensation of the Chair of the Board of Directors (audited)

		Fixed compensation (1)		**Social charges (3)**	**Total**
		Cash	**Shares/RSUs**		
Name and function	**AGM to AGM (year)**	**CHF**	**CHF (2)**	**CHF**	**CHF**
Alexander Classen, Chair*	**2022 to 2023****	723,195	28,472	108,899	**860,566**
	2021 to 2022	0	0	0	
Peter A. Fanconi, Chair***	2022 to 2023****	400,000	100,000	85,436	585,436
	2021 to 2022	800,000	200,000	153,439	1,153,439

* Elected at the EGM on 06 October 2022 as member of the Board of Directors with immediate effect and as the Chair as from 01 November 2022.
** From 01 November 2022 until AGM 2023
*** Stepped down 31 October 2022
**** Until 31 October 2022

Notes:

1 Gross fixed compensation including the Chair of the Board of Directors' contribution for social charges
2 The amount represents the value of shares awarded in 2022. For specific valuation of the Employee equity incentive plan, refer to note 63 of the consolidated financial statements.
3 2022 to 2023: estimation; employer social charges of CHF 194,335 include an amount of CHF 78,978 of pension contributions. 2021 to 2022: employer social charges of CHF 153,439 include an amount of CHF 65,830 of pension contributions.

7.2. Remuneration details and additional information for Board of Directors members (audited)

Name and function	AGM to AGM (year)	*Fixed compensation (1)* Cash CHF	Shares/RSUs CHF (2)	Social charges (3) CHF	Total CHF
Susanne Brandenberger, member	2022 to 2023	205,000	50,000	65,678	**320,678**
	2021 to 2022	205,000	30,000	56,316	291,316
Emmanuel L. Bussetil, member (4)	2022 to 2023				**–**
	2021 to 2022				–
Boris Collardi*	2022 to 2023	113,889		22,692	**136,581**
	2021 to 2022				–
Mordehay I. Hayim**	2022 to 2023				–
	2021 to 2022	62,500		3,466	65,966
Roberto Isolani, member	2022 to 2023	141,667	50,000	46,146	**237,813**
	2021 to 2022	125,000	30,000	46,730	201,730
Steven M. Jacobs, member	2022 to 2023	150,000	50,000	40,122	**240,122**
	2021 to 2022	150,000	30,000	44,039	224,039
John S. Latsis, member (4)	2022 to 2023				**–**
	2021 to 2022				–
Carlo M. Lombardini, member	2022 to 2023	270,000	50,000	72,058	**392,058**
	2021 to 2022	270,000	30,000	60,638	360,638
Périclès Petalas, member (4)	2022 to 2023				**–**
	2021 to 2022				–
Stuart M. Robertson, member***	2022 to 2023	299,341	50,000	55,708	**405,049**
	2021 to 2022	305,637	30,000	51,827	387,464
Freiherr Bernd-A. von Maltzan, member****	2022 to 2023	326,325	50,000	14,620	**390,945**
	2021 to 2022	358,121	30,000	21,325	409,446
Yok Tak A. Yip, member*****	2022 to 2023	226,163	50,000	7,996	**284,159**
	2021 to 2022	221,678	30,000	7,615	259,293
Total	**2022 to 2023**	**1,732,385**	**350,000**	**325,020**	**2,407,405**
	2021 to 2022	**1,697,936**	**210,000**	**291,956**	**2,199,892**

* Elected at EGM 2022
** Stepped down 31 October 2021
*** Includes UK subsidiary Board of Directors' fees
**** Includes Luxembourg and Spain subsidiaries Board of Directors' fees
***** Includes additional fee for membership to the EFG Advisory Board for Asia

Notes:

1 Gross fixed compensation including board members' contributions for social charges
2 The amount represents the value of shares awarded in 2022. For specific valuation of the Employee equity incentive plan, refer to note 63 of the consolidated financial statements.
3 2022 to 2023: estimation; employer social charges of CHF 325,020 include an amount of CHF 141,154 of pension contributions. 2021 to 2022: employer social charges of CHF 291,956 include an amount of CHF 129,553 of pension contributions.
4 No compensation has been paid to this member of the Board of Directors.

7.3. Total payments to Board of Directors members (audited)

Board of Directors	AGM to AGM (year)	*Fixed compensation (1)* Cash CHF	Shares/RSUs CHF (2)	Social charges (3) CHF	Total (4) CHF
Total to all Board of Directors members	**2022 to 2023**	2,855,579	478,472	519,353	**3,853,404**
	2021 to 2022	2,497,936	410,000	445,395	3,353,331

Notes:

1 Gross fixed compensation including board members' contributions for social charges
2 The amount represents the value of shares awarded in 2022. For specific valuation of the Employee equity incentive plan, refer to note 63 of the consolidated financial statements.
3 2022 to 2023: estimation; employer social charges of CHF 519,353 include an amount of CHF 220,133 of pension contributions. 2021 to 2022: employer social charges of CHF 445,395 include an amount of CHF 188,052 of pension contributions.
4 At the EGM 2022, the shareholders have approved a maximum fixed compensation of CHF 4,145,000 for all members of the Board of Directors for their term of office from AGM 2022 to AGM 2023. The table above shows that the expected total fixed compensation paid to the members of the Board of Directors has not exceeded the amount approved by the shareholders.

7.4. Remuneration framework for Board of Directors members

	Amount AGM 2021 to AGM 2022		Amount AGM 2022 to AGM 2023		Pay mix	Delivery			
Function and fee	CHF	CHF	CHF	CHF	AGM to AGM	Grant year	Year 1	Year 2	Year 3
Members:									
Base amount	130,000	–	150,000		50,000 shares/RSUs 100,000 cash	100,000	16,666	16,666	16,668
Additional committee fees	**Member**	**Chair**	**Member**	**Chair**					
Audit Committee	25,000	55,000	25,000	55,000					
Risk Committee	25,000	55,000	25,000	55,000	100% cash	100%			
Other, per committee	25,000	15,000	25,000	15,000					

7.5. Shares and deferred compensation of Board of Directors members

	Shares 2022	Shares 2021	2022 Vested RSUs	2022 Unvested shares/ RSUs	2022 Total outstanding shares/ RSUs	2021 Vested RSUs	2021 Unvested RSUs	2021 Total outstanding RSUs
Board of Directors								
Alexander Classen, Chair*				2,644	2,644			
Peter A. Fanconi, Chair**	178,901	150,000	39,824	36,174	75,998	14,492	61,506	75,998
Susanne Brandenberger	26,684	11,054		5,427	5,427	5,595	11,127	16,722
Emmanuel L. Bussetil								
Boris Collardi*	10,775,862***							
Mordehay I. Hayim****	N/A							
Roberto Isolani	69,124	16,649		10,842	10,842		11,127	11,127
Steven M. Jacobs	37,303	9,153	13,196	10,842	24,038	7,496	11,127	18,623
John S. Latsis	140,421,406*****	133,556,769*****						
Carlo M. Lombardini	4,335		5,972	5,427	11,399	2,173	9,226	11,399
Périclès Petalas								
Stuart M. Robertson	12,970	3,673	5,700	5,427	11,127	4,962	11,127	16,089
Freiherr Bernd-A. von Maltzan	20,984	16,649	5,700	5,427	11,127		11,127	11,127
Yok Tak A. Yip			5,610	10,661	16,271	1,992	8,864	10,856
Total Board of Directors	**151,547,569**	133,763,947	**76,002**	**92,871**	**168,873**	36,710	135,231	171,941

* Elected at the EGM on 06 October 2022 as member of the Board of Directors with immediate effect and as the Chair as from 01 November 2022.
** Stepped down 31 October 2022
*** Total number of shares beneficial owner Boris Collardi
**** Stepped down 31 October 2021
*****Total number of shares controlled by the Latsis Family Interests

7.6. Loans granted to Board of Directors members and related parties of Board of Directors members (audited)

In line with article 36a of the Articles of Association of EFG International Group, loans and credits to members of the Board of Directors may be provided at market conditions or generally applicable employee conditions. The total amount of such loans may not exceed CHF 3 million for unsecured loans and credits and not exceed CHF 20 million for secured loans and credits per Board of Director member.

At the end of 2022 there was one loan to members of the Board of Directors outstanding, for Mr. Freiherr Bernd-A. von Maltzan for the amount of CHF 14,435 (end of 2021: nil).

There were no loans and credits to related parties of members of the Board of Directors outstanding at the end of 2022 (2021: nil).

8. 2022 Total remuneration for the Executive Committee members

8.1. Total remuneration for Executive Committee members 2022 and 2021 (audited)

	Fixed compen-sation (1)	*Variable compensation (2)*		Total variable compen-sation	*Other compensation*		Total other compen-sation	Total compen-sation (incl. other compen-sation)	Social charges & other benefits (4)	Total remunera-tion
	Cash	**Cash bonus**	**Shares/RSUs (3)**		**Cash**	**Shares/RSUs**				
Year	**CHF**	**CHF**	**CHF**	**CHF**	**CHF**	**CHF**	**CHF**	**CHF**	**CHF**	**CHF**
Total Executive Committee* (5, 6)										
2022	4,901,647	2,392,000	5,208,674	7,600,674	98,875		98,875	12,601,196	1,249,845	**13,851,041**
2021	5,183,191	1,680,000	4,814,000	6,494,000	271,497	277,775	549,272	12,226,463	938,469	13,164,932
Of which highest paid: Piergiorgio Pradelli, CEO EFG International (7)										
2022	1,580,801	920,000	1,901,594	2,821,594				4,402,395	418,080	**4,820,475**
2021	1,580,801	640,000	1,700,000	2,340,000				3,920,801	251,249	4,172,050

* Including members of the Executive Committee who joined and left in 2022/2021. For those members, the compensation disclosed represents the amounts received as Executive Committee members.

Notes:

1 Gross fixed compensation including employees' contributions for social charges. 2021: including payment of untaken holidays balance to members of the Executive Committee who left in 2021.

2 2022: subject to approval by the shareholders at the AGM 2023. 2021: including an increase of variable compensation of CHF 200,000 after publication of the 2021 Compensation Report, approved by the shareholders at the AGM 2022 as part of the variable compensation of the Executive Committee.

3 2022: the amount represents the value of the deferred variable compensation to be awarded in 2023. For 2021 and going forward, shares/RSUs are delivered instead of RSUs. For specific valuation of the Employee equity incentive plan, refer to note 63 of the consolidated financial statements.

4 Including employer social charges. 2022: total benefits of the Executive Committee of CHF 1,249,845 include an amount of CHF 353,224 of pension contributions. 2021: total benefits of the Executive Committee of CHF 938,469 include an amount of CHF 362,473 of pension contributions.

5 2022: the AGM 2022 has approved a maximum aggregate fixed compensation for all members of the Executive Committee for the business year 2022 of CHF 8,000,000. The table above shows that the total fixed compensation paid to the members of the Executive Committee in 2022 has not exceeded that amount.

6 2021 and 2022: other compensation for the Executive Committee includes sign-on payments to members of the Executive Committee who joined in 2021.

7 Social charges and other benefits for the CEO include health care coverage.

8.2. Total compensation for Executive Committee members for 2020 to 2022

Year	Fixed compensation (1) Cash CHF	*Variable compensation (2)* Cash bonus CHF	Shares/RSUs (3) CHF	Total variable compensation CHF	Total compensation CHF	Number of ExCo members*
Total Executive Committee*						
2022	4,901,647	2,392,000	5,208,674	7,600,674	**12,502,321**	7
2021	5,183,191	1,680,000	4,814,000	6,494,000	11,677,191	7
2020	5,581,249	1,330,000	1,620,000	2,950,000	8,531,249	7

* Including members of the Executive Committee who joined and left in 2022/2021/2020. For those members, the compensation disclosed represents the amounts received as Executive Committee members.

Notes:

1 Including employees' contributions for social charges. Including payment of untaken holidays balance to members of the Executive Committee who left in 2020 and 2021, respectively.
2 2022: subject to approval by the shareholders at the AGM 2023. 2021: including an increase of variable compensation of CHF 200,000 after publication of the 2021 Compensation Report, approved by the shareholders at the AGM 2022 as part of the variable compensation of the Executive Committee.
3 2022: the amount represents the value of deferred variable compensation to be awarded in 2023. For 2021 and going forward, shares/RSUs are delivered instead of RSUs. For specific valuation of the Employee equity incentive plan, refer to note 63 of the consolidated financial statements.

8.3. Shares and deferred compensation of Executive Committee members

	Shares 2022	Shares 2021	2022 Vested RSUs	2022 Unvested shares/ RSUs	2022 Total outstanding shares/ RSUs	2021 Vested RSUs	2021 Unvested RSUs	2021 Total outstanding RSUs
Executive Committee*								
Piergiorgio Pradelli	858,811	500,485		244,673	244,673		357,454	357,454
Renato Cohn**	N/A		45,112	103,008	148,120		148,120	148,120
Yves Aeschlimann***	N/A		23,383	138,427	161,810		116,356	116,356
Vassiliki Dimitrakopoulou****	10,848		47,169	19,653	66,822			
Martin Freiermuth	90,454			7,470	7,470		15,431	15,431
Enrico Piotto*****	40,000			66,923	66,923		32,833	32,833
Dimitris Politis	206,727	9,258		116,707	116,707	4,630	161,819	166,449
Harald Reczek******	104,545							
Total Executive Committee	**1,311,385**	509,743	**115,664**	**696,861**	**812,525**	4,630	832,013	836,643

* Totals including members of the Executive Committee who left in 2022 and in 2021
** Executive Committee member until 30 April 2021
*** Executive Committee member until 01 April 2022
**** Executive Committee member since 01 November 2022
***** Joined 01 June 2021
****** Executive Committee member since 01 May 2021. Stepped down effective as at 01 February 2023.

8.4. Loans granted to Executive Committee members and related parties of Executive Committee members (audited)

In line with article 36a of the Articles of Association of EFG International Group, loans and credits to members of the Executive Committee may be provided at market conditions or generally applicable employee conditions. The total amount of such loans may not exceed CHF 3 million for unsecured loans and credits and not exceed CHF 20 million for secured loans and credits per member of the Executive Committee.

There were no loans and credits to members of the Executive Committee outstanding at the end of 2022 (2021: nil).

There were no loans and credits to related parties of members of the Executive Committee outstanding at the end of 2022 (2021: nil).

9. Compensation paid to former Board of Directors and Executive Committee members (audited)

Former	Year	Compensation CHF	Benefits/ Social charges CHF	Total
Board of Directors members	**AGM 2022 to AGM 2023**	500,000	85,436	**585,436**
	AGM 2021 to AGM 2022	62,500	3,466	65,966
Executive Committee members	**2022**	158,100	32,892	**190,992**
	2021	394,152	84,288	478,440

Report of the statutory auditor

to the General Meeting of EFG International AG

Zurich

Report on the audit of the Compensation report

Opinion

We have audited the Remuneration report of EFG International AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to art. 14 to 16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Ordinance) in the tables marked 'audited' on pages 68 to 83 of the Compensation report.

In our opinion, the information on remuneration, loans and advances in the accompanying Remuneration report complies with Swiss law and articles 14 to 16 of the Ordinance.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the Compensation report' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked 'audited' in the Compensation report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

Our opinion on the Compensation report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Compensation report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Compensation report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the Compensation report

The Board of Directors is responsible for the preparation of a Compensation report in accordance with the provisions of Swiss law and the company's articles of association, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a Compensation report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibilities for the audit of the Compensation report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to articles 14 to 16 of the Ordinance is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Compensation report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the Compensation report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

PricewaterhouseCoopers SA

Alex Astolfi	Omar Grossi
Audit expert Auditor in charge	Audit expert

Geneva, 21 February 2023

Consolidated financial statements

EFG International for the year ended 31 December 2022

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Consolidated income statement for the year ended 31 December 2022

	Note	Year ended 31 December 2022 CHF millions	Year ended 31 December 2021 CHF millions
Interest and discount income		678.5	389.4
Interest expense		(283.0)	(130.1)
Net interest income	13	**395.5**	259.3
Banking fee and commission income		860.4	1,086.9
Banking fee and commission expense		(230.9)	(330.4)
Net banking fee and commission income	14	**629.5**	756.5
Dividend income	15	2.2	1.8
Net trading income and foreign exchange gains less losses	16	224.7	133.2
Fair value gains less losses on financial instruments measured at fair value	17	28.5	80.2
Gains less losses on disposal of investment securities	18	(10.1)	(6.3)
Other operating (expenses)/income	19	(0.3)	29.9
Net other income		**245.0**	238.8
Operating income		**1,270.0**	1,254.6
Operating expenses	20	(975.0)	(967.9)
Provisions	49	(55.0)	(114.0)
Loss allowances (expense)/release	22	(2.9)	72.7
Profit before tax		**237.1**	245.4
Income tax expense	23	(33.4)	(31.5)
Net profit for the year		**203.7**	213.9
Net profit for the year attributable to:			
Net profit attributable to equity holders of the Group		202.4	205.8
Net profit attributable to non-controlling interests		1.3	8.1
		203.7	213.9

	Note	Year ended 31 December 2022 CHF	Year ended 31 December 2021 CHF
Earnings per ordinary share			
Basic	24	0.60	0.62
Diluted	24	0.57	0.59

The notes on pages 96 to 215 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income for the year ended 31 December 2022

	Note	Year ended 31 December 2022 CHF millions	Year ended 31 December 2021 CHF millions
Net profit for the year		**203.7**	**213.9**
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	31.3	(7.9)	1.9
Currency translation differences, with no tax effect		(50.8)	(12.3)
Currency translation losses transferred to the income statement, with no tax effect	19	12.2	
Net losses on investments in debt instruments measured at fair value through other comprehensive income		(153.5)	(39.8)
Tax effect on net losses on investments in debt instruments measured at fair value through other comprehensive income		6.8	
Net realised losses on debt instruments measured at fair value through other comprehensive income reclassified to the income statement, with no tax effect	18	10.1	6.3
Change in loss allowance 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	52	(39.6)	118.0
Tax effect on retirement benefit losses/(gains)	39	7.9	(23.2)
Net losses on investments in equity instruments measured at fair value through other comprehensive income			(0.1)
Total other comprehensive income for the year, net of tax		**(214.7)**	50.8
Total comprehensive income for the year		**(11.0)**	264.7
Total comprehensive income for the year attributable to:			
Equity holders of the Group		(10.9)	258.5
Non-controlling interests		(0.1)	6.2
		(11.0)	264.7

The notes on pages 96 to 215 form an integral part of these consolidated financial statements.

Consolidated balance sheet at 31 December 2022

	Note	31 December 2022 CHF millions	31 December 2021 CHF millions
Assets			
Cash and balances with central banks	27	9,487.6	9,801.5
Treasury bills and other eligible bills	29	3,055.4	1,452.8
Due from other banks	30	2,095.9	2,562.3
Derivative financial instruments	31	1,796.2	973.6
Financial assets at fair value through profit and loss	32	1,457.5	1,807.3
Investment securities	33	7,669.7	5,877.8
Loans and advances to customers	34	16,748.1	18,225.6
Property, plant and equipment	36	311.7	334.6
Intangible assets	37	239.1	229.3
Deferred income tax assets	39	80.1	61.9
Other assets	40	596.8	816.3
Total assets		**43,538.1**	42,143.0
Liabilities			
Due to other banks	45	922.8	556.0
Due to customers	46	34,035.4	32,516.8
Derivative financial instruments	31	1,642.9	1,075.8
Financial liabilities at fair value through profit and loss	47	402.0	487.6
Financial liabilities at amortised cost	48	3,684.7	4,222.1
Current income tax liabilities		19.7	19.0
Deferred income tax liabilities	39	17.4	19.9
Provisions	49	171.0	130.4
Other liabilities	51	576.9	641.2
Subordinated loans	53		182.7
Total liabilities		**41,472.8**	39,851.5
Equity			
Share capital	54	151.3	152.2
Share premium		1,971.4	2,014.7
Other reserves	55	(94.9)	138.2
Retained earnings		(314.3)	(407.2)
Total shareholders' equity		**1,713.5**	1,897.9
Additional equity components	56	351.0	351.0
Non-controlling interests	58	0.8	42.6
Total equity		**2,065.3**	2,291.5
Total equity and liabilities		**43,538.1**	42,143.0

The notes on pages 96 to 215 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2022

CHF millions	Note	Share capital	Share premium	Other reserves	Retained earnings	Total share-holder's equity	Additional equity components	Non-controlling interests	Total equity
		Attributable to owners of the Group							
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 year					205.8	205.8		8.1	213.9
Net gain on hedge of net investments in foreign operations, with no tax effect	31.3			1.9		1.9			1.9
Currency translation difference, with no tax effect				(10.4)		(10.4)		(1.9)	(12.3)
Net losses on investments in debt instruments measured at fair value through other comprehensive income, with no tax effect				(39.8)		(39.8)			(39.8)
Net realised gains on debt instruments measured at fair value through other comprehensive income reclassified to the income statement, with no tax effect				6.3		6.3			6.3
Net losses on investments in equity instruments measured at fair value through other comprehensive income				(0.1)		(0.1)			(0.1)
Retirement benefit gains	52			118.0		118.0			118.0
Tax effect on retirement benefit gains	39			(23.2)		(23.2)			(23.2)
Total comprehensive income for the year		**–**	**–**	**52.7**	**205.8**	**258.5**	**–**	**6.2**	**264.7**
Dividend paid on ordinary shares	57				(89.0)	(89.0)			(89.0)
Distribution to Additional equity components	57				(3.4)	(3.4)			(3.4)
Transactions with non-controlling interests		0.1	1.7			1.8			1.8
Disposal of subsidiaries					1.9	1.9			1.9
Changes in ownership interests with no gain or loss of control		1.5	19.5		(14.5)	6.5		(20.4)	(13.9)
Additional equity components issuance	56					–	351.0		351.0
Equity-settled share-based plan expensed in the income statement	63			26.8		26.8			26.8
Employee equity incentive plans exercised	63	2.3	13.6	(25.5)	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 96 to 215 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2022 continued

CHF millions	Note	*Attributable to owners of the Group* Share capital	Share premium	Other reserves	Retained earnings	Total share-holder's 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 year					202.4	202.4		1.3	203.7
Net loss on hedge of net investments in foreign operations, with no tax effect	31.3			(7.9)		(7.9)			(7.9)
Currency translation difference, with no tax effect				(49.4)		(49.4)		(1.4)	(50.8)
Currency translation losses transferred to the income statement, with no tax effect	19			12.2		12.2			12.2
Net losses on investments in debt instruments measured at fair value through other comprehensive income				(153.5)		(153.5)			(153.5)
Tax effect on net losses on investments in debt instruments measured at fair value through other comprehensive income				6.8		6.8			6.8
Net realised losses on debt instruments measured at fair value through other comprehensive income reclassified to the income statement, with no tax effect	18			10.1		10.1			10.1
Change in loss allowance on debt instruments measured at fair value through other comprehensive income, with no tax effect	8.4			0.1		0.1			0.1
Retirement benefit losses	52			(39.6)		(39.6)			(39.6)
Tax effect on retirement benefit losses	39			7.9		7.9			7.9
Total comprehensive income for the year		**–**	**–**	**(213.3)**	**202.4**	**(10.9)**	**–**	**(0.1)**	**(11.0)**
Dividend paid on ordinary shares	57				(109.7)	(109.7)			(109.7)
Distributions to Additional equity components	57				(20.5)	(20.5)			(20.5)
Repurchase of Bons de Participation		(0.2)	0.4	(12.9)		(12.7)			(12.7)
Ordinary shares repurchased	54	(3.9)	(57.2)			(61.1)			(61.1)
Disposal of subsidiaries	58					–		(41.7)	(41.7)
Equity-settled share-based plan expensed in the income statement	63			30.5		30.5			30.5
Employee equity incentive plans exercised	63	3.2	13.5	(37.4)	20.7	–			–
Balance at 31 December 2022		**151.3**	**1,971.4**	**(94.9)**	**(314.3)**	**1,713.5**	**351.0**	**0.8**	**2,065.3**

The notes on pages 96 to 215 form an integral part of these consolidated financial statements.

Consolidated cash flow statement for the year ended 31 December 2022

	Note	**Year ended 31 December 2022 CHF millions**	Year ended 31 December 2021 CHF millions
Cash flows from operating activities			
Interest received		648.7	393.6
Interest paid		(251.7)	(137.1)
Banking fee and commission received		866.3	1,069.4
Banking fee and commission paid		(232.9)	(351.3)
Dividend received	15	2.2	1.8
Net trading income	16	226.1	133.2
Other operating income receipts/(payments)		(1.7)	24.5
Staff costs paid		(647.8)	(729.1)
Other operating expenses paid		(197.0)	(139.3)
Income tax paid		(38.0)	(28.5)
Cash flows from operating activities before changes in operating assets and liabilities		**374.2**	237.2
Changes in operating assets and liabilities			
Net (increase)/decrease in treasury bills		(325.7)	(624.2)
Net decrease/(increase) in due from other banks (> 90 days)		(65.0)	193.9
Net (increase)/decrease in derivative financial instruments		(23.4)	27.9
Net decrease/(increase) in loans and advances to customers		1,039.8	(173.2)
Net decrease/(increase) in other assets		68.3	(33.5)
Net increase in due to other banks		366.8	93.3
Net increase in due to customers		2,236.4	1,940.4
Issuance of financial liabilities at amortised cost and fair value		5,431.5	7,428.1
Redemption of financial liabilities at amortised cost and fair value		(5,993.1)	(7,683.8)
Net (decrease) in other liabilities		(10.0)	(55.8)
Net cash flows from operating activities		**3,099.8**	1,350.3
Cash flows from investing activities			
Purchase of securities		(4,386.0)	(3,807.2)
Proceeds from sale of securities		2,446.8	3,060.7
Purchase of property, plant and equipment	36	(7.9)	(7.6)
Purchase of intangible assets	37	(36.1)	(35.8)
Proceeds from sale of property, plant and equipment		2.2	(0.2)
Net proceeds from disposal of businesses and subsidiaries	41	54.9	130.3
Net cash flows used in investing activities		**(1,926.1)**	(659.8)

The notes on pages 96 to 215 form an integral part of these consolidated financial statements.

Consolidated cash flow statement for the year ended 31 December 2022 continued

	Note	Year ended 31 December 2022 CHF millions	Year ended 31 December 2021 CHF millions
Cash flows from financing activities			
Dividend paid on ordinary shares	57	(109.7)	(89.0)
Repurchase of Bons de Participation		(12.7)	
Ordinary shares repurchased		(61.1)	
Share capital issuance		0.8	
Additional equity components issued net of issuance costs			351.0
Additional equity components distributions		(20.5)	(3.4)
Subordinated loan redeemed		(189.0)	(190.8)
Principal element of lease payments		(36.7)	(36.8)
Transactions with non-controlling interests		(3.8)	(17.1)
Net cash flows from financing activities		**(432.7)**	13.9
Effect of exchange rate changes on cash and cash equivalents		**(309.4)**	(3.6)
Net change in cash and cash equivalents		**431.6**	700.8
Cash and cash equivalents at beginning of period	28	12,654.5	11,953.7
Net change in cash and cash equivalents		431.6	700.8
Cash and cash equivalents		**13,086.1**	12,654.5

The notes on pages 96 to 215 form an integral part of these consolidated financial statements.

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Notes to the consolidated financial statements EFG International consolidated entities

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. The Group's principal places of business are in Australia, Bahamas, Cayman, Channel Islands, Dubai, Hong Kong, Liechtenstein, Luxembourg, Monaco, Singapore, Switzerland, the United Kingdom, and the United States of America.
Across the whole Group, the number of employees (FTEs) at 31 December 2022 was 2,828 (31 December 2021: 3,027) and the average for the year was 2,927 (2021: 3,088).

EFG International AG is a limited liability company and is incorporated and domiciled in Switzerland. The Group is listed on the SIX Swiss Exchange with its registered office at Bleicherweg 8, 8022 Zurich. For details of significant shareholders, refer to note 13 of the Parent Company Financial Statements.

These consolidated financial statements were approved for issue by the Board of Directors on 21 February 2023.

2. Principal accounting policies

The principal accounting policies and accounting judgements applied in the preparation of the consolidated financial statements have been disclosed below and as part of the notes to the Consolidated financial statements where appropriate. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Standards Interpretations Committee (IFRS Interpretations Committee) interpretations issued and effective for the year ended 31 December 2022. These consolidated financial statements are subject to the approval of the shareholders.

The consolidated financial statements are prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value.

The Group's presentation currency is the Swiss franc (CHF), being the functional currency of the parent company and of its major operating subsidiary, EFG Bank AG.

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021.

New and amended standards adopted by the Group:
The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 01 January 2022:
- Property, Plant & Equipment – amendments to IAS 16,
- Onerous Contracts – Cost of fulfilling a contract – Amendments to IAS 37,
- Reference to the Conceptual Framework – Amendments to IFRS 3.

These standards and amendments do not have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

New and amended standards not yet adopted:
Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(b) Consolidation

(i) Subsidiaries
Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The Group applies the acquisition method of accounting to record business combinations. The cost of an acquisition is measured at the fair value of the assets acquired, equity instruments or liabilities undertaken at the date of acquisition including those resulting from contingent consideration arrangements. Costs related to the acquisition are expensed as incurred. If the consideration is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

A listing of the Company's main subsidiaries is set out in note 44.

(ii) Non-controlling interests
The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries
When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in the income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the income statement.

(c) Foreign currencies
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in CHF, which is the Group's presentation currency, as the functional currency of the parent company and of its major operating subsidiary, EFG Bank AG.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Year-end exchange rates and average exchange rates for translation of foreign denominated subsidiaries for the main currencies are as follows:

	2022 Closing rate	2022 Average rate	2021 Closing rate	2021 Average rate
USD	0.9232	0.9551	0.9122	0.9144
GBP	1.1102	1.1793	1.2295	1.2580
EUR	0.9847	1.0049	1.0331	1.0812

(d) Comparatives
Where necessary, comparative information has been adjusted to conform to changes in presentation in the current year.

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.

4. Critical accounting estimates and judgements in applying accounting policies

In the process of applying accounting policies, the Group's management makes various judgements, estimates and assumptions that may affect the reported amounts of assets and liabilities recognised in the financial statements in future periods. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The different judgements, estimates and assumptions are disclosed in the notes.

5. Risk management

EFG International offers private banking and asset management services as well as financial 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.

A strong risk management framework is fundamental to a 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 alert to compliance and operational risks, including financial crime risks, fraud risks and conduct risks.

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

Notes to the consolidated financial statements EFG International consolidated entities

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

5.1 Risk governance

The EFG International risk management framework sets out the overall governance of risks. Responsibilities of involved stakeholders in the management of risks are clearly defined, as well as terms of reference for its risk and compliance functions.

The EFG International risk management framework is underpinned by the EFG International risk appetite framework, which focuses on the approach to risk capacity, risk appetite, risk limits and indicators, documenting the level of risk that EFG International is prepared to accept.

Risk management framework

The risk management framework comprises people, policies and processes, and systems and controls designed to ensure that risks are appropriately identified, assessed, measured, monitored and reported, as well as mitigated on an ongoing basis.

For EFG International, the risk management framework:
- Ensures all employees understand and control exposure to risks taken
- Ensures that risk exposures are in line with risk capacity and defined risk appetite and strategy
- Ensures that key controls over business risks are functioning effectively
- Supports the successful implementation of the business strategy
- Protects clients from potential risks, such as unsuitable products or excess concentrations
- Contributes to the orderly functioning and sound reputation on the markets in which EFG International operates
- Ensures independent risk oversight over risk and control processes

The EFG International risk management framework is deployed across the following dimensions:
- Approach to risk management
- Risk culture
- Three lines of defence model
- Committees and functions

5.1.1 Approach to risk management

EFG International has developed a multidimensional approach to risk management based on the following measures:
- Independent Risk Control and Compliance functions with clearly defined objectives
- A comprehensive and prioritised list of risk categories (risk taxonomy)
- A defined risk strategy and risk appetite
- A coherent and comprehensive set of policies, directives and procedures to govern risk management, including compliance
- The first and second line of defence role of the Executive Committee and its delegated committees to manage risks in alignment with the risk strategy and risk appetite
- The supervisory oversight of the Board of Directors which oversees the effectiveness of the risk management framework and provides oversight and advisory support through the Risk, the Audit and the Credit Committees

The objectives of risk management are to:
- Provide transparency on the risks EFG International incurs
- Provide independent risk oversight and challenge that risks are appropriately assessed and managed
- Enable better management of the risk-return trade-off
- Support the Board of Directors in defining an appropriate risk appetite and strategy in line with available risk capacity and ensure the actual risk exposure profile remains in line with these
- Ensure that key controls over business risks are functioning effectively

5.1.2 Risk culture, core values and ethical standards

EFG International believes that behaviour is key for sound risk management, and that this is guided by the risk culture of the organisation and that risk culture is viewed as a core component of effective risk management.

EFG International approaches risk culture along four dimensions, in line with Financial Stability Board principles:
- Tone from the top: The Board of Directors, Executive Committee and senior management set the risk culture, core values and ethical standards; their actions and behaviour reflect the risk culture that is expected throughout EFG International and is communicated through formal and informal channels, with the aim that all stakeholders also share EFG International's risk culture, core values and ethical standards

- Accountability: The risk management framework and the related risk policies and directives clearly assign accountability for risk management and decision-making to functions and specific unit heads
- Effective communication and challenge: The corporate culture promotes open communication and promotes effective challenge in the decision-making process; this is supported by independent Risk Control, Compliance and Internal Audit
- Incentives: Financial and non-financial incentives are monitored to ensure they do not encourage excessive risk-taking

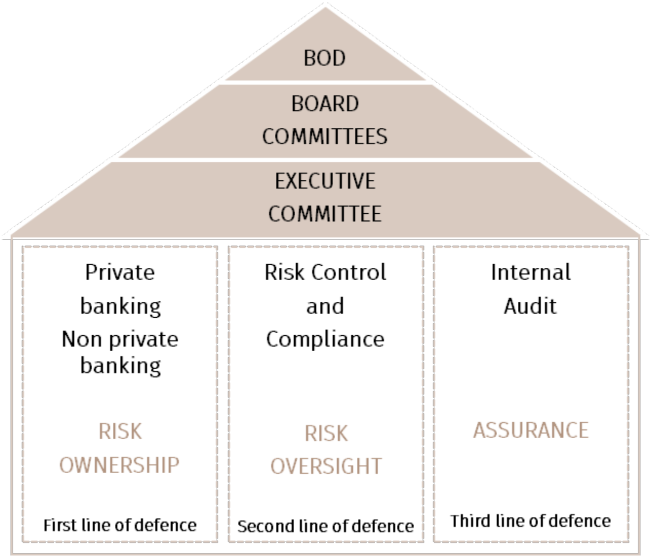
The risk awareness and culture programme, which promotes the above-mentioned principles, is focused on the following activities:
- Embedding the risk management and risk appetite frameworks across EFG International
- Comprehensive training in risk and compliance topics
- Consistent application of the client relationship officer's risk scorecard (composed by the risk assessment, the control results, the losses and the KRI figures) to foster a risk-conscious and compliant culture and reduce operational risks

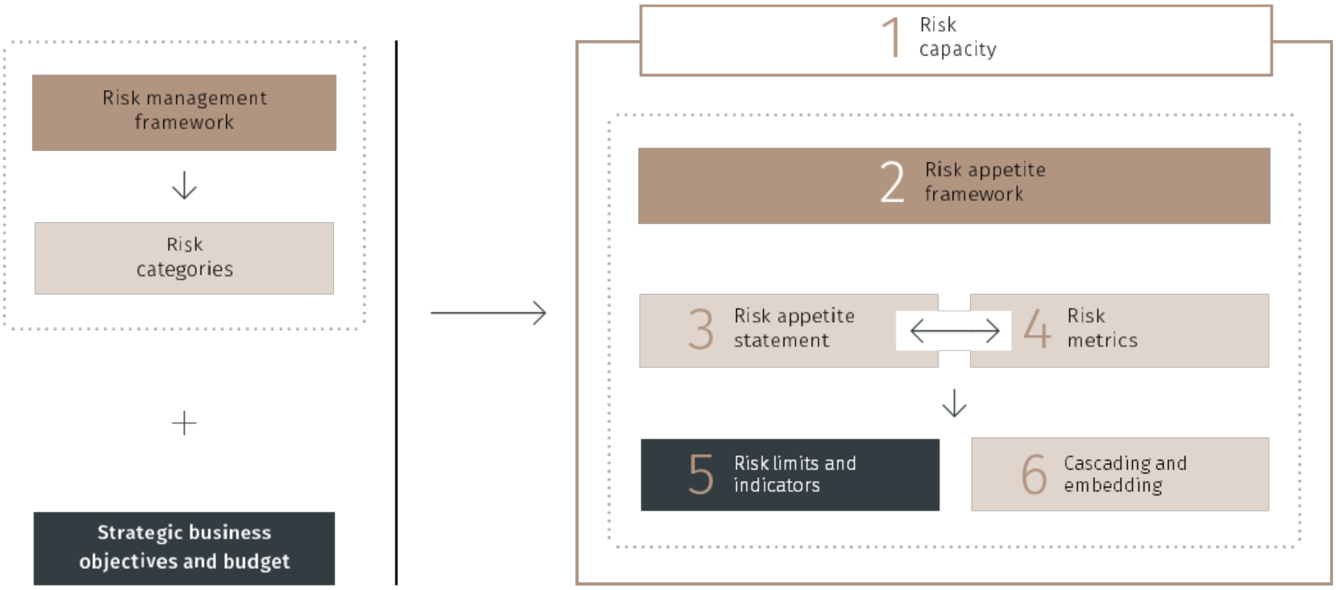
5.1.3 Three lines of defence model

EFG International manages its risks in accordance with a three lines of defence model.

The three lines of defence model delineates the key responsibilities for the business, Risk and Compliance functions and internal Audit to ensure that the organisation has a coherent and comprehensive approach to risk management and monitoring.

EFG International's interpretation of the three lines of defence model is in line with industry practice, and the model is operated both centrally and in the business units. This ensures that the material activities and processes are subject to the risk management, oversight and assurance.





Risk appetite framework

The risk appetite framework is complementary to the risk management framework and sets the overall approach to risk appetite. documenting the level of risk that EFG International is prepared to incur for the achievement of strategic objectives and in line with the available risk capacity. it includes:
- Risk capacity
- Risk appetite statement
- Risk metrics and limits framework
- Cascading and embedding process to business units
- Responsibilities of the (Group and local) bodies overseeing the implementation and monitoring of the risk appetite framework
- Risk appetite process, including the escalation of the risk metrics exceeding their predetermined thresholds

The risk appetite framework is linked to the risk limit system and is influenced by the overarching risk available capacity, the risk management framework and the strategic business objectives.

5.1.4 Risk capacity

The risk capacity is the maximum level of risk EFG International can assume before breaching EFG International's strategic targets and risk appetite. In determining the risk capacity, EFG International has to take into account the constraints determined by regulatory capital and liquidity requirements and law enforcement agencies. Risk capacity defines an outer boundary within which EFG International must operate.

Risk appetite and risk capacity are aligned through the annual budget and planning process. EFG International holds appropriate capital and liquidity buffers to accommodate circumstances where exposures extend beyond EFG International's risk appetite. This protects EFG International from the financial and/or reputational consequences that might be associated with a breach of its risk capacity or rating ambition.

5.1.5 Risk appetite statement

The risk appetite statement comprises the qualitative component of EFG International's risk appetite. It comprises a set of statements describing the level of risk that EFG International is prepared to accept in each risk category to achieve its strategic business objectives.

The risk appetite statement is aligned with the business strategy of EFG International. The risk appetite statement is operationalised through the risk appetite metrics and the limit framework.

5.1.6 Risk metrics

The quantitative component of risk appetite contains measures (i.e. metrics) that describe the quantum of risk to which EFG International is exposed.

The metrics are compared to trigger levels (i.e. thresholds), which can have the nature of limits or warning indicators. The metrics are selected, and thresholds are calibrated in accordance with the risk appetite statement, which in turn reflects the business strategy.

Risk metrics can be set at EFG International Board of Directors aggregated level or, if deemed appropriate, at EFG International Executive Committee level.

5.1.7 Limits framework

EFG International risk management: EFG International Executive Committee's delegated committees review risk limits and indicators and the related trigger levels for EFG International at a global and business unit level.

The EFG International Executive Committee reviews and recommends the Board global thresholds to the Risk Committee for its review and recommendation for approval by the EFG International Board of Directors.

5.1.8 Cascading and embedding process

The risk appetite framework, risk appetite statement and risk metrics and related thresholds are defined at EFG International level and are binding for all EFG International business units and local and foreign entities, as set out in the risk management framework.

The EFG International Executive Committee allocates, according to cascading and embedding rules, the limits and risk thresholds to the various local entities.

In this way, EFG International appropriately identifies, limits and monitors the risks associated with its local business activities and measures and reports local risk appetite according to consolidated supervision rules.

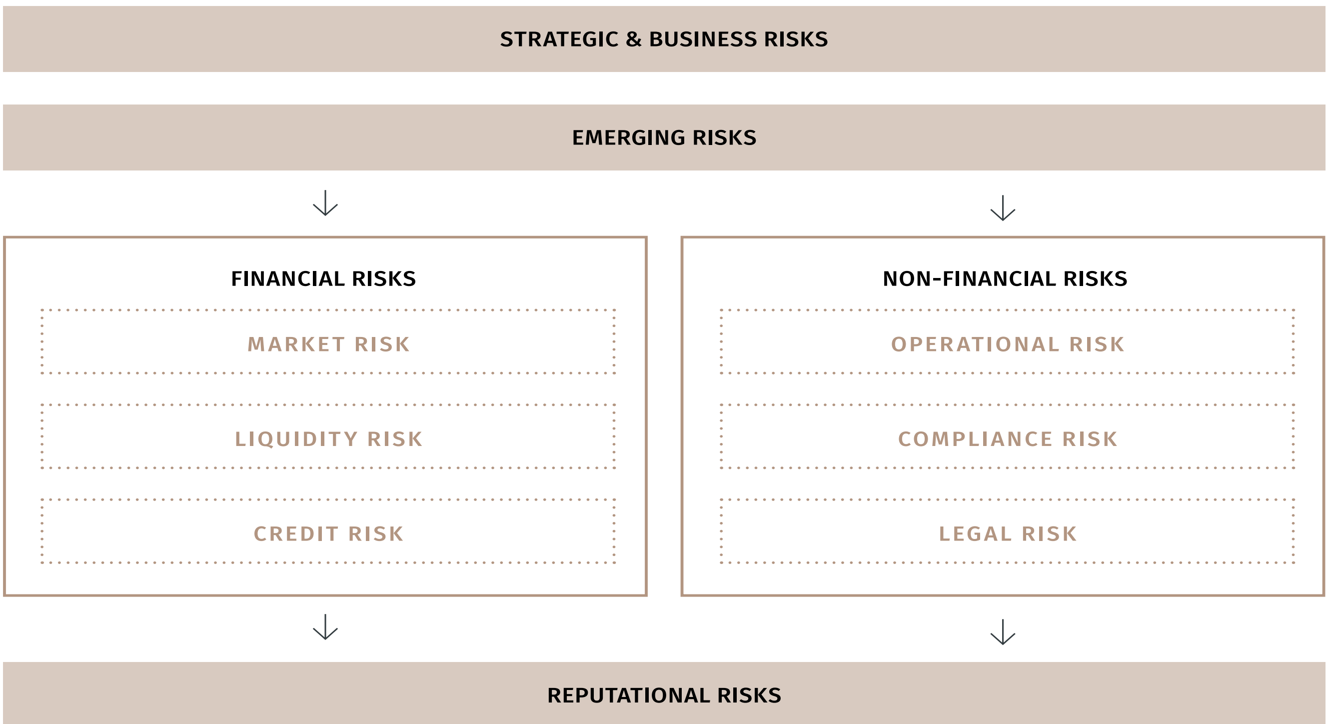
5.1.9 Risk appetite process

This process is composed of four main pillars: annual review, off-cycle adjustments, reporting and escalation. The risk appetite statements and metrics are reviewed annually by the respective competent bodies. If needed, off-cycle adjustments of existing metrics and thresholds are also undertaken. The regular reporting is performed on a monthly and quarterly basis while escalations are reported immediately to the respective committees.

5.2 Risk categories

The risk categories of EFG International are defined in the risk taxonomy included in the risk management framework and are described in the related risk policies and general directives.

EFG International's risk categories establish a common denominator on risks across EFG International and thereby enable alignment across business units, geographies and functions.



Strategic and business risk

Strategic and business risk is the risk of loss arising from changes in the business environment and from adverse business decisions or improper implementation of decisions. The business and strategic risk includes the following risk categories:

- Client portfolio risk: The risk inherent in client portfolios in general as well as the risk of a reduction in assets under management and/or loss of client relationships as a result of other risk types, e.g. performance, reputation, operational risks, compliance, etc.
- Strategic risk and governance: The risk of the enterprise or particular business areas making inappropriate strategic choices, or being unable to successfully implement selected strategies or related plans and decisions, which may result in a variance to business plans and strategies
- Competitive risk: The risk of an inability to create or maintain sustainable competitive advantage in a given market or markets
- Project risk: The risk of damage or loss resulting from an acquisition and/or subsequent post-merger integration or any other large-scale project the institution is undertaking
- Human resources risk: The risk arising from inadequate or insufficient human resource performance and/or staffing or key people (including client relationship officers) leaving EFG International

The business and strategic risk management strategy approved by the Board of Directors is defined as follows:

- Whilst the nature of EFG International business entails a certain level of earnings volatility, this is monitored and controlled to remain consistent safeguarding EFG International's financial performance and reputation, also under severe stress conditions
- EFG International limits earnings volatility by focusing on the core business activities in line with business strategy
- EFG International monitors client investment portfolios in order to avoid excessive risk concentrations across portfolios and inadequate performance with potential negative implications on clients' assets under management and thereby its own reputation and revenue base
- EFG International monitors concentrations of clients and assets under management across its client relationship officers and will investigate potential actions when these concentrations exceed the defined thresholds, in order to mitigate key person risk
- EFG International actively manages the cost base balancing the target of a healthy cost-income ratio with ensuring adequate resourcing and infrastructure
- EFG International actively manages the risks arising through the integration of any acquired/merged entity and for potential further mergers and acquisitions

Compliance risk

Compliance risk is defined as the risk of legal or regulatory sanctions, material financial loss, or loss of reputation which EFG International may suffer as a result of its failure to comply with laws, regulations, rules, self-regulatory organisation standards, generally accepted practices, and codes of conduct applicable to all its activities.

Compliance risk is identified, assessed and measured, monitored, reported and mitigated by the Compliance function, in alignment with the roles and responsibilities defined in EFG International's risk management framework. The Compliance function reports to the Group Head of Legal & Compliance.

Changes in the regulatory environment are monitored, and directives and procedures are adapted as required. In line with these evolving regulations, EFG International continuously invests in personnel and technical resources to maintain adequate compliance coverage.

EFG International's Compliance function is centrally managed from Switzerland, with local compliance officers situated in all the organisation's booking centres and other entities around the world. A compliance risk policy is in place, complemented by a comprehensive set of directives and procedures and ongoing training sessions for all staff to ensure they maintain appropriate knowledge of compliance risks and understand their roles and responsibilities in mitigating these risks. Group Compliance deploys common platform of tools and processes to ensure the consistent application of compliance guidelines.

Compliance risk in EFG International is mitigated through the three lines of defence model, outlined in detail in the risk management framework.

EFG International aims at mitigating compliance risks that it is exposed to considering the size, structure, nature and diversity of its business and services/product offering. EFG International is committed to sound and effective compliance risk management, as the core foundation for a sustainable financial institution protecting EFG International from loss or damage. It improves the way EFG International conducts business with its shareholders and is vital for long-term and sustainable growth, in line with shareholders' expectations.

A major focus of regulators around the world is the fight against money-laundering and terrorism financing which could expose EFG International to enforcement actions, criminal proceedings and high reputational risks. A proper and timely mitigation of AML/CFT risks is a prerequisite to the guarantee of irreproachable business activity required by the Swiss regulator.

AML/CFT risk refers to risks associated with the firm being exposed to money laundering or terrorist financing schemes, which comprises (1) laundering money deriving from AML predicate offenses / criminal misconduct and (2) using legitimate or illegitimate assets to finance terrorism and / or terrorist activities.

International sanction risks refer generally to the risk associated with the firm (1) providing services to individuals or entities targeted by applicable sanction regimes or located in countries under embargo-like applicable sanctions, (2) being used to service this category of clients and / or to make economic resources available to them and (3) being used to circumvent the implementation of applicable sanction regimes.

EFG International has in place comprehensive directives on anti-money-laundering, know your customer, as well as on international sanctions, anti-bribery and corruption, to detect, prevent and report such risks. Through dedicated monitoring and quality assessment programmes and applications, EFG International Compliance monitors compliance with such directives across the Group.

EFG International has defined a set of standards governing the cross-border services it offers and has developed country-specific manuals for the major markets it serves. A mandatory staff training and education programme is in place to ensure adherence to the standards and compliance with the country manuals. They are complemented by a tax compliance framework, the purpose of which is to prevent the unlawful acceptance of untaxed assets. Those frameworks are continuously enhanced to comply with new regulatory updates or developments.

Conduct risk refers to risks associated with the firm's behaviour or activity that could threaten consumer protection or market integrity and might, if risks are not properly identified and mitigated, damage the reputation of EFG International. EFG International has implemented directives on customer and staff conduct, market conduct, cross-border and conflicts of interest, along with an appropriate product governance framework to ensure that its products or services meet customer needs.

Legal risk

Legal risk is the risk to the firm's profitability arising from changes in legislation and/or as a result of legal actions against the institution. Any change in the legal environment can constitute a challenge for EFG International in its relations with competent authorities, clients and counterparties in Switzerland and globally.

Group Head of Legal & Compliance and Group Head of Litigation and Investigations ensure that EFG International adequately manages and controls its legal risks. This includes supervising and giving strategic direction to all outside counsel advising EFG International on civil, regulatory and enforcement matters.

Group Head of Legal & Compliance is responsible for providing legal advice to EFG International's management as well as handling client complaints, litigations and assisting federal and local authorities in their criminal and administrative investigations.

Group Head of Litigation and Investigations has principal responsibility for overseeing and advising EFG International's management on significant civil litigation and all government enforcement matters involving EFG International globally.

Operational risk

Operational risk is defined as the risk of losses resulting from the inadequacy or failure of internal processes, people or systems or from external events. Operational risk is an inherent part of the day-to-day activities and is therefore a risk common to all EFG International's activities.

EFG International aims at mitigating operational risk to a level appropriate and commensurate with the size, structure, nature and complexity of its service and product offerings, thus adequately protecting its assets, clients and its shareholders' interests.

EFG International's Board of Directors and senior management strive to set the operational risk culture through, among others, the definition of the overall operational risk tolerance of the organisation (expressed in quantitative thresholds and qualitative statements), which is embedded in the organisation's risk management practices. The supervision of operational risk at the Board of Directors level is under the responsibility of the Board Risk Committee.

EFG International and its local business entities design and implement internal controls and monitoring mechanisms in order to mitigate key operational risks that EFG International inherently runs in conducting its business.

While the primary responsibility for managing operational risk lies with EFG International's business entities and business lines (first line of defence), the development, implementation and oversight of the operational risk policy of EFG International forms part of the objectives of the Operational Risk function (second line of defence) of EFG International. It ensures that EFG International has an appropriate operational risk management framework and programme in place for identifying, assessing, mitigating, monitoring and reporting operational risk.

EFG International's Operational Risk function is a global function that reports to the Chief Risk Officer. It works in collaboration with operational risk officers of the local business entities, regional risk officers within EFG International, as well as certain centralised EFG International functions that also undertake operational risk oversight for their respective area of responsibility. These functions include the Chief Financial Officer and the Group Head of Legal & Compliance.

Main measures applied by the Operational Risk function are:
- Assessment and monitoring of key operational risks
- Monitoring of key risk indicators
- Collection, analysis and reporting of operational risk events and losses
- Consolidated operational risk reporting
- Follow-up of actions taken to remedy key operational risk-related control issues
- Establishment of an operational risk awareness programme
- Independent Internal control monitoring, testing and oversight

EFG International continuously invests in business continuity management and more broadly operational resilience to ensure the continuity of critical operations in the event of a major disruptive event. Business continuity management encompasses backup operating facilities and IT disaster recovery plans, which are in place throughout EFG International.

The management of information security risk, including technology, cybersecurity, data protection and third-party risks, is an essential component of operational resilience. As such it is strongly interconnected with the Bank's business continuity management. The management of cybersecurity and data protection risks is aligned with international standards and applicable regulations. Efforts are sustained to ensure ex ante and ex post controls are fully functional to protect the Bank against evolving and highly sophisticated attacks. EFG International's focus is on:
- Data loss prevention
- Access rights, application and infrastructure security (including vulnerability management)
- Third-party management and
- An appropriate IT and process governance to prevent and respond to threats

EFG International establishes operational risk transfer mechanisms when necessary; in particular, all entities of EFG International are covered by insurance to hedge potential low-frequency-high-impact events. EFG International administers centrally for all its subsidiaries three layers of insurance cover, being comprehensive crime insurance, professional indemnity insurance and director's and officer liability insurance. Other insurances such as general insurances are managed locally.

Outsourcing risk
Risks related to outsourcing are managed by the entities that outsource a function, process or a service and the Global Chief Operating Officer procurement function maintains the list of all EFG International critical outsourcing activities, drives the annual groupwide risk assessment cycle for the critical outsourcing and collects the annual risk assessments from all local procurement functions or from the contract owners. Finally, it reviews the annual risk assessments on a yearly basis. Acting as second line of defence, the Operational Risk function provides independent review and challenge of the annual risk assessment and also provides advisory input in risk and control matters.

EFG International has also entered into specific agreements with a Swiss fintech company to manage all the material aspects of the structured notes issuance programme. While EFG International rely on the organisation, expertise and processes, documented and regularly reviewed by reputable independent third parties, it has implemented and continuously evaluates additional oversight controls to mitigate the outsourcing risk with this service provider.

Model risk
Model risk is the risk that arises from decisions based on the incorrect selection, implementation or usage of models. The following principles are applied in establishing appropriate governance and supervision:
- EFG International has an established definition of a model and maintains a model inventory

- EFG International has implemented an effective governance framework, procedures and controls to manage model risks
- EFG International has implemented a robust model development and implementation process and ensures appropriate use of models
- EFG International undertakes appropriate model validation and independent review activities to ensure sound model performance and greater understanding of model uncertainties

EFG International has developed a series of models and methodologies to measure and to quantify the risks of different portfolios and potential risk sensitivities and concentrations. These models are periodically reviewed by the independent Risk Model Validation function, corresponding to model risk tiering, subject to regulatory requirements, as well as internal general directive on model risk. The Risk Model Validation function reports to the Chief Risk Officer.

The validation has the primary objective to test whether models perform as expected, produce results comparable with actual events and values and reflect best-in-practice approaches. The validation includes checks to ensure models are performing adequately, whether additional examination is required and whether they need to be adjusted or even redeveloped. Results are presented to the relevant governance body and, as required, to regulators.

Market risk

EFG International is exposed to market risk, which mainly arises from foreign exchange, interest rate and credit spread volatility.

EFG International implements different risk management strategies to eliminate or reduce market risk exposures. Risks being hedged through derivative financial instruments are typically changes in interest rates and foreign currency rates. Specific risk management strategies are defined for both the banking and trading book.

Banking book

The market risk strategy at balance sheet level approved by the Board of Directors is defined as follows:

- EFG International manages interest rate risk in line with predefined interest rate limits and risk appetite to generate profits for the benefit of EFG International
- EFG International manages foreign exchange risk in order to control its impact on annual results
- EFG International generates income primarily through taking liquidity, interest rate and credit spread risk, and only incurs non-material FX risk in the banking book
- EFG International limits the extent of concentrations in its investment portfolios

Market risks related to the balance sheet structure are managed by the Asset & Liability Management Committee and monitored by the Financial Risk Committee, in accordance with the principles and the risk appetite defined in the market risk policy, which defines the organisational structure, responsibilities, limit systems and maximum acceptable risk set by the Board of Directors. The centralised ALM and Liquidity Risk function, reporting to the Chief Risk Officer, ensures that EFG International has an appropriate market risk management framework in place for identifying, assessing, mitigating, monitoring and reporting risks under its responsibility.

Interest rate risk in the banking book refers to the current and prospective risk to the Bank’s capital and earnings arising from adverse movements in interest rates that affect EFG International’s balance sheet positions. EFG International manages the interest rate risk exposure in accordance with risk appetite based on the impact of various interest rate scenarios on both the economic value of equity and the interest income sensitivity. The interest rate risk assessment includes risks deriving from assets, liabilities and off-balance-sheet transactions, considering behavioural assumptions. Interest rate risk qualitative and quantitative information are reported in the Pillar III report for transparency purposes.

Foreign exchange risk arises from exposure to changes in the exchange rate of foreign currencies versus the reference currency. EFG International uses value at risk (VaR), sensitivity analysis and stress tests as methodologies to monitor and manage foreign exchange risk both on balance sheet (FX translation risk) and on expected revenues and costs (FX transaction risk).

EFG International holds investment portfolios to diversify balance sheet assets and to optimise any excess liquidity. Investment activities are organised within Treasury and are under the supervision of the Asset & Liability Management Committee and of the Financial Risk Committee. The centralised Market Risk function monitors on a daily basis the risk exposures of the investment portfolio and reports to the Chief Risk Officer.

EFG International investment portfolios carry interest and credit spread exposure on governments, government-related entities, multilateral development banks, banking institutions and, to a lesser extent, corporate names.

To mitigate the credit spread exposure, minimum country and issuer rating standards and concentration limits have been determined. In addition, VaR, interest rate, credit spread sensitivities and stress metrics, as well as P&L limit are computed and monitored at stand-alone portfolio level and on a combined portfolio basis.

EFG International is also exposed to market risk in relation to its holding of life insurance policies, related to interest rate risk (refer to Insurance risk section), which has been hedged through derivative financial instruments.

Trading book
The trading book market risk strategy approved by the Board of Directors is defined as follows:
- EFG International trading activities are designed to ensure that we can effectively serve the client needs
- In addition to execution-only services on behalf of clients, EFG International takes market risks in the form of forex principal trading where beneficial for its clients, principal trading on its own accounts to deliver a return to the Group as well as its structured products business
- EFG International has an appetite for a minimal amount of higher-risk activities in the fixed income trading portfolio positions being held in order to facilitate client flows, while trying to benefit from the positive carry

EFG International carries out trading operations both for its clients and on its own account with daily monitoring. The trading activities are organised in different trading desks: forex delta, forex forwards, forex options, precious metals and banknotes and fixed income managed by expert traders.

The market risk carried by proprietary trading primarily relates to position risk which derives from the fact that any interest rate, credit, foreign exchange rate fluctuation or equity prices or implied volatilities can cause a change in EFG International's profits.

The centralised Market Risk function monitors on a daily basis the risk exposures of the trading portfolio and reports to the Chief Risk Officer.

All trading positions are valued at market value using market prices, data and parameters published by recognised stock exchanges or financial data providers. On an intra-day or daily basis, the risk measurement systems support the computation and analysis of: (i) the mark-to-market of the positions exposed to risk; (ii) the daily and cumulative monthly and year-to-date P&L; (iii) the various risk metrics (incl. sensitivities – Greeks stress test, VaR, concentration risk) and (iv) the regulatory and economic capital requirements. Daily risk reports are produced which review compliance with nominal and sensitivity limits and stop loss limits.

Insurance risk
EFG International is exposed to insurance risk in relation to its holding of life insurance policies. The major risk factors are counterparty risk, longevity risk and increase in cost of insurance. The risk of increase in interest rates has been mitigated using interest rate hedging strategies.

EFG International assesses those risks using internal models to calculate the fair value of each life insurance policy and through independent estimations done by external service providers as far as the estimation of life expectancies and forecasted premium payments are concerned, in conjunction with management judgements. Moreover, scenario analyses are done to calculate the sensitivity of the life insurance portfolio to increases in life expectancies, in premium payments, in the credit worthiness of the insurance companies and in interest rates. Finally, management judgement is applied to these models and scenarios.

Credit risk
Credit risk is defined as the risk of loss resulting from the failure of EFG International's borrowers and other counterparties to fulfil their contractual obligations and that collateral provided does not cover EFG International's claims.

EFG International incurs credit risk from traditional on-balance sheet products (such as loan or issued debt), where the credit exposure is the full value, but also on off-balance-sheet products (such as derivatives), where the credit equivalent exposure covers both actual exposure (as a function of prevailing market prices) and potential exposures (i.e. an add-on for volatility of market price) or other guarantees issued (contingent liabilities).

The credit risk arises not only from EFG International's clients lending operations, but also from its treasury and global market activities.

Client credit risk
The client credit risk management strategy approved by the Board of Directors is defined as follows:

- EFG International targets specific lending activities and incurs credit risk only in areas where it has the required skill set and can make a complete assessment of the risk
- EFG International requires an adequate risk return for the credit offerings, and considers the overall relationship with a client or client group, establishing minimum pricing standards at individual credit facilities
- EFG International concentrates on the core credit offerings of lombard lending and real estate financing
- For lombard lending, the focus is on diversified and liquid collateral portfolios, but EFG International accepts higher concentrated collateral pools and single asset loans in selective cases, if the risk return is justified
- For real estate financing, the focus is on residential mortgages, but EFG International is willing to engage in commercial real estate financing and real estate development in select cases and select locations, if the risk return is justified
- EFG International is willing to provide lombard lending and real estate financing suitable for private banking clients with an established private banking relationship and lodged funds commensurate with the credit that is extended

The supervision of credit risk strategy at the Board of Directors level is under the responsibility of the Board Credit Committee.

The Executive Credit Committee has the oversight on the credit portfolio, supported by the Credit function, reporting to the Chief Risk Officer, which ensures that EFG International has an appropriate client credit management framework and programme in place.

Credit exposures against approved limits and pledged collateral are regularly monitored. Financial collateral is valued where possible on a daily basis, but may be valued more frequently, if particular portfolios and severe market conditions demand.

Counterparty and country risks
Country risk is defined as the transfer and conversion risk that arises from cross-border transactions. Country risk also encompasses direct and indirect sovereign risk, the default risk of sovereigns or state entities acting as borrowers, guarantors or issuers.
The counterparty and country risk management strategy approved by the Board of Directors is defined as follows:

- EFG International actively monitors and manages the credit portfolio and consciously takes concentrations in certain sectors, countries and clients/counterparties
- EFG International engages and maintains relationships with counterparties that either have an explicit Investment Grade rating or are non-rated but fulfil comparable criteria
- EFG International accepts a speculative rating of countries and counterparties within the lending, repo and trading portfolio activities on a limited basis
- EFG International targets collateralised transactions when interacting with counterparties
- EFG International is willing to take exposures across countries, but focused on its target regions

Management of exposure to financial institutions is based on a system of counterparty limits coordinated at the EFG International level, and also subject to pre-approved country limits. The limits are set and monitored by the Country & Counterparty Credit (Sub) Committee.

The principal aim of the Counterparty and Country Risk function, reporting to the Chief Risk Officer, is to ensure that EFG International has an appropriate counterparty and country risk management framework in place for identifying, assessing, mitigating, monitoring and reporting risks under its responsibility.

EFG International determines the country risk that it wishes to accept via a country classification in low, medium and high risk countries. The low and medium countries include countries with which business relationships exist and for which the risk is intended to be accepted, albeit to a differing extent. The high risk countries category includes selected countries with a speculative grade, for which risk is nonetheless maintained within strict global limits.

Liquidity risk
Liquidity risks arise when financing activities are difficult or expensive as a result of liquidity crisis on the markets or reputational issues. They also arise when it is difficult to meet own commitments in a timely manner due to a lack of very liquid assets. Liquidity risk has a twofold dimension: funding risk and asset liquidity risk. The two liquidity risk types are connected, as asset liquidity risk could directly increase funding risk, if EFG International is not any more able to raise sufficient liquidity in case of need.

As defined in the risk appetite framework approved by the Board of Directors, the liquidity risk strategies are defined as follows:

- EFG International holds sufficient liquid assets that it could survive more than one month a sustained and severe run on its deposit base, without any recourse to

mitigating actions beyond liquidating those assets, and without breaching regulatory liquidity limits
- EFG International funds the balance sheet primarily from customer deposits, using capital markets opportunistically, without being subject to funding concentration, due to a small number of funding sources or clients

EFG International manages liquidity risk in such a way as to ensure that ample liquidity is available to meet commitments to customers, both in demand for loans and repayments of deposits and to satisfy EFG International's own cash flow needs within all of its business entities. EFG International customer deposit base, capital and liquidity reserves position and conservative gapping policy, when funding customer loans, ensure that EFG International runs only limited liquidity risks.

EFG International's liquidity risk management process is carried out by the Asset & Liability Management Committee and monitored by the Financial Risk Committee, in accordance with the principles and the risk appetite defined in the liquidity risk policy, which defines the organisational structure, responsibilities, limit systems and maximum acceptable risk set by the Board of Directors.

Liquidity is handled by the Treasury function, which ensures the ongoing process of sourcing new funds, in the case of a lack of liquidity, or the investing of funds, if there is an excess of liquidity. Main subsidiaries/regions have their own local Treasury departments, regulated by the Group Treasury function. The Treasury function reports to the Head of Global Markets and Treasury.

The principal aim of the Assets and Liability Management and Liquidity Risk function, reporting to the Chief Risk Officer, is to ensure that EFG International has an appropriate liquidity risk management framework in place for identifying, assessing, mitigating, monitoring and reporting risks under its responsibility.

EFG International aims to avoid concentrations of its funding facilities. It observes its current liquidity situation and determines the pricing of its assets and credit business through the liquidity transfer pricing model. The liquidity risk management process also includes EFG International's contingency funding plans.

EFG International has a liquidity management process in place that includes stress tests, which are undertaken regularly as part of the reporting requirements established within EFG International risk guidelines.

Reputational risk

Reputational risk is defined as the risk of an activity performed by an entity of EFG International or its representatives impairing its image in the community or public confidence, and that this will result in the loss of business and/or legal action or potential regulatory sanction. Typically, a result of other risk categories.

EFG International considers its reputation to be among its most important assets and is committed to protecting it. Reputational risk for EFG International inherently arises from:
- Potential non-compliance with increasingly complex regulatory requirements
- Potential non-compliance with anti-money-laundering regulatory requirements
- Its dealings with politically exposed persons or other clients with prominent public profiles
- Its involvement in transactions executed on behalf of clients other than standard investment products
- Potential major incidents in the area of IT security and data confidentiality
- Potential misconduct by its employees
- Any other potential negative internal or external event arising from other risk categories (e.g. in case of financial risk arising from significant downturn on bonds, equities markets or of a particular housing market speculative bubble, etc.)

EFG International manages these potential reputational risks through the establishment and monitoring of the risk appetite set by the Board of Directors, and through established policies and control procedures.

Emerging risk

EFG International aims to prevent emerging risks; they can be new risks or they can even be familiar risks that become apparent in new or unfamiliar conditions. Their sources can be natural or human, and often are both.

Emerging risks arise from environmental, social and governance (ESG) aspects affecting other risk categories, or may include new technologies, for example, artificial intelligence, cyber - and nanotechnology or genetic engineering, as well as economic, regulatory or political change.

EFG International monitors, via regular risk assessments, emerging risks that could create potential reputational risks and impact future income generation capacity:

- EFG International closely monitors developments in new technologies like artificial intelligence, cyber- and nanotechnology as well as economic, regulatory or political changes
- EFG International strives to ensure that current and potential clients perceive and share EFG International as a responsible institution on environmental, social and governance aspects

Environmental and social challenges are a source of both opportunities and risks, and the financial industry has a crucial role to play in addressing these topics. In 2021, EFG International refined the sustainability strategy and established the Sustainability Advisory Board (see section dedicated to the sustainability governance) to oversee and monitor the progress in implementing this strategy across the organisation.

Assessing and managing ESG-related risks is a key component of this new strategy. In 2021, EFG International defined a specific risk appetite statement as part of the overarching risk appetite framework, underscoring the commitment to positioning EFG International as an ESG-focused financial institution. In line with international guiding principles, EFG International also launched an ESG risk management process to identify and manage potential adverse impacts that EFG International operations could have on the environment and society, as well as any associated reputational consequences or other risks affecting EFG International and its clients. The assessment and management of ESG risks has been further developed in 2022.

Regarding climate risks in particular, EFG International is focusing its attention on the creation and integration of a dedicated climate risks management process in the overall risk management framework. EFG International is embedding climate-related financial risks affecting the known risk categories (credit, market, liquidity, business and operational risks).

6. Credit risk

6.1 Credit risk management

(a) Loans and advances

A basic feature of the credit approval process is a separation between the firm's business origination and credit risk management activities.

Credit facilities are granted according to delegated credit approval authorities, depending on predefined risk, and on collateral and size parameters. The approval competencies for large exposures and exposures with increased risk profiles are centralised in Switzerland, in compliance with local regulatory and legal requirements of the individual international business units.

Mortgages are mainly booked at EFG Bank AG and EFG Private Bank Ltd, London. They are granted predominantly on properties in Switzerland and in prime London locations.

EFG International's internal grading system assigns each client credit exposure to one of ten grading categories. The grading assesses the borrower's repayment ability and the value, quality, liquidity and diversification of the collateral securing the credit exposure. The credit policy and the nature of the loans ensure that EFG International's loan book is of high quality. Consequently, an overwhelming majority of EFG International's credit exposures are graded within the top three categories.

(b) Debt securities and other bills

For debt securities and other bills, external ratings or their equivalents are used by EFG International for managing the credit risk exposures.

6.2 Credit risk mitigation

To qualify as collateral for a lombard loan, a client's securities portfolio must generally be well diversified with different haircuts applied depending on the asset class and collateral risk profile. Additional haircuts are applied if the loan and the collateral are not in the same currency or diversification criteria are not fully met.

Loans guaranteed by real estate are treated in conformity with local regulatory requirements and with the internal directives (regulations, procedures) pertaining to valuation and affordability calculation. All real estate property used as collateral must be evaluated by internal appraisers or by selected external surveyors. External valuations are accepted, as long as the competence and the independence of the external professional have been verified. Credit departments monitor credit exposures against approved limits and pledged collateral.

Other specific control and mitigation measures are outlined below.

(a) Collateral
EFG International employs a range of policies and procedures to mitigate credit risk. EFG International implements guidelines and procedures on the acceptability of specific asset classes as collateral for credit risk mitigation. The main asset classes accepted as collateral for loans and advances are:
- Cash and cash equivalent
- Financial instruments such as debt securities, equities and funds
- Bank guarantees
- Mortgages for residential and to a limited extent commercial properties
- Assignment of guaranteed cash surrender value of life insurance policies

(b) Derivatives
EFG International maintains a strict monitoring of credit risk exposure induced by over-the-counter derivative transactions and exchange-traded derivatives against limits granted. Credit risk exposure is computed as the sum of the mark-to-market of the transactions and the potential future exposure calculated through dedicated add-on factors applied to the notional amount of the transactions.
EFG International has signed risk-mitigating agreements with its most important financial institutions counterparties.

(c) Credit-related commitments
Credit-related commitments include the following:
- Guarantees and standby letters of credit; these carry the same credit risk as loans
- Commitments to extend credit; these represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit

EFG International is potentially exposed to losses in an amount equal to the total commitments after application of any recovery rates. However, commitments to extend credit are typically contingent upon customers maintaining specific credit standards.

For all of the above, the same standards apply regarding approval competences, collateral requirements and monitoring procedures.

6.3 Credit loss measurement

The entity applies the IFRS 9 three-stage approach for impairment measurement:
- Stage 1: for financial assets that have not experienced a significant increase in credit risks since initial recognition a 12-months expected credit losses (ECL) is measured
- Stage 2: for financial assets that experienced a significant increase in credit risks since initial recognition (but not yet deemed to be credit-impaired) a lifetime ECL is measured
- Stage 3: for credit-impaired or defaulted financial assets a lifetime ECL is measured

Specific ECL measurements have been developed for each type of credit exposure.

6.4 Due from banks and investment securities

This category includes balances with central banks, due from other banks, treasury bills and other eligible bills, and investment securities.

Inputs and assumptions
The ECL for all products above is estimated using three components:
- EAD (exposure at default): book value (amortised cost assets) and purchase value adjusted for amortisation and discount unwind (financial assets at fair value through other comprehensive income)
- PD (probability of default): estimated based on external counterparty credit risk rating information (Standard & Poor's annual global corporate default study and rating transition). For unrated instruments a BBB is considered as a proxy
- LGD (loss given default): for stage 1 and stage 2 assets aligned to the credit default swap ISDA market standard (recovery rate 40%). In case of stage 3 assets, determined on an individual basis

Estimation techniques
Macroeconomic expectations for sovereign securities and central banks debt are incorporated via their respective external rating as part of their assessment of counterparty credit risk. For banks and corporate counterparties, the PD and related transition matrices are impacted based on macroeconomic expectations.

Significant increase in credit risk
A significant increase in credit risk (SICR) is determined based on rating changes and individually assessed by an internal expert panel considering a range of external market information (e.g. credit default spreads, rating outlook).

Definition of default
The default is triggered through a payment default on the instrument or any cross-default indication.

6.5 Lombard lending

Lombard lending includes loans and advances to customers covered by financial collaterals. Being secured by diversified portfolios of investment securities, the risk of default of the loan is driven by the collateral.

Inputs and assumptions
The exposure of lombard loans considers potential drawdowns, and the ECL is estimated by means of two components:
- ECL due to adverse market price movements that captures the risk that a shortfall arises when collateral values decrease to a level insufficient to cover the respective lombard loan exposure (based on assumptions regarding market price volatility of collateral asset classes, currency mismatch between loan and collateral, close-out periods and LGD considering collateral liquidation sales cost) and
- ECL due to a default of a large single collateral position (top 1 to top 5) yielding a shortfall for the lombard loan exposure (based on PD and LGD for each sub-asset class based on counterparty risk ratings, LGD to assess the collateral value after default and close-out periods).

Estimation techniques
As opposed to the general measurement approach, the ECL measurement for lombard loans is not based on the PD but on the probability to reach the close-out trigger level and the related expected positive exposure (EPE). The latter corresponds to an uncovered shortfall which in combination with the LGD parameter determines the ECL. No additional macro-conditioning of variables is necessary as macroeconomic effects are captured through parameters such as volatility and loan-to-value (LTV) levels. Post-model adjustments have been recognised on selected individual cases for which risks and uncertainties cannot be adequately reflected with the existing models.

Significant increase in credit risk
A SICR occurs once the close-out trigger (based on collateral LV) is reached and contextually the computed ECL is above a materiality threshold.

Definition of default
Lombard loans that were closed out or have their collateral liquidated, resulting in an actual shortfall, or where liquidation is still in progress, resulting in a potential shortfall, are considered credit-impaired and classified as stage 3.

6.6 Mortgages and other loans

All loans and advances to customers not considered lombard lending are included in this classification. These are residential and commercial mortgages, commercial loans, and overdrafts.

Inputs and assumptions
The ECL for mortgages and for other loans is estimated using three components:
- EAD: the exposure considers contractual repayments, as well as potential drawdown over the lifetime of the loan
- PD: derived from historical transition matrices. To derive forward-looking default estimates, these matrices are calibrated to the macroeconomic expectation
- LGD: calculated based on the possibility to cure (derived from the transition matrix), considering the current LTV and the future recovery value of underlying properties for mortgages (computed considering house price development and sales costs proxies)

Estimation techniques
Each loan is assigned to a risk grade on the basis of its credit quality (i.e. rank order estimation).
Forward-looking macroeconomic effects are incorporated with forecasts on gross domestic product (GDP) growth, unemployment rate and house price index (HPI).
Post-model adjustments have been recognised on selected individual cases for which risks and uncertainties cannot be adequately reflected with the existing models.

Significant increase in credit risk
A SICR is experienced by any exposure greater than 30 days past due, or with a deterioration of other criteria (such as rank order estimation or watchlist status), or previously defaulted (one-year cure).

Definition of default
Any exposure greater than 90 days past due, or other criteria (such as rank order estimation or watchlist status) or following an individual assessment is considered credit-impaired and classified as stage 3.

6.7 Contractual modifications

EFG International modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view of maximising recovery. Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms of initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. EFG International may determine that the credit risk has significantly reduced after restructuring, so that the assets are removed from stage 3 or stage 2 in accordance with the new terms for the six consecutive months or more.

6.8 Write-off policy

EFG International writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include:
– Ceasing enforcement activity
– Where EFG International's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full

EFG International may write off financial assets that are still subject to enforcement activity. EFG International still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectations of full recovery.

6.9 Macroeconomic scenario

The ECL results are based on forward-looking projections. These projections consider different macroeconomic scenarios, in particular a base, upside, downside and stress scenario is considered.

The most significant assumptions affecting the ECL are as follows:

- For residential and commercial mortgages: HPI, given the impact it has on mortgage collateral valuations; GDP and unemployment rate, given the correlation with the customers' wealth, as well as the commercial clients' business environment, hence in turn their ability to repay the loans
- For due from customers – lombard lending: asset volatility, given the impact it has on financial collateral valuations

		2023	2024	2025
World GDP growth	Base	2.7%	3.2%	3.4%
	Upside	3.3%	3.5%	3.5%
	Downside	2.1%	2.9%	3.2%
	Stress	1.4%	2.6%	3.0%
Switzerland GDP growth	Base	0.8%	1.8%	1.2%
	Upside	1.7%	2.2%	1.4%
	Downside	0.0%	1.4%	1.0%
	Stress	(0.9%)	0.9%	0.8%
Weighted G7 GDP growth	Base	0.8%	1.3%	1.7%
	Upside	1.7%	2.0%	2.3%
	Downside	(0.0%)	0.6%	1.1%
	Stress	(1.0%)	(0.2%)	0.5%
G7 Unemployment rate	Base	0.6%	0.4%	(0.1%)
	Upside	0.2%	0.2%	(0.2%)
	Downside	0.9%	0.5%	(0.0%)
	Stress	1.2%	0.7%	0.1%
House price index Switzerland	Base	0.4%	0.2%	0.7%
	Upside	3.9%	3.4%	3.6%
	Downside	(2.8%)	(2.7%)	(1.9%)
	Stress	(6.3%)	(5.8%)	(4.7%)
House price index UK (London)	Base	(2.0%)	2.0%	4.9%
	Upside	5.2%	8.6%	10.5%
	Downside	(8.6%)	(4.0%)	(0.2%)
	Stress	(15.8%)	(10.6%)	(5.8%)

6.10 Sensitivity analysis

The table below illustrates the impact on stage 1 and stage 2 ECL from reasonably possible changes in the main parameters from the actual assumptions used. For mortgages and other loans the upside, downside and stress ECL scenarios have been applied, while for lombard loans the volatilities have been doubled (stress scenario). The ECL sensitivity under stress corresponds in nominal terms to CHF 0.1 million on the GDP growth (4%), CHF 3.3 million on the HPI (199%) and CHF 1.1 million on volatilities (38%).

Portfolio	Parameter	Scenario		
		Upside sensitivity %	Downside sensitivity %	Stress sensitivity %
Mortgages and other loans	GDP growth	-2%	2%	4%
Mortgages and other loans	House price indices	-1%	22%	199%
Lombard loans	Volatilities	n.a.	n.a.	38%

6.11 Collateral and other credit enhancements

EFG International employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for credit exposures.
EFG International adheres to guidelines on the acceptability of specific classes of collateral for credit risk mitigation. The principal collateral types for loans and advances are:
- Charges over financial instruments such as debt securities and equities
- Mortgages over residential and to a limited extent commercial properties

6.12 Concentration of risks of financial assets with credit risk exposure

EFG International manages the concentration risk by monitoring and reviewing on a regular basis its large exposures.

As of 31 December 2022, the carrying value of the exposure of the ten largest borrowers was CHF 1,446.4 million (2021: CHF 1,827.7 million).

7. Credit risk exposure

The table below summarises the carrying values, credit grades, expected credit loss (ECL) allowance by stage and fair values of collateral of those financial assets that were measured at amortised cost (or at fair value through other comprehensive income) as of 31 December 2022. The ECL allowance for all assets excluding financial assets at fair value through other comprehensive income are deducted from the carrying value.

31 December 2022	AAA–AA CHF millions	A CHF millions	BBB–BB CHF millions	B–C CHF millions	Unrated CHF millions	Total carrying value CHF millions
Cash and balances with central banks	9,487.6					9,487.6
Treasury bills and other eligible bills	3,055.4					3,055.4
Due from other banks	1,326.2	733.3	35.8	0.6		2,095.9
Mortgages	5,105.8	188.6	147.9	218.0		5,660.3
Lombard and other loans	10,689.3	63.6	161.5	173.4		11,087.8
Investment securities	7,669.7					7,669.7
Total on-balance sheet assets as at 31 December 2022	**37,334.0**	**985.5**	**345.2**	**392.0**	**–**	**39,056.7**
Loan commitments	164.8					164.8
Financial guarantees	223.0	3.3	1.9	3.6		231.8
Total	**37,721.8**	**988.8**	**347.1**	**395.6**	**–**	**39,453.3**

Rating range based on external rating. If not available computed based on final ECL calculation and aligned with external rating agencies default data.

31 December 2022	Total carrying value CHF millions	ECL Staging			ECL allowance CHF millions	Fair value of the collateral held CHF millions
		Stage 1	Stage 2	Stage 3		
Cash and balances with central banks	9,487.6					
Treasury bills and other eligible bills	3,055.4	0.1			0.1	
Due from other banks	2,095.9					
Mortgages	5,660.3	0.5	0.3	5.2	6.0	12,679.6
Lombard and other loans	11,087.8	1.9	0.3	6.0	8.2	33,448.5
Investment securities	7,669.7	0.5			0.5	
Total on-balance sheet assets as at 31 December 2022	**39,056.7**	**3.0**	**0.6**	**11.2**	**14.8**	**46,128.1**
Loan commitments	164.8					
Financial guarantees	231.8	0.1	0.4		0.5	
Total	**39,453.3**	**3.1**	**1.0**	**11.2**	**15.3**	**46,128.1**

The table below summarises the carrying values, credit grades, expected credit loss allowance by stage and fair values of collateral 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	AAA–AA CHF millions	A CHF millions	BBB–BB CHF millions	B–C CHF millions	Unrated CHF millions	Total carrying value CHF millions
Cash and balances with central banks	9,801.5					9,801.5
Treasury bills and other eligible bills	1,452.8					1,452.8
Due from other banks	1,629.0	911.9	21.4			2,562.3
Mortgages	4,621.2	950.4	52.5	166.8		5,790.9
Lombard and other loans	12,005.5	170.9	118.0	140.3		12,434.7
Investment securities	5,300.0	567.4	10.4			5,877.8
Total on-balance sheet assets as at 31 December 2021	**34,810.0**	**2,600.6**	**202.3**	**307.1**	**–**	**37,920.0**
Loan commitments	225.8					225.8
Financial guarantees	248.3	2.0	3.7	2.3		256.3
Total	**35,284.1**	**2,602.6**	**206.0**	**309.4**	**–**	**38,402.1**

31 December 2021	Total carrying value CHF millions	ECL Staging			ECL allowance included in carrying values CHF millions	Fair value of the collateral held CHF millions
		Stage 1	Stage 2	Stage 3		
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	
Mortgages	5,790.9	0.7	0.2	4.7	5.6	13,325.2
Lombard and other loans	12,434.7	1.5	1.2	8.6	11.3	38,823.9
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**	**52,149.1**
Loan commitments	225.8					
Financial guarantees	256.3		0.5		0.5	
Total	**38,402.1**	**2.6**	**1.9**	**13.3**	**17.8**	**52,149.1**

8. Credit staging and loss allowances

8.1 Balances with central banks

The table below presents the aggregate changes in gross carrying values and loss allowances for Balances with central banks:

Balances with central banks - Gross carrying value	Stage 1 CHF millions	Stage 2 CHF millions	Stage 3 CHF millions	Total CHF millions
At 01 January 2021	**8,642.9**	**–**	**–**	**8,642.9**
Financial assets derecognised during the period other than write-offs	(75.2)			**(75.2)**
New financial assets originated or purchased	1,328.7			**1,328.7**
Exchange differences	(94.9)			**(94.9)**
At 31 December 2021	**9,801.5**	**–**	**–**	**9,801.5**
Financial assets derecognised during the period other than write-offs	(5,560.2)			**(5,560.2)**
New financial assets originated or purchased	5,444.0			**5,444.0**
Exchange differences	(197.7)			**(197.7)**
At 31 December 2022	**9,487.6**	**–**	**–**	**9,487.6**

Balances with central banks - Loss allowance	Stage 1 12-month ECL CHF millions	Stage 2 Lifetime ECL CHF millions	Stage 3 Lifetime ECL CHF millions	Total CHF millions
At 01 January 2021	**–**	**–**	**–**	**–**
Movements with P&L impact				
Other movements with no P&L impact				**–**
At 31 December 2021	**–**	**–**	**–**	**–**
Movements with P&L impact				
Other movements with no P&L impact				**–**
At 31 December 2022	**–**	**–**	**–**	**–**

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

8.2 Treasury bills and other eligible bills

The table below presents the aggregate changes in gross carrying values and loss allowances for Treasury and other eligible bills held at amortised cost:

Treasury bills and other eligible bills - Gross carrying value	Stage 1 CHF millions	Stage 2 CHF millions	Stage 3 CHF millions	Total CHF millions
At 01 January 2021	**1,026.9**	**–**	**–**	**1,026.9**
Financial assets derecognised during the period other than write-offs	(1,026.9)			**(1,026.9)**
New financial assets originated or purchased	1,452.8			**1,452.8**
At 31 December 2021	**1,452.8**	**–**	**–**	**1,452.8**
Financial assets derecognised during the period other than write-offs	(1,016.0)			**(1,016.0)**
New financial assets originated or purchased	2,613.3			**2,613.3**
Exchange differences	5.4			**5.4**
At 31 December 2022	**3,055.5**	**–**	**–**	**3,055.5**

Treasury bills and other eligible bills - Loss allowance	Stage 1 12-month ECL CHF millions	Stage 2 Lifetime ECL CHF millions	Stage 3 Lifetime ECL CHF millions	Total CHF millions
At 01 January 2021	**–**	**–**	**–**	**–**
Movement with P&L impact				**–**
Loss allowance as at 31 December 2021	**–**	**–**	**–**	**–**
Movements with P&L impact				
New financial assets originated or purchased	0.1			**0.1**
At 31 December 2022	**0.1**	**–**	**–**	**0.1**

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

8.3 Due from other banks

The table below presents the aggregate changes in gross carrying values and loss allowances for Due from other banks:

Due from other banks - Gross carrying value	Stage 1 CHF millions	Stage 2 CHF millions	Stage 3 CHF millions	Total CHF millions
At 01 January 2021	**3,097.1**	**–**	**–**	**3,097.1**
Financial assets derecognised during the period other than write-off	(2,192.5)			**(2,192.5)**
New financial assets originated or purchased	1,762.1			**1,762.1**
Amounts transferred to Other assets - Held-for-sale	(98.1)			**(98.1)**
Exchange differences	(6.2)			**(6.2)**
At 31 December 2021	**2,562.4**	**–**	**–**	**2,562.4**
Financial assets derecognised during the period other than write-off	(1,859.9)			**(1,859.9)**
New financial assets originated or purchased	1,407.6			**1,407.6**
Exchange differences	(14.2)			**(14.2)**
At 31 December 2022	**2,095.9**	**–**	**–**	**2,095.9**

Due from other banks - Loss allowance	Stage 1 12-month ECL CHF millions	Stage 2 Lifetime ECL CHF millions	Stage 3 Lifetime ECL CHF millions	Total CHF millions
At 01 January 2021	**0.1**	**–**	**–**	**0.1**
Movements with P&L impact				
New financial assets originated or purchased				**–**
Changes in PD/LGDs/EADs				**–**
At 31 December 2021	**0.1**	**–**	**–**	**0.1**
Movements with P&L impact				
New financial assets originated or purchased				**–**
Changes in PD/LGDs/EADs	(0.1)			**(0.1)**
Total net P&L charge during the period	**(0.1)**	**–**	**–**	**(0.1)**
At 31 December 2022	**–**	**–**	**–**	**–**

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

8.4 Investment Securities

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

Investment Securities - Carrying value	Stage 1 CHF millions	Stage 2 CHF millions	Stage 3 CHF millions	Total CHF millions
At 01 January 2021	**4,953.0**	**–**	**–**	**4,953.0**
Financial assets derecognised during the period other than write-offs	(2,368.6)			**(2,368.6)**
New financial assets originated or purchased	3,382.5			**3,382.5**
Changes in fair value	(111.9)			**(111.9)**
Changes in interest accrual	(1.0)			**(1.0)**
Amounts transferred to Other assets - Held-for-sale	(42.7)			**(42.7)**
Exchange differences	66.5			**66.5**
At 31 December 2021	**5,877.8**	**–**	**–**	**5,877.8**
Financial assets derecognised during the period other than write-offs	(1,962.3)			**(1,962.3)**
New financial assets originated or purchased	4,086.7			**4,086.7**
Change in fair value	(311.2)			**(311.2)**
Changes in interest accrual	18.8			**18.8**
Exchange differences	(40.0)			**(40.0)**
At 31 December 2022	**7,669.8**	**–**	**–**	**7,669.8**

Investment Securities - Loss allowance	Stage 1 12-month ECL CHF millions	Stage 2 Lifetime ECL CHF millions	Stage 3 Lifetime ECL CHF millions	Total CHF millions
At 01 January 2021	**0.3**	**–**	**–**	**0.3**
New financial assets originated or purchased	0.2			**0.2**
Changes in PD/LGDs/EADs	(0.2)			**(0.2)**
At 31 December 2021	**0.3**	**–**	**–**	**0.3**
Movements with P&L impact				
New financial assets originated or purchased	0.2			**0.2**
Changes in PD/LGDs/EADs				**–**
Total net P&L charge during the period	**0.2**	**–**	**–**	**0.2**
At 31 December 2022	**0.5**	**–**	**–**	**0.5**
Loss allowance on assets at amortised cost offset against asset (see Note 33)	0.1	–	–	0.1
Loss allowance on assets at fair value	0.4	–	–	0.4
Total loss allowance on investment securities	**0.5**	**–**	**–**	**0.5**

For expected credit losses on Investment securities at fair value through other comprehensive income, the movement with P&L impact is recognised in other comprehensive income, as the ECL has no impact on the fair value of the assets. For expected credit losses on investment securities at amortised cost, the ECL is deducted from the carrying value.

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

8.5 Loans and advances to customers

Loans and advances to customers comprise the following:

		31 December 2022 CHF millions	31 December 2021 CHF millions
(i) Mortgage loans	Gross	5,666.3	5,796.5
	Loss allowance	(6.0)	(5.6)
(ii) Lombard loans	Gross	10,941.9	11,686.9
	Loss allowance	(3.2)	(4.1)
(iii) Other loans	Gross	154.1	759.1
	Loss allowance	(5.0)	(7.2)
Total loans and advances to customers		**16,748.1**	18,225.6

(i) Mortgage Loans
The table below presents the aggregate changes in gross carrying values and loss allowances for Mortgage loans:

Mortgage loans - Gross carrying value	Stage 1 CHF millions	Stage 2 CHF millions	Stage 3 CHF millions	Total CHF millions
At 01 January 2021	**5,308.3**	**247.6**	**126.5**	**5,682.4**
Transfers:				
Transfer from Stage 1 to Stage 2	(67.8)	67.8		–
Transfer from Stage 1 to Stage 3	(86.2)		86.2	–
Transfer from Stage 2 to Stage 3		(15.5)	15.5	–
Transfer from Stage 3 to Stage 2		13.2	(13.2)	–
Financial assets derecognised during the period other than write-offs	(1,316.6)	(120.0)	(64.8)	**(1,501.4)**
New financial assets originated or purchased	1,584.1			**1,584.1**
Changes in interest accrual	(0.9)			**(0.9)**
Amounts transferred to Other assets - Held-for-sale			(1.8)	**(1.8)**
Exchange differences	29.5	2.1	2.5	**34.1**
At 31 December 2021	**5,450.4**	**195.2**	**150.9**	**5,796.5**
Transfers:				
Transfer from Stage 1 to Stage 2	(139.4)	139.4		–
Transfer from Stage 1 to Stage 3	(59.6)		59.6	–
Transfer from Stage 2 to Stage 1	39.6	(39.6)		–
Transfer from Stage 2 to Stage 3		(27.4)	27.4	–
Transfer from Stage 3 to Stage 1	5.4		(5.4)	–
Transfer from Stage 3 to Stage 2		27.2	(27.2)	–
Financial assets derecognised during the period other than write-offs	(1,097.5)	(106.1)	(91.7)	**(1,295.3)**
New financial assets originated or purchased	1,162.4			**1,162.4**
Net change of exposure	(287.0)	70.8	18.8	**(197.4)**
Reclassification from other loans	240.9	149.7	109.4	**500.0**
Changes in interest accrual	(3.4)			**(3.4)**
Write-offs			(0.2)	**(0.2)**
Exchange differences	(252.7)	(25.2)	(18.4)	**(296.3)**
At 31 December 2022	**5,059.1**	**384.0**	**223.2**	**5,666.3**

Mortgage loans - Loss allowance	Stage 1 12-month ECL CHF millions	Stage 2 Lifetime ECL CHF millions	Stage 3 Lifetime ECL CHF millions	Total CHF millions
At 01 January 2021	**0.9**	**0.3**	**6.0**	**7.2**
Movements with P&L impact				
Transfers:				
Transfer from Stage 2 to Stage 1	0.2	(0.2)		**–**
New financial assets originated or purchased	0.3			**0.3**
Changes in PD/LGDs/EADs	(0.4)	(0.6)	1.1	**0.1**
Unwind of discount	(0.1)			**(0.1)**
Exchange differences	(0.2)		0.1	**(0.1)**
Total net P&L charge during the period	**(0.2)**	**(0.8)**	**1.2**	**0.2**
Other movements with no P&L impact				
Transfer from Stage 3 to Stage 2		0.7	(0.7)	**–**
Write-offs			(1.8)	**(1.8)**
At 31 December 2021	**0.7**	**0.2**	**4.7**	**5.6**
Movements with P&L impact				
Transfers:				
Transfer from Stage 3 to Stage 1	0.1		(0.1)	
New financial assets originated or purchased	0.1			**0.1**
Financial assets derecognised during the period	(0.1)	(0.1)	(0.9)	**(1.1)**
Changes in PD/LGDs/EADs	(0.3)	0.2	0.2	**0.1**
Unwind of discount				**–**
Exchange differences		(0.1)	(0.4)	**(0.5)**
Total net P&L charge during the period	**(0.2)**	**–**	**(1.2)**	**(1.4)**
Other movements with no P&L impact				
Reclassification from other loans		0.1	1.9	**2.0**
Write-offs			(0.2)	**(0.2)**
At 31 December 2022	**0.5**	**0.3**	**5.2**	**6.0**

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

(ii) Lombard loans

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

Lombard loans - Gross carrying value	Stage 1 CHF millions	Stage 2 CHF millions	Stage 3 CHF millions	Total CHF millions
At 01 January 2021	**11,661.5**	**136.3**	**205.4**	**12,003.2**
Transfers:				
Transfer from Stage 1 to Stage 2	(165.7)	165.7		–
Transfer from Stage 1 to Stage 3				–
Transfer from Stage 2 to Stage 3		(2.2)	2.2	–
Transfer from Stage 3 to Stage 1	3.7		(3.7)	–
Transfer from Stage 2 to Stage 1	5.7	(5.7)		–
Financial assets derecognised during the period other than write-offs	(3,907.7)	(148.2)	(190.9)	**(4,246.8)**
New financial assets originated or purchased	4,225.7			**4,225.7**
Changes in interest accrual	(3.8)			**(3.8)**
Amounts transferred to Other assets - Held-for-sale	(323.1)	(4.5)		**(327.6)**
Write-offs			(8.6)	**(8.6)**
Exchange differences	42.2	2.6		**44.8**
At 31 December 2021	**11,538.5**	**144.0**	**4.4**	**11,686.9**
Transfers:				
Transfer from Stage 1 to Stage 2	(29.7)	29.7		–
Transfer from Stage 1 to Stage 3	(10.7)		10.7	–
Transfer from Stage 2 to Stage 1	19.3	(19.3)		–
Transfer from Stage 2 to Stage 3		(2.3)	2.3	–
Financial assets derecognised during the period other than write-offs	(2,137.6)	(95.6)		**(2,233.2)**
New financial assets originated or purchased	1,734.3			**1,734.3**
Net change of exposure	(129.3)	(22.0)	(1.1)	**(152.4)**
Changes in interest accrual	30.7			**30.7**
Write off			(0.5)	**(0.5)**
Exchange differences	(123.9)			**(123.9)**
At 31 December 2022	**10,891.6**	**34.5**	**15.8**	**10,941.9**

Lombard loans - Loss allowance	Stage 1 12-month ECL CHF millions	Stage 2 Lifetime ECL CHF millions	Stage 3 Lifetime ECL CHF millions	Total CHF millions
At 01 January 2021	**1.0**	**3.0**	**78.7**	**82.7**
Movements with P&L impact				
Transfers:				
Transfer from Stage 2 to Stage 1	0.1	(0.1)		**–**
Transfer from Stage 3 to Stage 1	1.7		(1.7)	**–**
New financial assets originated or purchased				**–**
Changes in PD/LGDs/EADs	(2.3)	(1.8)	6.0	**1.9**
Loan repaid from Collateral			(73.2)	**(73.2)**
Unwind of discount	(0.4)			**(0.4)**
Exchange differences	(0.1)	0.1	1.7	**1.7**
Total net P&L charge during the period	**(1.0)**	**(1.8)**	**(67.2)**	**(70.0)**
At 31 December 2021	**–**	**1.1**	**3.0**	**4.1**
Movements with P&L impact				
New financial assets originated or purchased	0.1			**0.1**
Financial assets derecognised during the period		(1.0)		**(1.0)**
Changes in PD/LGDs/EADs		0.2	0.1	**0.3**
Unwind of discount				**–**
Exchange differences			0.2	**0.2**
Total net P&L charge during the period	**0.1**	**(0.8)**	**0.3**	**(0.4)**
Other movements with no P&L impact				
Write-offs			(0.5)	**(0.5)**
At 31 December 2022	**0.1**	**0.3**	**2.8**	**3.2**

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

Stage 3 lombard loans

Stage 3 lombard loans at 01 January 2021 included a gross exposure including accrued interest of CHF 178.0 million that EFG Bank AG disbursed in 2007 and on which an expected credit loss of CHF 75.3 million had been calculated. As a result of a positive verdict in a case in Singapore concluding that the Group had a valid pledge over assets held as collateral, in November 2021 the Group used the collateral held to repay the loan.

This resulted in a reversal of the expected credit loss of CHF 75.6 million as a gain in the P&L of 2021. However, the Group recorded a provision in 2021 against legal matters of CHF 73.2 million (see Note 49).

(iii) Other loans

The table below presents the aggregate changes in gross carrying values and loss allowances for Other loans (which include commercial loans and unsecured overdrafts):

Other loans - Gross carrying value	Stage 1 CHF millions	Stage 2 CHF millions	Stage 3 CHF millions	Total CHF millions
At 01 January 2021	**510.0**	**62.7**	**63.0**	**635.7**
Transfers:				
Transfer from Stage 1 to Stage 2	(69.5)	69.5		**–**
Transfer from Stage 1 to Stage 3	(97.1)		97.1	**–**
Transfer from Stage 2 to Stage 3		(0.3)	0.3	**–**
Transfer from Stage 2 to Stage 1	24.5	(24.5)		**–**
Financial assets derecognised during the period other than write-offs	(209.2)	(8.9)	(39.2)	**(257.3)**
New financial assets originated or purchased	381.6			**381.6**
Write-offs				**–**
Other loans transferred to Other assets - Held-for-sale	–	(2.6)		**(2.6)**
Exchange differences	0.9	0.3	0.5	**1.7**
At 31 December 2021	**541.2**	**96.2**	**121.7**	**759.1**
Transfers:				
Transfer from Stage 1 to Stage 3	(7.7)		7.7	**–**
Transfer from Stage 2 to Stage 3		(0.1)	0.1	**–**
Financial assets derecognised during the period other than write-offs	(37.0)	(4.7)	(4.0)	**(45.7)**
New financial assets originated or purchased	52.2			**52.2**
Net change of exposure	(165.2)	59.2	(0.5)	**(106.5)**
Reclassification to mortgage loans	(240.9)	(149.7)	(109.4)	**(500.0)**
Write-offs	–	–	(4.7)	**(4.7)**
Exchange differences	(0.2)	0.1	(0.2)	**(0.3)**
At 31 December 2022	**142.4**	**1.0**	**10.7**	**154.1**

Other loans - Loss allowance	Stage 1 12-month ECL CHF millions	Stage 2 Lifetime ECL CHF millions	Stage 3 Lifetime ECL CHF millions	Total CHF millions
At 01 January 2021	**1.8**	**1.2**	**5.4**	**8.4**
Movements with P&L impact				
Transfers:				
Transfer from Stage 2 to Stage 1	1.2	(1.2)		**–**
New financial assets originated or purchased	0.3			**0.3**
Changes in PD/LGDs/EADs	(1.9)	0.1	0.3	**(1.5)**
Exchange differences	0.1		(0.1)	**–**
Total net P&L charge during the period	**(0.3)**	**(1.1)**	**0.2**	**(1.2)**
Other movements with no P&L impact				
Transfer from Stage 2 to Stage 3				
Loss allowance from other loans transferred to Held-for-sale				**–**
Write-offs				**–**
At 31 December 2021	**1.5**	**0.1**	**5.6**	**7.2**
Movements with P&L impact				
Financial assets derecognised during the period	(0.1)	(0.1)	(0.3)	**(0.5)**
New financial assets originated or purchased	0.2			**0.2**
Changes in PD/LGDs/EADs	0.3		4.4	**4.7**
Exchange differences	(0.1)	0.1	0.1	**0.1**
Total net P&L charge during the period	**0.3**	**0.0**	**4.2**	**4.5**
Other movements with no P&L impact				
Reclassification of loans collateralised by real estate		(0.1)	(1.9)	**(2.0)**
Write-offs			(4.7)	**(4.7)**
At 31 December 2022	**1.8**	**0.0**	**3.2**	**5.0**

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

9. Market risk

9.1 Market risk measurement methodology

(a) Value at risk
The Value at risk (VaR) is an indicator used to estimate the maximum potential loss of a position, given predefined confidence interval and time horizon, under normal market conditions following adverse movements of markets parameters (interest rates, credit spreads and foreign currencies).

The VaR methodology applied in EFGI is based on a full revaluation historical approach based on 251 daily observations and considering a confidence interval of 99% and a time horizon of 10 days (VaR 10d / 99%).

VaR is used for internal control purpose and not for regulatory reporting of risks.

(b) Sensitivity analysis
The risk assessment through sensitivity analysis considers all major market risks deriving from assets, liabilities and off-balance-sheet transactions. The simulations analyse the impacts on risk exposures of adverse movements in market parameters. For interest rate risk, the following risk exposures are assessed:
– Impact on net interest income (NII): the NII assessment determines the impact of a change in the interest rate structure on the forecasted interest income (and thus on current earnings). This view is based on nominal values and considers the impact on the basis of a 12-month time horizon.
– Impact on economic value of equity (EVE): the EVE assessment measures the impact of changes in interest rates on current values of future cash flows and thus on the current economic value of EFG International's equity

In contrast to the first approach, which focuses solely on a one-year time frame, the impact on the economic value of equity expresses the long-term impact deriving from all future cash flows, if there is a shift in market interest rates.

For foreign exchange rate risk, the sensitivity measurement covers in particular:

– The mismatch between on- and off-balance-sheet positions denominated in foreign currencies
– The forecasted earnings that are originated by positions in foreign currencies

(c) Stress tests
VaR calculation and sensitivity analysis are complemented by stress tests, which identify the potential impact of extreme market scenarios on EFG International's equity and income statements. These stress tests simulate both exceptional movements in prices or rates, and drastic deteriorations in market correlations.

Stress tests provide an indication of the potential size of losses that could arise in extreme conditions.
The stress tests include:
– Risk factor stress testing, where stress movements are applied to each risk category
– Ad hoc stress testing, which includes applying possible stress events to specific positions or regions
– Reverse stress test to examine vulnerabilities of the implemented models and risks embedded in EFGI's exposures

9.2 Market risk mitigation

EFG International is exposed to financial risks arising from many aspects of its business. EFG International implements different risk management strategies to eliminate or reduce market risk exposures. Risks being hedged through derivative financial instruments are typically changes in interest rates, foreign currency rates or effects of other risks (e.g. mortality risk on insurance policies portfolio). EFG International implements fair value hedging strategies.

The risk being hedged in a fair value hedging strategy is a change in the fair value of an asset or liability that is attributable to a particular risk and could affect P&L or the economic value of equity.

9.3 Market risk exposure

The following table summarises the repricing gap of EFG International's financial instruments based on the undiscounted cashflows, categorised by the earlier of contractual repricing or maturity dates (interest rate risk view):

Repricing gap by remaining contractual maturities	**Up to 3 months CHF millions**	**3–12 months CHF millions**	**1–5 years CHF millions**	**Over 5 years CHF millions**	**Non-interest bearing CHF millions**	**Total CHF millions**
As at 31 December 2022						
Assets						
Cash and balances with central banks	9,487.6					9,487.6
Treasury bills	1,884.4	763.2	424.7			3,072.3
Due from other banks	1,843.5	108.9	143.5			2,095.9
Loans and advances to customers	13,295.0	1,838.8	1,484.1	130.2		16,748.1
Derivative financial instruments	1,796.2					1,796.2
Financial assets at fair value through profit and loss	428.9	341.7	127.0	84.3	649.0	1,630.9
Investment securities	1,285.7	952.4	5,725.4	104.1		8,067.6
Total financial assets	**30,021.3**	**4,005.0**	**7,904.7**	**318.6**	**649.0**	**42,898.6**
Liabilities						
Due to other banks	919.1	3.7				922.8
Due to customers	15,733.3	1,655.5	99.2		16,547.5	34,035.5
Derivative financial instruments	1,642.9					1,642.9
Financial liabilities at fair value through profit and loss	204.3	2.8	222.5	13.3		442.9
Financial liabilities at amortised cost	3,279.2	161.7	228.6	32.5		3,702.0
Subordinated loans						
Total financial liabilities	**21,778.8**	**1,823.7**	**550.3**	**45.8**	**16,547.5**	**40,746.1**
On-balance-sheet interest repricing gap	8,242.5	2,181.3	7,354.4	272.8	(15,898.5)	2,152.5
Off-balance-sheet interest repricing gap	1,976.5	(182.5)	(1,710.3)	(73.6)		10.1

The quantitative interest rate risk impact on equity economic value and on net interest income are reported in the Basel III Pillar 3 Disclosures report, together with qualitative information.

9.4 Value-at-risk trading and investment books

The following table presents the VaR (10d / 99%) attribution by interest rates risk, credit spread risk and currency risk:

VaR by risk type At 31 December	Total VaR CHF millions	... thereof Trading book VaR CHF millions
2022		
Credit spread risk	6.1	1.4
Interest rate risk	16.0	0.3
Currency risk	2.6	2.6
VaR	**24.7**	**4.3**
2021		
Credit spread risk	9.9	2.9
Interest rate risk	20.7	0.5
Currency risk	0.4	0.4
VaR	**31.0**	**3.8**

EFG International carries out foreign currency operations both for its clients, and for its own account. The aggregated foreign currency exposure was CHF 39.0 million.

Year 2022 was characterised by inflationary pressure in all western economies with central banks increasing interest rates trying to contain inflation. In addition, following the-Ukraine war geopolitical tensions, markets volatility remained elevated during the year. Main reason for the VaR reduction was due to the derisking of the fixed income trading book.

10. Life insurance and longevity risk

10.1 Definitions

(a) Demographic experience risk

Demographic experience risk is defined as the risk that arises from the inherent uncertainties as to the occurrence, amount and timing of future cash flows due to demographic and expense experience.

Demographic experience risk is limited to EFG International Group's legacy insurance portfolio (for which we have appropriate valuation models in place for this risk where demographic experience is a key assumption) and for the valuation of the EFG International Group's retirement benefit obligations.

(b) Longevity risk

The key risk faced in terms of demographic is longevity risk which is the risk that the underlying insured lives longer than expected. There are three subcomponents of this risk which are:

i) Improvement risk, which is the future longevity improvements of collective lives or a singular life are different than expected
ii) Diversion from base life table risk, which is relatively low in EFG International Group's portfolio, as EFG International Group tracks individual lives
iii) The per single life risk, which is the random variation from EFG International Group's estimated likelihood of each insured life dying in each year. In the case of the latter, it is a material risk due to the small number of insured lives in the portfolio

(c) Expense risk

Expense risk is related primarily to the potential change in premiums. These changes in premium relate to increases payable to the life insurers based on their permissible premium increases under the discrete policy.
EFG International Group is required to pay these higher premiums to keep the policy in force, in order to ensure receipt of the cash flow upon maturity.

10.2 Exposure

EFG International Group is exposed to longevity estimates in the valuation of the following assets and liabilities:

i) Financial assets and liabilities
   - Financial assets at fair value through profit and loss
   - Financial liabilities designated at fair value
   - Derivatives

ii) Other liabilities

(a) Financial assets and liabilities

EFG International Group holds life insurance related assets and liabilities issued by US life insurance companies valued at fair value and the valuations rely on assumptions (see note 32 for further details).

Upon the insured individual having deceased, the life insurance company pays a lump sum death benefit to EFG International Group. EFG International Group pays a periodic premium to the life insurance company to keep the policy valid.

The key risks of these life insurance related assets and liabilities are due to the uncertainty arising from:

i) Longevity risk related to the number of periodic premium payments that are payable by EFG International Group. EFG International Group has to continue paying periodic premiums whilst the insured individual is alive. The longer the insured individual lives, the greater the premium payments will be, usually with no change in the proceeds that will be received from the insurance company

ii) Expense risk relates to the risk that the insurance companies increase the periodic premiums. The insurance companies face longevity risk, and risk from having mispriced the cost of insurance. The insurance companies are now attempting to pass the costs of this risk and/or pricing error onto the policy holders, via increased cost of insurance adjustments to the periodic premiums payable

(i) Longevity risk

The assumptions on life expectancies 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 each referenced insured. 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. EFG International Group conducts a regular in-depth review of such providers to ensure high-quality standards and reliability of the forecasts.

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 by EFG International Group, due to the lack of observable readily available information and the complexity of the determination of these assumptions.

The EFG International 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 judgement is applied to this information.

(ii) Expense risk

Management also considers that the outcome of disputes involving significant increases in premiums observed in the US market will affect the expected premiums payable.

The determination of the appropriate level of increase of cost of insurance in the underlying policies is one of the more significant assumptions applied by management in the valuation model. Increases in cost of insurance considers 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 the insurance companies. EFG International Group considers these increases in cost of insurance to be unjustified and has challenged their implementation in US courts.

The estimated 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 EFG International Group, it relies on actuaries and management judgement to set the cost of insurance assumptions. Management judgement is applied to this information.

(b) Other liabilities - retirement benefit obligations

EFG International Group operates retirement benefit plans which under IFRS are classified as defined benefit plans. Two of these plans are in Switzerland for EFG Bank AG and one in the Channel Islands. The two Switzerland plans are considered as defined benefit plans under IFRS due to a minimum guaranteed return in Swiss pension legislation, EFG International Group having no obligation relative to these funds other than to provide the minimum guaranteed return.

The plans provide annuity options to individuals on retirement. These annuity options are calculated using a conversion rate which is established by the foundation and reviewed periodically.

The valuation of the liability recognised in the balance sheet for the net pension obligation includes actuarial assumptions (see note 52 for further details). One of the key assumptions relates to longevity. Actuarial assumptions are established as unbiased best estimates of future expectations.

10.3 Sensitivities

The following table presents the carrying value (and related death benefits) and the impact that a three-month extension in life expectancies will have on the balance sheet valuations:

			Sensitivity to 3 months extension in life expectancy	
	Carrying value CHF millions	***Net death benefits CHF millions***	**Life insurance CHF millions**	**Retirement benefit obligations CHF millions**
31 December 2022				
Assets				
Derivatives	*31.8*	*61.3*	(0.3)	
Financial assets at fair value through profit and loss	*690.1*	*1,281.2*	(25.6)	
Other assets	*49.2*			(5.7)
Liabilities				
Financial liabilities designated at fair value	*(145.9)*	*(235.4)*	4.4	
Other liabilities	*(10.4)*			(2.2)
31 December 2021				
Assets				
Derivatives	*34.1*	*66.7*	(0.2)	
Financial assets at fair value through profit and loss	*787.8*	*1,413.6*	(28.4)	
Other assets	*72.0*			(11.7)
Liabilities				
Financial liabilities designated at fair value	*(163.2)*	*(243.9)*	4.1	

11. Liquidity risk

EFG International manages liquidity risk to ensure that ample liquidity is available to meet commitments to customers, both in demand for loans and repayments of deposits and to satisfy EFG International's own cash flow needs within all of its business entities.

EFG International has a liquidity risk management process in place that includes contingency funding plans, and stress tests that are undertaken to highlight EFG International's liquidity profile in adverse conditions, also analysing intra-day and topical liquidity stress scenarios.

11.1 Liquidity risk mitigation

The liquidity risk management process includes:
- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow
- Monitoring balance sheet liquidity ratios against internal and regulatory requirements
- Managing the concentration and profile of funding

EFG International aims to avoid concentrations of its funding facilities. It continuously observes its current liquidity situation and determines the pricing of its assets and credit business through the liquidity transfer pricing model. The liquidity risk management process also includes EFG International's contingency funding plans. The contingency measures include, among other actions, the activation of repo transactions with prime counterparties, the liquidation of marketable securities and/or drawdowns on lines of credit (liquidity shortage financing) with the Swiss National Bank.

Overall, EFG International, through its business units, enjoys a favourable funding base with stable and diversified customer deposits, which provide the vast majority of EFG International's total funding. The surplus of stable customer deposits over loans and other funding resources are invested or placed to central banks by EFG International's Treasury in compliance with the local regulatory requirements and internal guidelines.

EFG International manages the liquidity and funding risks on an integrated basis. The liquidity positions of the business units are monitored and managed daily. Internal limits are more conservative than the regulatory minimum levels, as required by EFG International's risk appetite framework and liquidity risk policy.

The overall level of liquidity exposure and corresponding limits are tightly monitored by means of specific risk metrics approved by the Board of Directors and in line with EFG International's overall committed level of risk appetite. Sources of liquidity are regularly assessed in terms of diversification by currency, geography, provider, term and product.

11.2 Liquidity transfer pricing model

EFG International's liquidity transfer pricing model supports the management of the balance sheet structure and the measurement of risk-adjusted profitability, taking into account liquidity risk, maturity transformation and interest rate risk. The liquidity allocation mechanism credits providers of funds for the benefit of liquidity and charges users of funds.

Customers' loans are charged for the usage of liquidity, based on the liquidity risk embedded in business activities. Short- and long-term loans receive differentiated charges for the cost of liquidity.

Liquidity adjustments are made for loans that have the same duration, but due to differing liquidity attributes are not of the same value or cost.

Customers' deposits are credited for liquidity based on their likelihood of withdrawal. As a general rule, sticky money, such as term deposits, is less likely to be withdrawn and, therefore, receives larger credits than volatile money, such as demand deposits, savings and transaction accounts, which is more likely to be withdrawn at any time.

11.3 Financial liabilities cash flows

The following table analyses EFG International's financial liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Although due to customers are mainly at sight from a contractual point of view, in practice and from an economical perspective, it has been observed that they provide a stable funding source, thereby reducing the exposure to liquidity risk.

Financial liabilities by remaining contractual maturities	Up to 1 month CHF millions	1–3 months CHF millions	3–12 months CHF millions	1–5 years CHF millions	Over 5 years CHF millions	Total CHF millions
31 December 2022						
Liabilities						
Due to other banks	894.3	24.8	3.7			922.8
Due to customers	30,070.6	2,210.2	1,655.5	99.2		34,035.5
Derivative financial instruments	18,469.6	13,585.2	16,626.7	2,053.2	119.9	50,854.6
Financial liabilities at fair value through profit and loss	198.0	6.3	2.8	222.5	13.3	442.9
Other financial liabilities	3,136.0	143.2	161.7	228.6	32.5	3,702.0
Subordinated loans						
Total financial liabilities	**52,768.5**	**15,969.7**	**18,450.4**	**2,603.5**	**165.7**	**89,957.8**
Total off-balance-sheet	**32.8**	**31.9**	**88.6**	**141.8**	**105.1**	**400.2**

Financial liabilities by remaining contractual maturities	Up to 1 month CHF millions	1–3 months CHF millions	3–12 months CHF millions	1–5 years CHF millions	Over 5 years CHF millions	Total CHF millions
31 December 2021						
Liabilities						
Due to other banks	536.5	19.0	0.5			556.0
Due to customers	30,447.9	1,385.0	594.1	89.8		32,516.8
Derivative financial instruments	16,596.4	10,803.2	9,397.6	2,110.5	253.0	39,160.7
Financial liabilities at fair value through profit and loss	156.7	8.6	1.3	118.5	211.7	496.8
Other financial liabilities	1,910.70	1,800.60	226.6	328.7	60.4	4,327.0
Subordinated loans			180.5			180.5
Total financial liabilities	**49,648.2**	**14,016.4**	**10,400.6**	**2,647.5**	**525.1**	**77,237.8**
Total off-balance-sheet	**30.0**	**30.2**	**143.1**	**167.7**	**111.0**	**482.0**

For more detailed information on off-balance-sheet exposures by maturity, refer to note 59.

12. Capital management

The Group's objectives when managing regulatory capital are to comply with the capital requirements set by regulators of the jurisdictions in which the Group entities operate and to safeguard the Group's ability to continue as a going concern.

Capital adequacy

Capital adequacy and the use of regulatory capital are continually monitored and reported by the Group's management, using the framework developed by the Bank for International Settlements (BIS). The regulatory capital requirement of the Group is ultimately determined by the rules implemented by the Swiss banking regulator, the Swiss Financial Market Supervisory Authority (FINMA).

For 2022, the Group reports regulatory capital using IFRS as a basis, whilst in 2021, we reported in ARB-FINMA. This is also the basis the Group uses to report to the FINMA. The Group will publish the Basel III Pillar 3 Disclosures for the year ended 31 December 2022 on the Group website by 30 April 2023.

The Group's eligible capital comprises two tiers:
– Tier 1 capital: share capital (net of any book value of treasury shares), non-controlling interests arising on consolidation from interests in permanent shareholders' equity, retained earnings, additional equity components and reserves created by appropriations of retained earnings. The book value of acquisition-related intangible

assets net of acquisition-related liabilities is deducted in arriving at Tier 1 capital.
- Tier 2 capital: subordinated loans and unrealised gains arising on the fair valuation of financial instruments at fair value through other comprehensive income.

Risk-weighted assets are determined according to specified requirements which reflect the varying levels of risk attached to assets and off-balance-sheet exposures, and include amounts in respect of credit risk, market risk, non-counterparty-related risk, settlement risk, and operational risk.

The following table summarises the composition of regulatory capital and the ratios of the Group for the years ended 31 December 2022 and 2021.

	Basel III	
	IFRS	ARB-FINMA
	31 December 2022 Unaudited CHF millions	31 December 2021 Unaudited CHF millions
Tier 1 capital		
Share capital	151.3	152.0
Share premium / Capital reserves	1,971.4	2,032.2
Other reserves and Retained earnings	(409.2)	(343.8)
Minority interests	0.8	42.0
Additional equity components	351.0	
Total equity	**2,065.3**	1,882.4
Less: Proposed dividend on Ordinary Shares	(136.2)	(109.4)
Less: Pro rata distribution to Additional Tier 1 holders	(15.4)	-
Less: Equity components included in Additional Tier 1	(351.0)	(13.6)
Less: Other, including Goodwill and intangible assets	(234.6)	(144.2)
Common Equity Tier 1 (CET1)	**1,328.1**	1,615.2
Additional Tier 1	351.0	375.5
Total qualifying Tier 1 capital	**1,679.1**	1,990.7
Tier 2 capital		
Subordinated loan		180.5
Additional adjustments (lump sum amount and 45% of unrealised gains on financial assets measured at FVOCI)	0.3	
Total regulatory capital	**1,679.4**	2,171.2
Risk-weighted assets		
Credit risk including settlement risk and credit value adjustment	6,157.8	7,123.6
Market risk*	807.9	769.2
Operational risk*	2,044.0	2,025.6
Total risk-weighted assets	**9,009.7**	9,918.4

	31 December 2022 Unaudited %	31 December 2021 Unaudited %
Basel III – CET1 Ratio (after deducting proposed dividend on Ordinary Shares)	**14.7**	16.3
Basel III – Total Capital Ratio (after deducting proposed dividend on Ordinary Shares)	**18.6**	21.9

* Risk-weighted figure calculated by taking 12.5 times the capital adequacy requirement

In addition to the existing requirement for the Group to hold eligible capital proportionate to risk-weighted assets, the Group is required to report the leverage ratio. This is a non-risk-based metric, defined as the ratio between 'total qualifying Tier 1 capital' and total exposure. Total exposure includes balance sheet and off-balance-sheet exposures. The Basel Committee on Banking Supervision defined the requirements at 3%.

	Basel III	
	IFRS	ARB-FINMA
	31 December 2022 Unaudited CHF millions	31 December 2021 Unaudited CHF millions
On-balance sheet exposure (excluding derivatives and other adjustments)	43,304.5	41,149.4
Derivative exposures (including add-ons)	338.5	1,686.5
Securities financing transactions	30.5	306.0
Other off-balance sheet exposures	214.3	258.9
Total exposure	**43,887.8**	43,400.8
Total qualifying Tier 1 capital	**1,679.1**	1,990.7
Basel III – Leverage Ratio	**3.8%**	4.6%

The Groups CET1 and Total Capital ratios will increase by approximately 1.9% as a result of the change in business model for managing investment securities, and the resultant change to classify the bonds to held to collect which will be effective from 01 January 2023. The reclassification on 01 January 2023 results in an increase in shareholders equity. See note 67 for further details.

13. Net interest income

Accounting principles

Interest income and expenses are recognised for all interest-bearing instruments on an accrual basis, using the effective interest method. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument, but does not consider future credit losses. The calculation includes all amounts paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and any other premiums or discounts. Negative interest on assets is recorded as an interest expense, and negative interest on liabilities is recorded as interest income. For financial assets at amortised cost or debt instruments at fair value through other comprehensive income classified in Stage 3 for expected credit loss purposes, the original effective interest rate is applied to the amortised cost of the asset rather than to the gross carrying amount.

	31 December 2022 CHF millions	31 December 2021 CHF millions
Banks and customers	539.0	315.9
Investment securities	104.8	69.4
Treasury bills and other eligible bills	34.7	4.1
Total interest and discount income	**678.5**	389.4
Banks and customers	(234.2)	(93.4)
Financial liabilities at amortised cost	(43.1)	(23.8)
Lease liabilities	(3.2)	(2.6)
Subordinated loans	(2.5)	(10.3)
Total interest expense	**(283.0)**	(130.1)
Net interest income	**395.5**	259.3

Total interest expense on banks and customers includes negative interest on Swiss francs and Euro deposits placed by the Group at the Swiss National Bank and the European Central Bank in the amount of CHF 19.3 million in the year end 31 December 2022 (2021: CHF 28.2 million).

14. Net banking fee and commission income

Accounting principle

Fees and commissions are recognised on an accrual basis.
The Group generates fees and commission income from services provided over time (such as portfolio management and advisory services) or when the Group delivers a specific transaction at a point in time (such as brokerage services). The Group recognises fees earned on transaction-based arrangements at a point in time when the service has been fully provided to the customer. Where the contract requires services to be provided over time, income is recognised on a systematic basis over the life of the agreement.

Except for certain portfolio management and advisory fees, all fees are generated at a fixed price.
Portfolio management and advisory fees can be variable depending on the size of the customer portfolio and the Group's performance as fund manager. Variable fees are recognised when the performance benchmark has been met and when collectability is assured. The Group acts as principal in the majority of contracts with customers. When the Group acts as agent (in certain brokerage, custody and retrocession arrangements), it recognises income net of fees payable to other parties in the arrangement.

Fee income generated from providing a service that does not result in the recognition of a financial instrument is presented within banking fees and commission income. Fees generated from the acquisition, issue or disposal of a financial instrument are presented in the income statement in line with the balance sheet classification of that financial instrument. Performance-related fees or fee components are recognised when the performance criteria are fulfilled and the fee can be reliably measured.

	31 December 2022 CHF millions	31 December 2021 CHF millions
Advisory and management fees	428.0	473.6
Brokerage fees	186.2	269.8
Commission and fee income on other services	246.2	343.5
Banking fee and commission income	**860.4**	1,086.9
Commission and fee expenses on other services	(230.9)	(330.4)
Banking fee and commission expense	**(230.9)**	(330.4)
Net banking fee and commission income	**629.5**	756.5

15. Dividend income

	31 December 2022 CHF millions	31 December 2021 CHF millions
Financial assets at fair value through profit and loss	2.2	1.8
Dividend income	**2.2**	1.8

16. Net trading income and foreign exchange gains less losses

Accounting principle

At the balance sheet date, all monetary assets, including those at FVOCI, and monetary liabilities denominated in foreign currencies are translated into the functional currency using closing exchange rates. Translation differences are reported in Net trading income and foreign exchange gains less losses. Non-monetary items measured at historical cost are translated at the exchange rate on the date of the transaction.

	31 December 2022 CHF millions	31 December 2021 CHF millions
Clients revenue from currency and metals transactions	91.4	57.8
Currency, precious metals operations	134.1	74.6
Other	(0.8)	0.8
Net trading income and foreign exchange gains less losses	**224.7**	133.2

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

Accounting principles and details of changes in valuation of level 3 assets are set out in note 42.

	31 December 2022 CHF millions	31 December 2021 CHF millions
Financial instruments measured at fair value		
Equity securities	(5.9)	3.3
Life insurance securities	19.8	67.4
Other	14.6	9.5
Fair value gains less losses on financial instruments measured at fair value	**28.5**	80.2

18. Gains less losses on disposal of investment securities

	31 December 2022 CHF millions	31 December 2021 CHF millions
Debt securities	(10.1)	(6.3)
Gains less losses on disposal of investment securities	**(10.1)**	(6.3)

19. Other operating (expenses)/income

	31 December 2022 CHF millions	31 December 2021 CHF millions
Gain on disposal of subsidiary	7.6	
Currency translation losses recycled to the income statement on disposal of subsidiary	(12.2)	
Other losses	(4.8)	(7.0)
Other profits	9.1	36.9
Other operating (expenses)/income	**(0.3)**	29.9

On 19 April 2021, the Group announced its intention to sell its participation into Asesores y Gestores Financieros S.A. to the Spanish private bank's management team. The associated assets and liabilities were consequently presented as held for sale on 31 December 2021. The subsidiary was sold on 07 July 2022. The transaction resulted in a net loss of CHF 4.6 million which is included in Gain on disposal of subsidiary and Currency translation losses recycled to the income statement on disposal of subsidiary.

20. Operating expenses

	Note	31 December 2022 CHF millions	31 December 2021 CHF millions
Staff costs	21	(688.7)	(691.0)
Professional services		(35.0)	(30.7)
Advertising and marketing		(11.4)	(8.9)
Administrative expenses		(80.2)	(79.8)
Depreciation of property, plant and equipment	36	(11.6)	(13.4)
Depreciation of right-of-use assets	36	(37.0)	(40.1)
Amortisation of intangible assets			
Computer software and licences	37	(23.8)	(17.3)
Other intangible assets	37	(10.3)	(11.5)
Legal and litigation expenses		(32.7)	(29.1)
Other		(44.3)	(46.1)
Operating expenses		**(975.0)**	(967.9)

21. Staff costs

Accounting principles

Short-term employee benefits
The Group recognises short-term compensated absences and approved bonuses as a liability and an expense.

Share-based compensation
The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options or restricted stock units is recognised as an expense over the vesting period for options or restricted stock units granted under the plan.

	Note	31 December 2022 CHF millions	31 December 2021 CHF millions
Wages, salaries and staff bonuses		(553.2)	(556.7)
Social security costs		(52.8)	(51.8)
Pension costs			
Retirement benefits	52	(15.4)	(3.1)
Other net pension costs		(12.9)	(10.3)
Employee equity incentive plans	63	(30.5)	(26.8)
Other		(23.9)	(42.3)
Staff costs		**(688.7)**	(691.0)

As at 31 December 2022, the number of full-time equivalent employees (FTEs) of the Group was 2,828 (2021: 3,027) and the average for the year was 2,927 (2021: 3,088). The FTEs not in their notice period at 31 December 2022 was 2,775 (2021: 2,932).

22. Loss allowances (expense)/ release

For accounting principles and basis for calculating expected credit losses, see note 6.

Loss allowances (expense)/release includes all expected credit losses movements with an income statement impact:

	31 December 2022 CHF millions	31 December 2021 CHF millions
Change in loss allowance on due from other banks	0.1	
Change in loss allowance on lombard loans	0.4	71.7
Change in loss allowance on other loans	(4.5)	1.2
Change in loss allowance on mortgages	1.4	(0.3)
Change in loss allowance on Treasury bills	(0.1)	
Change in loss allowance on investment securities (at amortised cost)	(0.1)	
Change in loss allowance on investment securities (at fair value)	(0.1)	
Change in loss allowance on off-balance sheet items		0.1
Total loss allowance (expense)/release	**(2.9)**	72.7

23. Income tax expense

Accounting principles

Current tax expense comprises income tax payable on profits, based on the applicable tax law in each jurisdiction, and is recognised as an expense in the period in which profits arise.

Deferred income tax is provided, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The expected effective tax rates are used to determine deferred income tax. The principal temporary differences arise from intangible amortisation, pension obligations, and revaluation of certain financial assets and liabilities.

Deferred tax assets are only recognised to the extent that it is probable that they will crystallise in the future. Deferred tax relating to changes in fair values of financial assets classified as 'Investment securities', which is taken directly to the 'Statement of other comprehensive income', is charged or credited directly to other comprehensive income and for debt instruments is subsequently recognised in the income statement together with the deferred gain or loss on disposal.

Accounting judgement

The Group is subject to income taxes in various jurisdictions. Estimates are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Significant estimates are required to determine the current and deferred tax assets and liabilities. A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profits will be available and used against these losses. To the extent that it is not probable that taxable profit will be available against which unused tax losses can be utilised, the deferred tax asset is not recognised.

	Note	**31 December 2022 CHF millions**	31 December 2021 CHF millions
Current tax expense		(40.7)	(23.8)
Deferred income tax income/(expenses)	39	7.3	(7.7)
Total income tax expense		**(33.4)**	(31.5)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate of the Group, as follows:

	31 December 2022 CHF millions	31 December 2021 CHF millions
Operating profit before tax	237.1	245.4
Tax at the weighted average applicable rate of 19% (2021: 19%)	(45.0)	(46.6)
Tax effect of:		
Unrecognised tax losses carried forward for the year	(2.8)	(4.9)
Profit not subject to tax	7.1	7.0
Additional prior year tax losses recognised	7.2	11.3
Release of prior years tax over-provisions		3.0
Other differences	0.1	(1.3)
Total income tax expense	**(33.4)**	(31.5)

The weighted average tax rate of 19% (2021: 19%) is based on the operating entities' local tax rates relative to the taxable income in these jurisdictions.

24. Basic and diluted earnings per ordinary share

	31 December 2022 CHF millions	31 December 2021 CHF millions
Net profit for the year attributable to equity holders of the Group	202.4	205.8
Estimated distribution on additional equity components	(20.5)	(19.1)
Net profit for the year attributable to ordinary shareholders	**181.9**	186.7
Weighted average number of ordinary shares ('000s of shares)	305,165	299,231
Basic earnings per ordinary share (CHF)	**0.60**	0.62
Diluted-weighted average number of ordinary shares ('000s of shares)	318,081	316,296
Diluted earnings per ordinary share (CHF)	**0.57**	0.59

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 2,078,944 (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 distribution of 5.5% p.a. on the additional equity components.

Diluted earnings per ordinary share is calculated by adjusting the weighted average number of ordinary shares outstanding for the dilutive impact of 12.9 million ordinary shares projected to be issued related to the employee equity incentive plan (2021: 17.1 million shares). The restricted stock units as part of the employee equity incentive plan have the effect to increase the diluted-weighted average number of ordinary shares of the Group in periods when the Group has profits attributable to ordinary shareholders.

For information regarding the EFG International equity incentive plan, see note 63.

25. 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).

Refer to note 66 for the definition of Assets under Management.

Notes to the consolidated financial statements EFG International consolidated entities

CHF millions	Switzerland & Italy	Continental Europe & Middle East	Americas	United Kingdom
	Private Banking and Wealth Management			
At 31 December 2022				
Segment revenue	359.3	194.2	102.3	154.6
Segment expenses	(243.6)	(161.4)	(95.3)	(114.2)
Tangible assets and software depreciation	(9.1)	(6.3)	(2.6)	(4.0)
Total operating margin	**106.6**	**26.5**	**4.4**	**36.4**
Cost to acquire intangible assets and impairment of intangible assets	-	(0.4)	-	-
Provisions	(0.5)	(1.4)	(1.0)	(0.5)
Loss allowances release/(expense)	(4.3)	0.2	(0.4)	0.2
Segment profit/(loss) before tax	**101.8**	**24.9**	**3.0**	**36.1**
Income tax expense	(12.5)	(3.1)	(0.4)	(4.4)
Profit/(loss) for the year	**89.3**	**21.8**	**2.6**	**31.7**
Assets under Management	42,325	24,471	16,102	20,117
Employees (FTEs) *	320	203	145	178

CHF millions	Switzerland & Italy	Continental Europe & Middle East	Americas	United Kingdom
	Private Banking and Wealth Management			
At 31 December 2021				
Segment revenue	295.7	208.4	79.5	145.4
Segment expenses	(238.7)	(182.5)	(86.3)	(127.3)
Tangible assets and software depreciation	(7.3)	(7.8)	(2.0)	(3.7)
Total operating margin	**49.7**	**18.1**	**(8.8)**	**14.4**
Cost to acquire intangible assets and impairment of intangible assets	(0.4)	(0.6)		
Provisions	(11.1)	0.1	(1.3)	
Loss allowances release/(expense)	(0.1)	(0.7)	(0.3)	1.2
Segment profit/(loss) before tax	**38.1**	**16.9**	**(10.4)**	**15.6**
Income tax expense	(5.7)	(2.5)	1.6	(2.4)
Profit/(loss) for the year	**32.4**	**14.4**	**(8.8)**	**13.2**
Assets under Management	46,124	37,343	17,057	25,170
Employees (FTEs) *	325	377	143	185

*Excluding FTEs on notice or in social plan as at year-end.

		Investment & Wealth Solutions	Global Markets & Treasury	Corporate	Eliminations	Total
Asia Pacific	Total					
166.6	977.0	139.6	173.5	(20.1)		1,270.0
(134.9)	(749.4)	(109.2)	(49.8)	(21.0)		(929.4)
(5.2)	(27.2)	(3.6)	(4.4)	(0.1)		(35.3)
26.5	**200.4**	**26.8**	**119.3**	**(41.2)**		**305.3**
(0.2)	(0.6)	-	-	(9.7)		(10.3)
-	(3.4)	-	(0.2)	(51.4)		(55.0)
-	(4.3)	0.5	-	0.9		(2.9)
26.3	**192.1**	**27.3**	**119.1**	**(101.4)**		**237.1**
(3.2)	(23.6)	(3.4)	(14.7)	8.3		(33.4)
23.1	**168.5**	**23.9**	**104.4**	**(93.1)**		**203.7**
30,153	133,168	46,936			(36,969)	143,135
299	1,145	278	89	1,263		2,775

		Investment & Wealth Solutions	Global Markets & Treasury	Corporate	Eliminations	Total
Asia	Total					
178.9	907.9	150.8	114.9	81.0		1,254.6
(139.5)	(774.3)	(87.2)	(38.9)	(25.3)		(925.7)
(5.2)	(26.0)	(3.7)	(2.9)	2.1		(30.5)
34.2	**107.6**	**59.9**	**73.1**	**57.8**	**–**	**298.4**
(0.3)	(1.3)			(10.4)		(11.7)
	(12.3)	(0.8)		(100.9)		(114.0)
0.1	0.2		(2.9)	75.4		72.7
34.0	94.2	59.1	70.2	21.9		245.4
(5.1)	**(14.1)**	**(8.9)**	**(10.6)**	**2.1**		**(31.5)**
28.9	**80.1**	**50.2**	**59.6**	**24.0**	**–**	**213.9**
33,459	159,153	52,608		21	(39,823)	171,959
301	1,331	269	85	1,247		2,932

26. Analysis of Swiss and foreign income and expenses

	Swiss CHF millions	Foreign CHF millions	Total CHF millions
Year ended 31 December 2022			
Operating income	**689.2**	**580.8**	**1,270.0**
Operating expenses	(523.2)	(451.8)	(975.0)
Provisions	(10.6)	(44.4)	(55.0)
Loss allowances expense	(2.9)		(2.9)
Profit before tax	**152.5**	**84.6**	**237.1**
Income tax expense	(21.2)	(12.2)	(33.4)
Net profit for the year	**131.3**	**72.4**	**203.7**
Net profit for the period attributable to:			
Net profit attributable to equity holders of the Group	131.3	71.1	202.4
Net profit attributable to non-controlling interests		1.3	1.3
	131.3	**72.4**	**203.7**

	Swiss CHF millions	Foreign CHF millions	Total CHF millions
Year ended 31 December 2021			
Operating income	**594.1**	**660.5**	**1,254.6**
Operating expenses	(452.9)	(515.0)	(967.9)
Provisions	(17.3)	(96.7)	(114.0)
Loss allowances expense	4.0	68.7	72.7
Profit before tax	**127.9**	**117.5**	**245.4**
Income tax expense	(12.0)	(19.5)	(31.5)
Net profit for the year	**115.9**	**98.0**	**213.9**
Net profit for the period attributable to:			
Net profit attributable to equity holders of the Group	115.9	89.9	205.8
Net profit attributable to non-controlling interests		8.1	8.1
	115.9	**98.0**	**213.9**

27. Cash and balances with central banks

	31 December 2022 CHF millions	31 December 2021 CHF millions
Cash in hand	39.4	53.3
Balances with central banks	9,448.2	9,748.2
Cash and balances with central banks	**9,487.6**	9,801.5

28. Cash and cash equivalents

Accounting principle

Cash and cash equivalents include cash in hand, deposits held at call with banks, short-term deposits and other short-term highly liquid investments with original maturities of less than 90 days maturity.

	31 December 2022 CHF millions	31 December 2021 CHF millions
Cash and balances with central banks	9,487.6	9,801.5
Treasury bills and other eligible bills	1,878.3	601.4
Due from other banks – at sight	1,247.2	1,184.6
Due from other banks – at term	473.0	1,067.0
Cash and cash equivalents with less than 90 days maturity	**13,086.1**	12,654.5

29. Treasury bills and other eligible bills

	31 December 2022 CHF millions	31 December 2021 CHF millions
Treasury bills - with maturity of less than 90 days	1,878.3	601.4
Treasury bills - with maturity of more than 90 days	1,177.1	851.4
Treasury bills and other eligible bills	**3,055.4**	1,452.8
Pledged treasury bills with central banks and clearing system companies	–	–

30. Due from other banks

	31 December 2022 CHF millions	31 December 2021 CHF millions
At sight	1,247.2	1,184.7
At term – with maturity of less than 90 days	472.9	1,067.0
At term – with maturity of more than 90 days	375.8	310.7
Less: Loss allowance		(0.1)
Due from other banks	**2,095.9**	2,562.3
Pledged due from other banks	*353.2*	*282.7*

31. Derivative financial instruments

Accounting principle

Derivative financial instruments are initially recognised in the balance sheet at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices, including recent market transactions, discounted cash flow models and option pricing models, as appropriate. Certain derivatives embedded in other financial instruments, such as the option in a structured product, are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit and loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement, unless the Group chooses to designate the hybrid contracts at fair value through profit and loss.

When the Group applies hedge accounting, the Group documents, at the inception of the transaction, the relationship between hedged items and hedging instruments, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, at hedge inception and on an ongoing basis (as well as upon a significant change in the circumstances affecting the hedge effectiveness requirements) of whether a hedging relationship meets the hedge effectiveness requirements.

The Group will discontinue hedge accounting in the following scenarios:
- When the Group determines that a hedging relationship no longer meets the risk management objective
- When the hedging instrument expires or is sold or terminated
- When there is no longer an economic relationship between the hedge item and the hedging instrument or the effect of credit risk starts to dominate the value changes that result from that economic relationship

The below summarises the different treatment of derivatives (whether or not hedge accounting is applied):

(i) Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item, for which the effective interest method is used, is amortised to the income statement over the period to maturity.

(ii) Net investment hedge
Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income; the gain or loss relating to the ineffective portion is recognised immediately in the income statement. Gains and losses accumulated in other comprehensive income are included in the income statement when the foreign operation is disposed of.

(iii) Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

31.1 Derivatives

Credit risk in derivatives is driven by the potential cost to replace the forward or swap contracts if counterparties fail to perform their contractual obligations and collateral provided does not cover EFG International's claims. This risk is monitored on a regular basis with reference to the current fair value, a collateral margin applied to a proportion of the notional amount of the contracts and the liquidity of the market.

To control the level of credit risk taken, EFG International assesses counterparties using the same techniques as for its lending activities. Credit risk on index, interest rate and bond futures and other quoted derivatives is negligible because futures contracts are collateralised by cash or marketable securities, and changes in their value are settled daily. The counterparty credit risk related to derivative with banks, corporates and financial institutions and the counterparty credit risk related to securities lending and borrowing as well as repo activities are mitigated by applying daily collateral exchange and operating under international ISDA/ CSA or GMRA/ GMSLA agreements.

The notional amounts of financial instruments provide a basis for comparison, but do not indicate the amount of future cash flows, or the current fair value of the underlying instruments. Accordingly, they do not indicate EFG International's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates, credit spreads or foreign exchange rates, relative to their terms.

The fair values of derivative instruments held are set out in the following table:

	31 December 2022		31 December 2021	
	Fair values Assets CHF millions	**Fair values Liabilities CHF millions**	Fair values Assets CHF millions	Fair values Liabilities CHF millions
Derivatives held for trading				
Currency and precious metal derivatives				
Forward contracts	47.1	39.4	24.7	15.5
Currency swaps	638.3	659.1	196.8	222.9
OTC currency options	62.4	49.9	47.7	43.8
	747.8	**748.4**	269.2	282.2
Interest rate derivatives				
Interest rate swaps	19.5	38.4	12.1	13.8
OTC interest rate options	1.9		0.3	
Interest rate futures	6.5			6.1
	27.9	**38.4**	12.4	19.9
Other derivatives				
Equity options and index futures	794.0	831.8	610.5	722.8
Credit default swaps	10.2	13.7	12.7	17.1
Total return swaps	31.8		34.1	
Commodity options and futures	3.2	3.2	2.2	2.2
	839.2	**848.7**	659.5	742.1
Total derivative assets/liabilities held for trading	**1,614.9**	**1,635.5**	941.1	1,044.2
Derivatives held for hedging				
Derivatives designated as fair value hedges				
Cross currency swap		0.3		1.5
Interest rate swaps	181.3	7.1	32.5	30.1
	181.3	**7.4**	32.5	31.6
Total derivative assets/liabilities held for hedging	**181.3**	**7.4**	32.5	31.6
Total derivative assets/liabilities	**1,796.2**	**1,642.9**	973.6	1,075.8

31.2 Hedge accounting

Hedge effectiveness
The Group applies hedge accounting under IFRS 9 to interest rate risk on fixed rate bonds (fair value hedge). The Group holds a portfolio of long dated fixed rate bonds and therefore is exposed to changes in fair value due to movements in market interest rates. The Group manages the risk exposure by entering into cross currency swaps and interest rate swaps that pay fixed rates matching the coupons of the bonds and receive floating interest rates.

Only the interest rate element is hedged and therefore other risks, such as credit risk, are managed but not hedged by the Group. The interest rate risk component is determined as the change in fair value of the long-term fixed rate bond arising solely from changes of the interest rate environment. Such changes are usually the largest component of the overall changes in fair value.

This strategy is designated as a fair value hedge and its effectiveness is assessed by comparing changes in the fair value of the bonds attributable to changes in the benchmark rate of interest with changes in the fair value of the interest rate swaps.

The Group enters into these transactions on a 'package basis', i.e. enters into the swap at the same time as purchasing the bond and structures the swap so that the principal terms of the swap exactly match those of the bond.

	31 December 2022				
	Notional amount of hedging item CHF millions	**Fair value of assets CHF millions**	**Fair value liabilities CHF millions**	**Balance sheet line item**	**Change in fair value used for hedge ineffectiveness CHF millions**
Fair value hedge					
Cross currency swaps	8.8		0.3	Derivatives	0.4
Interest rate swaps	2,030.5	181.3	7.1	Derivatives	155.0
Total hedging item	**2,039.3**	**181.3**	**7.4**		**155.4**

	Carrying amount of hedged assets CHF millions	**Carrying amount of hedged liabilities CHF millions**	**Fair value adjustments on the hedged item CHF millions**	**Balance sheet line item**	**Change in fair value for hedge ineffectiveness CHF millions**
Fair value hedge					
Fixed rate bonds	1,870.3		(195.1)	Investment securities	(155.4)
Total hedged item	**1,870.3**	**–**	**(195.1)**		**(155.4)**

	31 December 2021				
	Notional amount of hedging item CHF millions	Fair value of assets CHF millions	Fair value liabilities CHF millions	Balance sheet line item	Change in fair value for hedge ineffectiveness CHF millions
Fair value hedge					
Cross currency swaps	36.8		1.5	Derivatives	(2.0)
Interest rate swaps	2,650.4	32.5	30.1	Derivatives	65.5
Total hedging item	**2,687.2**	**32.5**	**31.6**		**63.5**

	Carrying amount of hedged assets CHF millions	Carrying amount of hedged liabilities CHF millions	Fair value adjustments on the hedged item CHF millions	Balance sheet line item	Change in fair value for hedge ineffectiveness CHF millions
Fair value hedge					
Fixed rate bonds	2,646.3		(32.1)	Investment securities	(63.5)
Total hedged item	**2,646.3**	**–**	**(32.1)**		**(63.5)**

31.3 Net investment hedges

The Group has designated an intra-Group loan of GBP 66.6 million made to EFG Private Bank Ltd, London as a net investment hedge for the equity in banking subsidiaries. The gains and losses from revaluation of this loan are taken through other comprehensive income and are as follows:

	31 December 2022 CHF millions	31 December 2021 CHF millions
Change in net investment hedges denominated in GBP	(7.9)	1.9
Change in net investment hedge valuation	**(7.9)**	1.9

32. Financial assets at fair value through profit and loss

Accounting judgement

Unquoted life insurance policies are measured at fair value, following the guidance of IFRS 13. The market for life insurance policies is illiquid and in the absence of market observable valuations for portfolios of similar characteristics, EFG International Group had to exercise judgement in determining the fair value of these assets. The Group has adopted an Income Approach for determining the fair value. The Income Approach risk adjusts future cash flows and then discounts these using a risk-free rate. The key risk adjustments made in the fair value measurement include longevity risk (including the risk of statistical volatility) and risk of change in cost of insurance. The valuation is highly sensitive to longevity risk and risk of change in cost of insurance (premium increase risk), and as a result the Group discloses sensitivities to these. Management judgement is applied to the estimation of future premium streams and cost of insurance, and the outcome of disputes with insurers involving significant increases in premiums.

		31 December 2022 CHF millions	31 December 2021 CHF millions
Issued by non-public issuers:	Banks	81.7	134.8
Issued by non-public issuers:	Corporates and other	685.7	884.7
Issued by other issuers:	US life insurance companies	690.1	787.8
Total		**1,457.5**	1,807.3

The movement in the account is as follows:

	31 December 2022 CHF millions	31 December 2021 CHF millions
At 01 January	**1,807.3**	2,132.3
Additions	298.8	424.7
Disposals (sale and maturity)	(484.7)	(692.1)
Net (losses)/gains from changes in fair value	(157.6)	(78.6)
Exchange differences	(6.3)	21.0
At 31 December	**1,457.5**	1,807.3

Pledged assets

The Group has pledged financial investment securities as collateral for CHF 14.4 million (2021: CHF 53.5 million) related to the Group's role as collateral provider in relation to structured products issued by a subsidiary.

The Group has pledged financial investment securities issued by US life insurance companies as collateral for CHF 136.7 million (2021: CHF 146.7 million) related to the Group's financial liabilities at fair value through profit and loss. See note 47.

Life insurance related assets

The Group holds the following life insurance related financial assets and liabilities as at 31 December 2022:

Classification		**31 December 2022 Number of insureds**	**31 December 2022 Average age Years**	**31 December 2022 Average life expectancy Years**	**31 December 2022 Net death benefits CHF millions**	**31 December 2022 Fair value CHF millions**
Financial asset at fair value through profit and loss	Physical policies	195	92.7	3.8	1,281.2	690.1
Derivative financial instruments	Synthetic policies	59	91.4	4.5	61.3	31.8
Financial liabilities designated at fair value	Synthetic policies	(48)	(90.3)	(4.5)	(235.4)	(145.9)
Total		**206**			**1,107.1**	**576.0**

Classification		31 December 2021 Number of insureds	31 December 2021 Average age Years	31 December 2021 Average life expectancy Years	31 December 2021 Net death benefits CHF millions	31 December 2021 Fair value CHF millions
Financial asset at fair value through profit and loss	Physical policies	227	91.9	4.1	1,413.6	787.8
Derivative financial instruments	Synthetic policies	65	90.5	4.8	66.7	34.1
Financial liabilities designated at fair value	Synthetic policies	(54)	(89.4)	(5.0)	(243.9)	(163.2)
Total		**238**			**1,236.4**	**658.7**

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 (see note 10)
- Changes in the 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:

(a) 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.

(b) 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.

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 considers 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 the 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 cost of insurance 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.

(c) 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.

(d) Interest rate risk
The risk-adjusted cash flows have been discounted at the term matching linearly interpolated US Treasury 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	34.9	(32.0)	26.3	(25.6)	18.7	(18.7)
Derivative financial instruments	Synthetic policies	1.1	(1.0)	0.3	(0.3)		
Financial liabilities designated at fair value	Synthetic policies	(6.0)	5.5	(4.4)	4.4		
Profit and loss sensitivity		**30.0**	**(27.5)**	**22.2**	**(21.5)**	**18.7**	**(18.7)**

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 development and ultimate resolution of these proceedings have an impact on the Group's fair value assumptions by CHF 77.2 million (2021: CHF 54.7 million).

The impact of counterparty credit risk for a two-notch downgrade would be CHF 3.2 million (2021: CHF 3.8 million) decrease in fair value.

33. Investment securities

Accounting principles are set out in note 42.

		31 December 2022 CHF millions	31 December 2021 CHF millions
Debt securities	Amortised cost	2,402.4	45.2
Debt securities	Fair value through other comprehensive income	5,267.4	5,832.0
Equity instruments	Fair value through other comprehensive income		0.6
Gross investment securities		**7,669.8**	**5,877.8**
Less: Loss allowance on investment securities at amortised cost		(0.1)	
Investment securities		**7,669.7**	**5,877.8**

The following table presents the split by issuer and respective loss allowances (ECL):

	31 December 2022		31 December 2021	
	Carrying amount CHF millions	**Loss allowance CHF millions**	Carrying amount CHF millions	Loss allowance CHF millions
Government	5,091.2	0.2	3,254.3	0.2
Banks	2,421.6	0.3	2,365.1	0.1
Other issuers	156.9		257.8	
Equity instruments*			0.6	
Total	**7,669.7**	**0.5**	**5,877.8**	**0.3**

* The equity instruments represent a holding in an entity currently in liquidation. The Group has received no dividend income on this position.

On 22 December 2022 the Group announced an accounting change related to its holdings of fixed income securities in connection with the new capital management framework that it presented in October 2022. As a result of this change, the Group will reclassify a portfolio of financial assets from "financial assets measured at fair value through other comprehensive income" to "other financial assets measured at amortised cost", effective 01 January 2023. This reclassification will help to reduce volatility in the Group's regulatory capital and will have no impact on its income statement.

The Group has continuously strengthened its liquidity position in recent years and today has a highly liquid balance sheet which no longer requires it to hold the same high levels of available-for-sale investment securities. To reduce volatility in its CET1 capital ratio (management floor of 12%, reduced from 14% previously), the Group decided to change its treasury business model for the management of its holdings of fixed income securities to align it with the new capital management framework and liquidity funding model.

As a result, and in line with the principles of IFRS 9, that require a reclassification when an entity changes its business model for managing financial instruments, the Group will reclassify a portfolio of financial assets with a fair value of approximately CHF 5.3 billion from "financial assets measured at fair value through other comprehensive income" to "other financial assets measured at amortised cost", effective 01 January 2023. Prior to the reclassification of the portfolio, the Group recognised cumulative unrealised losses of CHF 175.0 million in Other comprehensive income which will be cancelled on 01 January 2023. The Group will recognise a net increase of CHF 168.6 million of shareholders' equity. The portfolio of financial assets carrying value will increase by CHF 175.0 million and the related deferred tax assets will decrease by CHF 6.4 million.

The reclassified portfolio comprises high-quality fixed income securities. The reclassification has no impact on EFG International's income statement but would have increased the Group's CET1 ratio by around 1.9% if this change had taken effect on 31 December 2022.

34. Loans and advances to customers

Accounting principles are set out in note 42.

	Note	31 December 2022 CHF millions	31 December 2021 CHF millions
Mortgages		5,666.3	5,796.5
Lombard loans		10,941.9	11,686.9
Other loans		154.1	759.1
Gross loans and advances		**16,762.3**	18,242.5
Less: Loss allowance	35	(14.2)	(16.9)
Loans and advances to customers		**16,748.1**	18,225.6

The other loans include CHF 45.3 million (2021: CHF 185.1 million) of loans made with no collateral and CHF 79.3 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.

35. Loss allowances on loans and advances to customers

Accounting judgement

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and fair value through other comprehensive income is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring the expected credit losses are further detailed in note 6, which also sets out the key sensitivities of the expected credit losses to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring the expected credit losses, such as:
- Determining the criteria for significant increase in credit risk
- Choosing appropriate models and assumptions for the measurement of expected credit losses
- Establishing the number and relative weightings of forward-looking scenarios for each type of product and the associated expected credit losses
- Establishing groups of similar financial assets for the purposes of measuring the expected credit losses

As described in note 8.5 (ii), the Group had a gross exposure, which including accrued interest that amounted to CHF 178.0 million at end 2020 for a lombard loan extended to an affiliate of a Taiwanese insurance company. This loan was determined to be credit-impaired. Due to the uncertainty relating to the outcome of the litigations, the Group exercised judgement in determining the loss allowances for this loan. The Group had estimated the expected credit loss based on probability-weighted expected values of multiple outcomes. The expected credit loss related to this loan totalled CHF 75.3 million in 2020. In 2021 this loan was derecognised when the collateral was used to repay the loan.

	Note	2022 CHF millions	2021 CHF millions
At 01 January		**(16.9)**	(98.3)
Loss allowance (expense)/release through profit and loss		(2.9)	72.6
Utilisation of provision		5.4	10.4
Exchange differences		0.2	(1.6)
At 31 December		**(14.2)**	(16.9)

36. Property, plant and equipment

Accounting principles

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated using the straight-line method to write down the cost of property, plant and equipment, to their residual values over their estimated useful life as follows:
- Buildings own use: 50 years
- Buildings and leasehold improvements: 5–20 years
- Computer hardware: 3–10 years
- Furniture, equipment and motor vehicles: 3–10 years
- Artwork: no depreciation, tested for impairment
- Right-of-use assets: over the non-cancellable period for which the Group has the right to use an asset, including optional periods when the Group is reasonably certain to exercise an option to extend (or not to terminate) a lease

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other operating expenses in the income statement.

The Group primarily leases office premises, as well as some IT equipment. Rental contracts vary from fixed periods of six months to 15 years.

The Group recognises lease liabilities in relation to leases. These liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of entering the lease.

The remeasurements to the lease liabilities are recognised as adjustments to the related right-of-use assets immediately after the date of initial application. Right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet.

	Note	Land and Buildings CHF millions	Other tangible assets CHF millions	Right-of-use assets CHF millions	Total CHF millions
Year ended 31 December 2021					
Opening net book amount		75.7	51.4	208.1	335.2
Additions			7.9		7.9
New leases and modification of leases				61.3	61.3
Disposal, write-offs and lease modifications				(1.6)	(1.6)
Depreciation charge for the year	20	(2.2)	(11.2)	(40.1)	(53.5)
Reclassification to other assets held for sale			(2.0)	(8.7)	(10.7)
Exchange differences		0.2	(0.1)	(4.1)	(4.0)
At 31 December 2021		**73.7**	**46.0**	**214.9**	**334.6**
Year ended 31 December 2022					
Opening net book amount		73.7	46.0	214.9	334.6
Additions			12.1		12.1
New leases and modification of leases				22.8	22.8
Disposal and write-offs		(2.2)			(2.2)
Depreciation charge for the year	20	(1.9)	(9.7)	(37.0)	(48.6)
Exchange differences		0.1	(0.7)	(6.4)	(7.0)
At 31 December 2022		**69.7**	**47.7**	**194.3**	**311.7**

Other tangible assets include leasehold improvements, furniture, equipment, motor vehicles and computer hardware. The right-of-use assets are composed of office premises for CHF 194.3 million (2021: CHF 214.8 million).

37. Intangible assets

Accounting principles

The intangible assets include the following categories:

(i) Computer software, licences and others
Amortisation is calculated using the straight-line method over a 3- to 10- year basis. The acquisition cost of software, licences and other assets capitalised is on the basis of the cost to acquire and bring into use the specific software, licenses and other assets.

(ii) Acquisition-related intangibles
Customer relationships - amortisation is calculated on the basis of a 13- to 14-year useful life. The remaining life is reviewed periodically for reasonableness.
Brand name - amortisation is calculated on the basis of a 15-year useful life. The remaining life is reviewed periodically for reasonableness

(iii) Goodwill
Goodwill represents the excess of the consideration over the fair value of the Group's share of the net identifiable assets of the acquired undertaking at the date of acquisition. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

	Note	Computer software, licences and others CHF millions	Acquisition-related intangible assets CHF millions	Goodwill CHF millions	Total intangible assets CHF millions
Year ended 31 December 2021					
Opening net book amount		71.8	118.9	69.7	260.4
Acquisitions/disposals of intangible assets		37.4	(1.3)		36.1
Amortisation of intangible assets	20	(17.3)	(11.5)		(28.8)
Reclassification to other assets held for sale	41	(8.1)	(8.9)	(19.2)	(36.2)
Exchange differences and other movements		0.1	(0.6)	(1.7)	(2.2)
Closing net book value		**83.9**	**96.6**	**48.8**	**229.3**
Year ended 31 December 2022					
Opening net book amount		83.9	96.6	48.8	229.3
Acquisitions/disposals of intangible assets		48.3			48.3
Amortisation of intangible assets	20	(23.8)	(10.3)		(34.1)
Exchange differences and other movements		(0.9)	(1.1)	(2.4)	(4.4)
Closing net book value		**107.5**	**85.2**	**46.4**	**239.1**

Acquisition-related intangible assets mainly include client relationships intangible assets for CHF 76.7 million (2021: CHF 87.1 million), brand names intangibles for CHF 4.2 million (2021: CHF 4.9 million) and other for CHF 4.2 million (2021: CHF 4.6 million). Other intangible assets are mainly related to rights to lease.

38. Intangible assets – impairment tests

Accounting judgement

EFG International Group tests at least annually whether goodwill has suffered impairment in accordance with the accounting policy. The recoverable amounts of cash-generating units are the higher of the assets' value in use and fair value less costs of disposal which is determined on the basis of the best information available on the amount that could be obtained from the disposal of the assets in an arm's-length transaction, after deduction of the costs of disposal. The value in use is determined by using a discounted cash flow calculation based on the estimated future operating cash flows of the asset. An impairment is recorded when the carrying amount exceeds the recoverable amount.

The Group's goodwill is reviewed for impairment by comparing the carrying amount of each cash-generating units (CGU) to which goodwill is allocated to its recoverable amount.

Where the carrying values have been compared to recoverable amounts using the 'Value in use' approach, the risk-adjusted discount rates used are based on observable market long-term government bond yields (15 years) for the relevant currencies plus a risk premium of 3.9% to 6.5% (2021: 4.4% to 10.5%). The risk premiums were determined using capital asset pricing models and are based on capital market data as of the date of impairment test. A period of five years is used for cash flow projections, with a discounted terminal value added. The terminal value is into perpetuity using the year 5 cashflows and discount and growth rates as detailed in the following table. The BSI Group client relationship intangible assets impairment test does not use a perpetuity at the end of the 5-year period, but rather a residual 2.8-year period (total period of 7.8 years) in line with the remaining amortisation period.

Where the carrying values have been compared to 'Fair value less costs to sell', the fair value has been calculated using a price earnings (PE) approach based on similar transactions for comparable listed companies. The revenue basis for the PE approach was based on expected future revenues.

The carrying amounts of goodwill and intangible assets at 31 December 2022 allocated to each cash-generating unit are as follows:

Segment	Cash-generating unit	Discount rate/ Growth rate	Period	Intangible assets CHF millions	Goodwill CHF millions	Total CHF millions
		31 December 2022				
Value in use						
Asia	Shaw and Partners	8.1%/2.0%	5 years	20.3	25.5	45.8
BSI Group	Various	9.6%/–8.8%	7.8 years	59.4		59.4
Fair value less costs to sell		**P/E**				
Continental Europe	Monaco	9.2×			19.0	19.0
Other						
Various	Other CGUs			5.5	1.9	7.4
Total carrying values				**85.2**	**46.4**	**131.6**

Segment	Cash-generating unit	Discount rate/ Growth rate	Period	Intangible assets CHF millions	Goodwill CHF millions	Total CHF millions
		31 December 2021				
Value in use						
Asia	Shaw and Partners	6.4%/2.0%	5 years	23.7	26.8	50.5
BSI Group	Various	8.7%/–8.8%	8.8 years	66.8		66.8
Fair value less costs to sell		**P/E**				
Continental Europe	Monaco	8.2×			20.0	20.0
Other						
Various	Other CGUs			6.1	2.0	8.1
Total carrying values				**96.6**	**48.8**	**145.4**

The Group considers that a reasonably possible change in a key assumption will not result in an impairment of goodwill of any of the cash-generating units.

39. Deferred income tax assets and liabilities

Accounting policies are set out in note 23.
Deferred income taxes are calculated under the liability method on all temporary differences, using the expected effective local applicable rate. Deferred income tax assets and liabilities comprise the following:

	31 December 2022 CHF millions	31 December 2021 CHF millions
Deferred income tax assets	80.1	61.9
Deferred income tax liabilities	(17.4)	(19.9)
Net deferred income tax	**62.7**	42.0

The movement on the net deferred income tax account is as follows:

At 01 January	**42.0**	73.5
Deferred income tax gain/(loss) for the period in the income statement (note 23)	7.3	(7.7)
Financial assets at fair value through other comprehensive income	6.8	
Change in retirement benefit obligations	7.9	(23.2)
Exchange differences	(1.3)	(0.6)
At 31 December	**62.7**	42.0

Deferred income tax assets and liabilities are attributable to the following items:

	31 December 2022 CHF millions	31 December 2021 CHF millions
Deferred tax assets		
Tax losses carried forward	65.9	81.4
Provisions not yet deductible for local tax	19.5	
Retirement benefit obligation not applicable for local tax	2.6	
Valuation of financial assets not reflected in local tax accounts	6.4	
Other differences between local tax rules and accounting standards	3.6	3.4
Effect of deferred tax netting	(17.9)	(22.9)
Deferred income tax assets	**80.1**	61.9
Deferred tax liabilities		
Arising from acquisition of intangible assets	(17.4)	(19.8)
Valuation of financial assets not reflected in local tax accounts	(17.9)	(19.0)
Pension asset not applicable for local tax		(3.9)
Sundry differences between local tax rules and accounting standards		(0.1)
Effect of deferred tax netting	17.9	22.9
Deferred income tax liabilities	**(17.4)**	(19.9)
Net deferred income tax	**62.7**	42.0

Certain entities within the Group have recognised deferred income tax assets, despite having incurred losses in 2021 or 2022, on the basis that such losses are considered to be temporary in nature. The relevant entities have already returned to profitability or are expected to do so in the near future. The deferred income tax gain in the income statement comprises the following temporary differences:

	31 December 2022 CHF millions	31 December 2021 CHF millions
Utilisation of tax losses carried forward	(37.7)	(20.4)
Creation of deferred tax assets on tax losses carried forwards	23.1	14.6
Deferred tax liabilities related to intangible assets	2.1	2.9
Other temporary differences	19.8	(4.8)
Deferred income tax income/(expenses) (note 23)	**7.3**	(7.7)

The Group has deferred tax assets related to tax losses carried forward of CHF 65.9 million (2021: CHF 81.4 million) as a result of Group companies with tax losses of CHF 314.5 million (2021: CHF 393.9 million) to carry forward against future taxable income. These tax losses will expire as summarised below:

	31 December 2022 CHF millions	Tax rate	Carried forward losses CHF millions	Expiry in 1–3 years CHF millions	Expiry in 4–7 years CHF millions	Expiry after 7 years CHF millions
EFG Bank AG, Switzerland	46.5	19.6%	237.2	237.2		
EFG Bank (Luxembourg) SA, Luxembourg	18.9	25.0%	75.5			75.5
EFG Bank (Luxembourg) SA, Portugal Branch	0.5	27.7%	1.8			1.8
Total	**65.9**		**314.5**	**237.2**	**–**	**77.3**

	31 December 2021 CHF millions	Tax rate	Carried forward losses CHF millions	Expiry in 1–3 years CHF millions	Expiry in 4–7 years CHF millions	Expiry after 7 years CHF millions
EFG Bank AG, Switzerland	63.3	19.7%	321.5	321.5		
EFG Bank (Luxembourg) SA, Luxembourg	17.6	25.0%	70.5			70.5
EFG Bank (Luxembourg) SA, Portugal Branch	0.5	27.7%	1.9			1.9
Total	**81.4**		**393.9**	**321.5**	**–**	**72.4**

The Group has unused tax losses for which no deferred tax asset is recognised as follows:

	31 December 2022 CHF millions	Expiry in 1–3 years CHF millions	Expiry in 4–7 years CHF millions	Expiry after 7 years CHF millions
EFG International AG, Switzerland	54.0	54.0		
EFG Bank (Luxembourg) SA, Luxembourg *	73.4			73.4
EFG Bank AG, Switzerland	350.7	350.7		
EFG Bank AG, Hong Kong Branch	53.2			53.2
EFG Bank (Luxembourg) SA, Portugal Branch	5.8		2.9	2.9
Total	**537.1**	**404.7**	**2.9**	**129.5**

* Taxed as single fiscal unity with EFG Investment (Luxembourg) SA.

	31 December 2021 CHF millions	Expiry in 1–3 years CHF millions	Expiry in 4–7 years CHF millions	Expiry after 7 years CHF millions
EFG International AG, Switzerland	122.2	122.2		
EFG Bank (Luxembourg) SA, Luxembourg	108.7			108.7
EFG Bank AG, Switzerland	82.6	82.6		
EFG Bank (Luxembourg) SA, Milano branch	56.5			56.5
EFG Bank AG, Hong Kong Branch	20.8			20.8
EFG Bank (Luxembourg) SA, Portugal branch	5.9		3.2	2.7
Total	**396.7**	**204.8**	**3.2**	**188.7**

40. Other assets

	Note	**31 December 2022 CHF millions**	31 December 2021 CHF millions
Held-for-sale	41	56.4	200.4
Gold and other precious metals		247.7	178.8
Settlement balances		83.1	138.5
Prepaid expenses		53.9	110.3
Net pension asset	52	50.1	72.0
Accrued income		24.2	32.3
Repossessed properties		13.7	14.0
Current income tax assets		4.5	6.4
Other assets and receivables		63.2	63.6
Other assets		**596.8**	816.3

Settlement balances of CHF 83.1 million (2021: CHF 138.5 million) reflect the trade date versus settlement date accounting principle, which is applied on the issuance of structured products and relate to transactions executed over the year-end period, and also to amounts to be received relates to matured life insurance policies.

41. Held-for-sale

Held-for-sale assets mainly reflect a building in the process of being sold. The building with a carrying value of CHF 56.4 million is included in Held-for-sale assets since 2020. The Group remains committed to its plan to sell the asset.

At end of 2021, Held-for-sale assets also comprised an amount of CHF 144.0 million, related to a business that was agreed to be sold. The sale was finalised in July 2022.

42. Valuation of financial assets and liabilities

Accounting principle

All financial assets are recorded on the day the transaction is undertaken, with the exception of loans and advances to customers, which are entered in the balance sheet on their respective value dates. Purchases and sales of other financial assets at fair value or amortised cost are recognised on trade date, which is the date on which the Group commits to purchase or sell the asset. Loans and advances to customers are recognised when cash is advanced to the borrowers.

Measurement methods:
Amortised cost and effective interest rate
The amortised costs do not consider expected credit losses and does include transaction costs, premiums or discounts and fees paid or received that are integral to the effective interest rate, such as origination fees.

When the Group revises the estimates of future cash flows, the carrying value of the respective financial asset or financial liability is adjusted to reflect the new estimated discount using the original effective interest rate. Any changes are recognised in profit or loss.

Initial recognition and measurement
At initial recognition, the Group measures a financial asset or financial liability at its fair value. In case of a financial asset or financial liability subsequently not measured at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions, are included in the fair value at initial recognition. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed as incurred.

Business models: The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as 'other' business model and measured at FVTPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how management are compensated.

Solely payment of principal and interest: where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instrument's cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, based on qualitative or quantitative criteria, the related financial asset is classified and measured at fair value through profit or loss.

Fair value through other comprehensive income
Debt instruments that are held for collection of contractual cash flows and for selling the assets, where the asset's cash flows represent solely payments of principal and interest, and that are not designated at fair value through profit or loss, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for loss allowances, interest revenue and foreign exchange gains and losses on the instruments' amortised cost, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from

equity to profit or loss and recognised in 'Net gains/losses on derecognition of financial assets and liabilities'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Equity investments are instruments that meet the definition of equity from the issuer's perspective. Examples of equity investments include basic ordinary shares. The Group subsequently measures all equity investments at fair value through profit and loss, except where the Group's management has elected at initial recognition to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments in fair value through other comprehensive income when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in other comprehensive income and are not subsequently reclassified to profit and loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit and loss as other income when the Group's right to receive payment is established.

Fair value through profit or loss
Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. Other movements in the fair value (for example from interest rate or credit risk changes) are not part of a hedging relationship and are presented in the income statement within 'Fair value gains less losses on financial instruments measured at fair value' in the period in which they arise.

Gains and losses on equity investments at fair value through profit and loss are included in 'Fair value gains less losses on financial instruments measured as fair value'.

Impairment
The Group assesses loss allowances at each reporting date. The measurement of expected credit loss reflects:
- An unbiased and probability-weighted value that is determined by evaluating a range of possible outcomes
- The time value of money
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions

Classification and subsequent measurement of financial liabilities, financial guarantees contracts and loan commitments
In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for:
- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading booking). Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the value of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the value that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining value of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss.
- Financial guarantee contracts and loan commitments: financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of the expected credit loss value; and the premium received on initial recognition less any income recognised upfront. Loan commitments provided by the Group are measured as the value of the expected loss allowance. For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. If the contract includes both a loan and an undrawn commitment and the expected credit loss on the undrawn commitment cannot be separated from the loan component, the expected credit loss on the undrawn commitment is recognised together with the loss allowance for the loan.

Derecognition of financial assets and liabilities
A financial asset, or a portion thereof, is derecognised when the contractual rights to receive cash flows from the asset have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control. A financial liability is derecognised when extinguished (i.e. the obligation specified in the contract is discharged, cancelled or expires).

42.1 Financial assets and liabilities measured at fair value

Accounting judgement

The fair value of financial instruments that are not quoted in an active market is determined using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the personnel that created them. All models are validated before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practicable, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(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 year.

	31 December 2022			
	Level 1 CHF millions	**Level 2 CHF millions**	**Level 3 CHF millions**	**Total CHF millions**
Derivative financial instruments (assets)				
Currency derivatives		747.8		747.8
Interest rate derivatives		209.2		209.2
Equity derivatives		794.0		794.0
Other derivatives		13.4		13.4
Life insurance related			31.8	31.8
Total derivatives assets	**–**	**1,764.4**	**31.8**	**1,796.2**
Financial assets at fair value through profit and loss				
Debt	195.7	451.3		647.0
Equity	0.2	0.1	98.6	98.9
Life insurance related			690.1	690.1
Investment funds		21.5		21.5
Total financial assets at fair value through profit and loss	**195.9**	**472.9**	**788.7**	**1,457.5**
Total assets measured at fair value through profit and loss	**195.9**	**2,237.3**	**820.5**	**3,253.7**
Financial assets at fair value through other comprehensive income				
Debt	5,267.4			5,267.4
Total financial assets measured at fair value through other comprehensive income	**5,267.4**	**–**	**–**	**5,267.4**
Total assets measured at fair value	**5,463.3**	**2,237.3**	**820.5**	**8,521.1**

	31 December 2022			
	Level 1 CHF millions	**Level 2 CHF millions**	**Level 3 CHF millions**	**Total CHF millions**
Derivative financial instruments (liabilities)				
Currency derivatives		(748.8)		(748.8)
Interest rate derivatives		(45.5)		(45.5)
Equity derivatives		(831.8)		(831.8)
Other derivatives		(16.8)		(16.8)
Total derivatives liabilities	**–**	**(1,642.9)**	**–**	**(1,642.9)**
Financial liabilities designated at fair value				
Equity	(0.8)	(0.3)		(1.1)
Debt	(25.6)	(10.6)		(36.2)
Structured products		(218.8)		(218.8)
Life insurance related			(145.9)	(145.9)
Total financial liabilities designated at fair value	**(26.4)**	**(229.7)**	**(145.9)**	**(402.0)**
Total liabilities measured at fair value	**(26.4)**	**(1,872.6)**	**(145.9)**	**(2,044.9)**
Assets less liabilities measured at fair value	**5,436.9**	**364.7**	**674.6**	**6,476.2**

	31 December 2021			
	Level 1 CHF millions	Level 2 CHF millions	Level 3 CHF millions	Total CHF millions
Derivative financial instruments (assets)				
Currency derivatives		269.1		269.1
Interest rate derivatives		44.9		44.9
Equity derivatives		610.5		610.5
Other derivatives		14.9		14.9
Life insurance related			34.1	34.1
Total derivatives assets	**–**	**939.4**	**34.1**	**973.5**
Financial assets at fair value through profit and loss				
Debt	435.0	452.6		887.6
Equity	5.2	0.2	103.9	109.3
Life insurance related			787.8	787.8
Investment funds		22.7		22.7
Total financial assets at fair value through profit and loss	**440.2**	**475.5**	**891.7**	**1,807.4**
Total assets measured at fair value through profit and loss	440.2	1,414.9	925.8	2,780.9
Financial assets at fair value through other comprehensive income				
Debt	5,832.0			5,832.0
Equity		0.6		0.6
Total financial assets at fair value through other comprehensive income	**5,832.0**	**0.6**	**–**	**5,832.6**
Total assets measured at fair value	**6,272.2**	**1,415.5**	**925.8**	**8,613.5**
Derivative financial instruments (liabilities)				
Currency derivatives		(283.6)		(283.6)
Interest rate derivatives		(50.1)		(50.1)
Equity derivatives		(722.8)		(722.8)
Other derivatives		(19.3)		(19.3)
Total derivatives liabilities	**–**	**(1,075.8)**	**–**	**(1,075.8)**
Financial liabilities designated at fair value				
Equity	(65.6)	(3.8)		(69.4)
Debt	(0.4)	(0.2)		(0.6)
Structured products		(254.3)		(254.3)
Life insurance related			(163.2)	(163.2)
Total financial liabilities designated at fair value	**(66.0)**	**(258.3)**	**(163.2)**	**(487.5)**
Total liabilities measured at fair value	**(66.0)**	**(1,334.1)**	**(163.2)**	**(1,563.3)**
Assets less liabilities measured at fair value	**6,206.2**	**81.4**	**762.6**	**7,050.2**

(i) Financial instruments in level 1
The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted bonds and equity.

(ii) Financial instruments in level 2
The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments

(b) Movements of level 3 instruments

	Assets in level 3		
	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	34.1	891.7	925.8
Total gains or losses in the income statement – Net loss from changes in fair value	0.4	(149.9)	(149.5)
Purchases/Premiums paid	2.7	131.3	134.0
Disposals/Premiums received	(5.7)	(92.7)	(98.4)
Exchange differences	0.3	8.3	8.6
At 31 December 2022	**31.8**	**788.7**	**820.5**
Change in unrealised gains or losses for the period included in the income statement for assets held at the end of the reporting period	0.4	(149.9)	(149.5)

	Liabilities in level 3	
	Financial liabilities designated at fair value CHF millions	Total liabilities in level 3 CHF millions
At 01 January 2022	163.2	163.2
Total gains or losses in the income statement – Net gains from change in fair value	(22.0)	(22.0)
Purchases/Premiums paid	12.0	12.0
Disposals/Premiums received	(9.1)	(9.1)
Exchange differences	1.8	1.8
At 31 December 2022	**145.9**	**145.9**
Change in unrealised gains or losses for the period included in the income statement for liabilities held at the end of the reporting period	(22.0)	(22.0)

	Assets in level 3		
	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 2021	49.9	993.8	1,043.7
Total gains or losses in the income statement – Net loss from changes in fair value	(3.2)	(69.1)	(72.3)
Purchases/Premiums paid	2.5	148.3	150.8
Disposals/Premiums received	(16.2)	(208.8)	(225.0)
Exchange differences	1.1	27.5	28.6
At 31 December 2021	**34.1**	**891.7**	**925.8**
Change in unrealised gains or losses for the period included in the income statement for assets held at the end of the reporting period	(3.2)	(69.1)	(72.3)

	Liabilities in level 3	
	Financial liabilities designated at fair value CHF millions	Total liabilities in level 3 CHF millions
At 01 January 2021	175.4	175.4
Total gains or losses in the income statement – Net loss from changes in fair value	(9.9)	(9.9)
Purchases/Premiums paid	12.2	12.2
Disposals/Premiums received	(20.1)	(20.1)
Exchange differences	5.6	5.6
At 31 December 2021	**163.2**	**163.2**
Change in unrealised gains or losses for the period included in the income Statement for liabilities held at the end of the reporting period	(9.9)	(9.9)

(c) 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 assessment 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 is 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 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 models
- Net asset values

Financial statement line item		31 December 2022 CHF millions	31 December 2021 CHF millions
Discounted cash flow analysis	**Products**		
Financial assets at fair value through profit and loss	Equities	98.6	103.9
Discounted cash flow analysis and life expectancies (non-market observable inputs)			
Derivatives	Synthetic life insurance policies	31.8	34.1
Financial assets at fair value through profit and loss	Physical life insurance policies	690.1	787.8
Financial liabilities designated at fair value	Synthetic life insurance policies	(145.9)	(163.2)
Total		**674.6**	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 for further details.

(ii) Equities

Equities comprise primarily the holding in SIX Group for CHF 74.1 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 December 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 2022 at the time of preparing these consolidated financial statements, the Group has made an estimate of the net asset value. To determine the net asset value as of 31 December 2022, the Group uses published SIX Group half-year net asset value and adds a projected profit for the period to December 2022, net of dividends paid. The estimated net asset value of SIX Group at 31 December 2022 has decreased relative to the estimated net asset value at 31 December 2021, primarily due to the dividend distributed in June 2022 and unrealised losses recognised in equity by SIX Group, partially compensated by the estimated 2022 profit. As a result, the Group recorded a loss of CHF (5.6) million (2021: gain of CHF 6.1 million).

The sensitivity to the valuation of SIX Group 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 SIX Group profit would be CHF 0.2 million gain or CHF 0.2 million loss on this position classified as fair value through profit and loss.

42.2 Financial assets and liabilities measured at amortised cost

The table below summarises the carrying values and fair values of those financial assets and liabilities that were measured at amortised cost as of 31 December 2022:

	Note	Carrying value CHF millions	Fair value CHF millions	Difference CHF millions
31 December 2022				
Financial assets				
Due from other banks	(i)	2,095.9	1,393.4	(702.5)
Loans and advances to customers	(ii)	16,748.1	17,440.0	691.9
Investment securities	(iii)	2,402.3	2,312.2	(90.1)
		21,246.3	**21,145.6**	**(100.7)**
Financial liabilities				
Due to other banks	(iv)	922.8	922.3	(0.5)
Due to customers	(iv)	34,035.4	33,993.3	(42.1)
Financial liabilities at amortised cost	(vi)	3,684.7	3,622.0	(62.7)
		38,642.9	**38,537.6**	**(105.3)**
Net assets and liabilities not measured at fair value		**(17,396.6)**	**(17,392.0)**	**4.6**
As at 31 December 2021				
Financial assets				
Due from other banks	(i)	2,562.3	2,564.1	1.8
Loans and advances to customers	(ii)	18,225.6	18,477.1	251.5
Investment securities	(iii)	45.2	45.0	0.2
		20,833.1	**21,086.2**	**253.5**
Financial liabilities				
Due to other banks	(iv)	556.0	556.0	
Due to customers	(iv)	32,516.8	32,517.0	0.2
Subordinated loans	(v)	182.7	184.3	1.6
Financial liabilities at amortised cost	(vi)	4,222.1	4,215.8	(6.3)
		37,477.6	**37,473.1**	**(4.5)**
Net assets and liabilities not measured at fair value		**(16,644.5)**	**(16,386.9)**	**258.0**

(i) Due from other banks
Due from other banks includes inter-bank 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) Investment securities
Investment securities held to maturity are reflected on an amortised costs basis. The fair value of the investment securities is based on the quoted market price of the instrument. The fair values are within level 1 of the fair value hierarchy.

(iv) 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.

(v) Subordinated loans
The estimated fair value of the subordinated loans is based on the quoted market prices for these listed securities. Determined fair values are within level 2 of the fair value hierarchy.

(vi) 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.

43. Offsetting

Accounting principle

Financial assets and liabilities are offset and the net amount presented in the balance sheet when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Such a right of set-off must not be contingent on a future event and must be legally enforceable in all of the following circumstances:
– In the normal course of business
– In the event of default
– In the event of insolvency or bankruptcy

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

				Related amounts not set off in the balance sheet		
At 31 December 2022	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of recognised financial assets presented in the balance sheet	Financial assets subject to netting agreements	Cash collateral	Net exposure
Cash and balances with central banks	3,500.0		3,500.0	(3,500.0)		-
Due from other banks	295.4		295.4	(295.4)		-
Derivatives	1,796.2		1,796.2	(1,041.5)	(732.1)	22.6
FVTPL – Life insurance policies	136.7		136.7	(136.7)		-
Total financial assets	**5,728.3**	**–**	**5,728.3**	**(4,973.6)**	**(732.1)**	**22.6**

				Related amounts not set off in the balance sheet		
At 31 December 2022	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the balance sheet	Net amounts of recognised financial liabilities presented in the balance sheet	Financial liabilities subject to netting agreements	Cash collateral	Net exposure
Derivatives	1,642.9		1,642.9	(858.1)	(775.8)	9.0
FVTPL – Synthetic life insurance	145.9		145.9	(145.9)		
Total financial liabilities	**1,788.8**	**–**	**1,788.8**	**(1,004.0)**	**(775.8)**	**9.0**

At 31 December 2021	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of recognised financial assets presented in the balance sheet	*Related amounts not set off in the balance sheet* Financial assets subject to netting agreements	Cash collateral	Net exposure
Due from other banks	305.0		305.0	(305.0)		
Derivatives	973.6		973.6	(557.2)	(398.8)	17.6
FVTPL – Life insurance policies	146.7		146.7	(146.7)		
Total financial assets	**1,425.3**	**–**	**1,425.3**	**(1,008.9)**	**(398.8)**	**17.6**

At 31 December 2021	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of recognised financial assets presented in the balance sheet	*Related amounts not set off in the balance sheet* Financial liabilities subject to netting agreements	Cash collateral	Net exposure
Derivatives	1,075.8		1,075.8	(540.7)	(512.0)	23.1
FVTPL – Synthetic life insurance	163.2		163.2	(163.2)		
Total financial liabilities	**1,239.0**	**–**	**1,239.0**	**(703.9)**	**(512.0)**	**23.1**

At the end of December 2021 and December 2022, no derivative financial instruments have been netted.

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for the net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party. Per the terms of each agreement, an event of default includes failure by a party to make payment when due; failure by a party to perform any obligation required by the agreement (other than payment) if such failure is not remedied within periods of 30 to 60 days after notice of such failure is given to the party; or bankruptcy.

Notes to the consolidated financial statements EFG International consolidated entities

44. Shares in subsidiary undertakings

The following is a listing of the Group's main subsidiaries at 31 December 2022:

Name	Line of business	Country of incorporation	Ownership
Main subsidiaries			
EFG Bank AG, Zurich	Bank	Switzerland	100%
EFG Bank (Monaco), Monaco	Bank	Monaco	100%
EFG Bank & Trust (Bahamas) Ltd, Nassau	Bank	Bahamas	100%
EFG Bank von Ernst AG, Vaduz	Bank	Liechtenstein	100%
EFG Bank (Luxembourg) S.A., Luxembourg	Bank	Luxembourg	100%
EFG Private Bank Ltd, London	Bank	England & Wales	100%
EFG Asset Management (Switzerland) SA	Asset Management Company	Switzerland	100%
EFG Asset Management (UK) Ltd	Asset Management Company	England & Wales	100%
EFG Capital International Corp, Miami	Broker-dealer	USA	100%
Shaw and Partners Ltd, Sydney	Broker-dealer	Australia	100%
EFG International Finance (Luxembourg) Sarl	Finance Company	Luxembourg	100%
EFG International Finance (Guernsey)	Structured product issuance	Guernsey	100%
EFG Investment (Luxembourg) SA, Luxembourg	Holding	Luxembourg	100%

The list of entities comprises subsidiaries that are generally contributing CHF 5 million or more to the Net profit attributable to equity holders of the Group. Also included are entities that are deemed regionally significant or otherwise relevant from an operational perspective.

The two main changes in subsidiary entities of the Group are the full disposal of Asesores y Gestores Financieros SA (held at 41% in 2021), as well as the merger of Patrimony 1873 SA (held at 100% in 2021) into EFG Bank AG, Zurich.

The Group uses other entities to manage assets on behalf of its customers. These entities are subject to an investment management agreement in which the Group acts as administrator only and is remunerated via a fixed fee. In some of these entities, the Group is participating in the funding by providing loan facilities granted which are secured by way of fund assets. The management has assessed that the Group has no effective power over these entities nor over the operations of the entity, as it is not the asset manager, and also it is not exposed materially to a variability of returns from these entities.

45. Due to other banks

	31 December 2022 CHF millions	31 December 2021 CHF millions
Due to other banks at sight	701.5	516.5
Due to other banks at term	221.3	39.5
Due to other banks	**922.8**	556.0

46. Due to customers

	31 December 2022 CHF millions	31 December 2021 CHF millions
Non-interest bearing	16,547.5	24,272.0
Interest bearing	17,487.9	8,244.8
Due to customers	**34,035.4**	32,516.8

47. Financial liabilities at fair value through profit and loss

	Valuation basis	31 December 2022 CHF millions	31 December 2021 CHF millions
Synthetic life insurance	Discounted cash flow analysis	145.9	163.2
Equity securities	Quoted	1.1	0.6
Debt securities	Quoted	36.2	69.5
Structured products	Unquoted	218.8	254.3
Total financial liabilities at fair value through profit and loss		**402.0**	487.6

The movement in the account is as follows:

	31 December 2022 CHF millions	31 December 2021 CHF millions
At 01 January	**487.6**	492.1
Additions	44.4	330.5
Disposals (sale and redemption)	(73.8)	(330.6)
Net gains from changes in fair value through profit and loss	(57.6)	(9.9)
Exchange differences	1.4	5.5
At 31 December	**402.0**	487.6

Synthetic life insurance

See note 32 for further details.

48. Financial liabilities at amortised cost

	31 December 2022 CHF millions	31 December 2021 CHF millions
Structured products issued	3,684.7	4,222.1
Total financial liabilities at amortised cost	**3,684.7**	4,222.1

The movement in the account is as follows:

	31 December 2022 CHF millions	31 December 2021 CHF millions
At 01 January	**4,222.1**	4,516.5
Additions	5,168.3	7,097.6
Disposals (sale and redemptions)	(5,664.9)	(7,353.0)
Accrued interests	0.1	(0.6)
Exchange differences	(40.9)	(38.4)
At 31 December	**3,684.7**	4,222.1

49. Provisions

Accounting principle

The Group is involved in various legal and arbitration proceedings in the normal course of its business operations. The Group establishes provisions for current and 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 nature and amount of provisions are disclosed, unless management expects the disclosure of that fact could prejudice our position with other parties in the matter.

Restructuring provisions comprise employee termination payments and costs to terminate contracts. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Accounting judgement

Provisions are recognised when EFG International Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The determination of whether an outflow is probable and the amount, which is assessed by EFG International Group management in conjunction with the Group's legal and other advisors, requires the judgement of the Group's management.

	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	48.4	11.8	60.2
Release of provisions recognised in the income statement	(3.7)	(1.5)	(5.2)
Provisions used during the year	(1.2)	(18.5)	(19.7)
Reclassification and other movements		5.7	5.7
Exchange differences	0.2	(0.6)	(0.4)
At 31 December 2022	**129.8**	**41.2**	**171.0**
Expected payment within 1 year	4.3	17.3	21.6
Expected payment between 1 year and 3 years	125.5	17.1	142.6
Expected payment thereafter		6.8	6.8
	129.8	**41.2**	**171.0**

Provision for litigation risks
The provision for litigation risks increased by CHF 43.7 million; primarily an increase of CHF 36.5 million related to a claim from the rehabilitator of an insurance company in Taiwan (see (i) below).

(i) A provision of CHF 110.3 million (2021: CHF 73.2 million) relates to the terms of a settlement agreement resolving all outstanding litigation between the Group and the rehabilitator of a Taiwanese insurance company. The settlement resolves a dispute concerning a secured loan facility granted in 2007 to an affiliate of the Taiwanese insurance company, which was placed into receivership in 2014. The loan totalling about USD 193.8 million was secured by assets which the Group had offset previously. Prior to reaching the settlement, the rehabilitator of the insurance company called on EFG to return the USD 193.8 million it held as collateral for the loan plus interest at a rate of 5% per annum, totalling approximately USD 263 million. The settlement now brings to an end all proceedings in this context in which EFG is a party, as well as supplemental civil proceedings in Taiwan initiated against certain EFG employees. Under the terms of the settlement, EFG will make payments totalling USD 150 million to the rehabilitator and into an escrow account. Furthermore, and as part of the agreement, EFG currently expects to recover in excess of USD 30 million over the next years.

(ii) Other provisions of CHF 19.5 million remain for various litigation cases.

Other provisions
Other provision decreased by CHF 3.1 million.
This decrease is mainly due to provision for restructuring costs described in (i) below which have been utilised for CHF 15.8 million and increased through the income statement for CHF 4.8 million. This decrease is partially compensated by the increase of the provision described in (iii).

i) The Group has a provision of CHF 9.2 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 13.8 million (2021: CHF 10.2 million) for success fees payable 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) A provision of CHF 5.6 million (2021: CHF 1.5 million) has been made for claims arising from fraudulent activity by an ex-CRO. The overall position is likely to be resolved between one and three years.
(iv) The Group has a provision of CHF 0.5 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.

(v) Other provisions of CHF 12.1 million remain for various other potential cash outflows.

50. 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 49) 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 considers to be material, or to be significant due to potential financial, reputational and other effects.

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 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 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 an investment fund regulated in Guernsey have commenced legal proceedings in the Guernsey courts. The lawsuit alleges damages in an amount ranging up to approximately GBP 73.0 million arising out of the fund's performance and alleges that the fund directors and the Group, as fund 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) Certain investors and the liquidator of a fund filed claims against the Group in the Bahamian courts in 2014. The claims allege damages in the amount of approximately USD 17 million arising out of the fund's performance and allege misleading statements and fund mismanagement. The Group believes it has strong defences to the allegations and maintains its vigorous defence.

(iii) The Group has been named as a defendant in a lawsuit filed in Illinois, USA by a former BSI client. The former client's allegations arise out of wrongdoing by an external asset manager who had a relationship with the former client. The external asset manager was sentenced by the Swiss criminal courts. The former client's civil lawsuit against the Group alleges that a BSI client relationship officer aided and abetted the alleged unauthorised transactions in the 2004-2007 time period. The Group believes it has strong defences to the claims and will vigorously defend the lawsuit.

(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) After one of the Group's pre-existing institutional clients (a bank) was sanctioned by the Office of Foreign Assets Control (OFAC) of the US Department of the Treasury, the Group promptly initiated an internal investigation into potential OFAC violations involving transactions by this client. This investigation was subsequently expanded to other clients potentially subject to OFAC sanctions across all of the Group's booking centres. The investigation has concluded, and the Group is cooperating with OFAC on the matter.

(ii) 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 are approximately EUR 49 million plus interest since 2008 (including a claim for the reimbursement of retrocessions). 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.

(iii) 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 in the amount of USD 368.1 million (excluding interest) centres on allegations that, between 1995 and 2012, the former Director General of PIFSS procured into EFG accounts 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. 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) The Trustee of Bernard L. Madoff Investment Securities LLC (BLMIS) has filed a complaint asserting that redemption payments totalling USD 378 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). 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.

(v) 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 million. 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.

(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 a criminal investigation 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. 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. In October 2022, 1MDB and five affiliated companies filed an additional criminal complaint with the Federal Prosecutor against BSI SA and eight other (undisclosed) entities, alleging losses in the amount of USD 5.24 billion. The Federal Prosecutor has joined this new criminal complaint with the pending investigation.

(ii) The US Attorney’s Office 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 stated in the 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 former client commenced legal proceedings in the Swiss courts alleging investment mismanagement claims in the 2010 to 2017 period and seeking approximately CHF 54 million in damages (excluding interest). 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) In 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. In 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.

51. Other liabilities

	Note	31 December 2022 CHF millions	31 December 2021 CHF millions
Deferred income and accrued expenses		292.4	328.2
Lease liabilities (see below)		207.5	223.0
Settlement balances		25.8	51.2
Short-term compensated absences		8.6	11.6
Retirement benefit obligations	52	10.4	
Other liabilities		32.2	27.2
Total other liabilities		**576.9**	641.2

The contractual maturity of undiscounted lease liabilities is as follows:

Contractual maturities of undiscounted lease liabilities	**Up to 1 month CHF millions**	**1–3 months CHF millions**	**3–12 months CHF millions**	**1–5 years CHF millions**	**Over 5 years CHF millions**	**Total CHF millions**
31 December 2022						
Contractual lease liabilities	2.8	5.9	25.8	124.8	62.9	222.2
Total contractual lease liabilities	**2.8**	**5.9**	**25.8**	**124.8**	**62.9**	**222.2**

Contractual maturities of undiscounted lease liabilities	Up to 1 month CHF millions	1–3 months CHF millions	3–12 months CHF millions	1–5 years CHF millions	Over 5 years CHF millions	Total CHF millions
31 December 2021						
Contractual lease liabilities	2.6	6.4	26.2	132.7	65.9	233.8
Total contractual lease liabilities	**2.6**	**6.4**	**26.2**	**132.7**	**65.9**	**233.8**

52. Retirement benefit obligations

Accounting principle

Retirement benefit obligations
The Group operates various pension schemes which are either defined contribution or defined benefit plans, depending on prevailing practice in each country.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension plans and has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. This applies to most of the locations where the Group operates except for Switzerland.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. In Switzerland, the Group maintains two pension plans, where the legal obligation is merely to pay contributions at defined rates (defined contribution), however, these plans incorporate certain guarantees of minimum interest accumulation and conversion of capital to pension, and as a result, these plans are reported as defined benefit pension plans.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used as reference of risk-free rates. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in income statement.

Prepaid contributions are recognised as an asset. The Group has no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Accounting judgement

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

EFG International Group determines the appropriate discount rate at each reporting date. This is the interest rate used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the EFG International Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. Other key assumptions for pension obligations are based in part on current market conditions.

The Group operates four plans which under IFRS are classified as defined benefit plans. Three of these plans are in Switzerland ('the Swiss plans') for EFG Bank AG and one in the Channel Islands ('the Channel Islands plan').

	Present value of obligation	Fair value of plan assets	Net (asset)/liability	(Gain)/loss through other comprehensive income	(Gain)/loss through other comprehensive income
	CHF millions	CHF millions	CHF millions	CHF millions	CHF millions
	2022	2022	2022	2022	2021
Channel Islands pension plan	2.7	(3.6)	(0.9)	(0.4)	
Swiss pension plans	1,107.4	(1,227.6)	(120.2)	(41.4)	(118.0)
Effect of the asset ceiling on the Swiss plans			81.4	81.4	
Total	**1,110.1**	**(1,231.2)**	**(39.7)**	**39.6**	(118.0)

The disclosures below relate to the Swiss plans.

	Note	31 December 2022 CHF millions	31 December 2021 CHF millions
Net amount recognised in the balance sheet			
Present value of funded obligation		1,107.4	1,430.8
Fair value of plan assets		(1,227.6)	(1,502.8)
Irrecoverable surplus		81.4	0.0
(Asset)/Liability recognised in the balance sheet		**(38.8)**	(72.0)
Liability at 01 January		**(72.0)**	118.7
Net amount recognised in the income statement - Staff costs	21	15.4	3.1
Net amount recognised in the income statement - Provisions			0.7
Net amount recognised in other comprehensive income		40.0	(118.0)
Total transactions with fund		(22.2)	(76.5)
(Asset)/Liability at 31 December		**(38.8)**	(72.0)
Fund with net asset position	40	(49.2)	(93.3)
Fund with net liability position	51	10.4	21.3
(Asset)/Liability at 31 December		**(38.8)**	**(72.0)**

	Present value of obligation CHF millions	Fair value of plan assets CHF millions	Impact of asset ceiling CHF millions	Total CHF millions
At 01 January 2022	**1,430.8**	**(1,502.8)**		**(72.0)**
Current service cost	18.9			18.9
Past service credit - plan amendments	(4.4)			(4.4)
Interest expense/(income)	3.4	(3.6)		(0.2)
Administrative costs and insurance premiums	1.1			1.1
Net amount recognised in the income statement	**19.0**	**(3.6)**	**–**	**15.4**
Remeasurements:				
Return on plan assets, excluding amounts included in interest expense/(income)		160.2		160.2
Actuarial loss due to experience	31.7			31.7
Actuarial gain due to financial assumptions	(233.3)			(233.3)
Change in asset ceiling			81.4	81.4
Net amount recognised in other comprehensive income	**(201.6)**	**160.2**	**81.4**	**40.0**
Plan participants contributions	12.4	(12.4)		–
Company contributions		(22.2)		(22.2)
Settlements	(89.8)	89.8		–
Benefit payments	(63.4)	63.4		–
Total transactions with fund	**(140.8)**	**118.6**	**–**	**(22.2)**
At 31 December 2022	**1,107.4**	**(1,227.6)**	**81.4**	**(38.8)**

	Present value of obligation CHF millions	Fair value of plan assets CHF millions	Impact of asset ceiling CHF millions	Total CHF millions
At 01 January 2021	1,530.1	(1,411.4)		118.7
Current service cost	23.0			23.0
Curtailment	(0.5)			(0.5)
Settlements	(9.3)			(9.3)
Terminations	0.7			0.7
Past service cost-plan amendments	(11.2)			(11.2)
Interest expense/(income)	0.9	(0.9)		–
Administrative costs and insurance premiums	1.1			1.1
Net amount recognised in the income statement	**4.7**	**(0.9)**	**–**	**3.8**
Remeasurements:				
Return on plan assets, excluding amounts included in interest expense/(income)		(72.5)		(72.5)
Actuarial loss due to experience	19.3			19.3
Actuarial loss due to demographic assumptions	(16.4)			(16.4)
Actuarial loss due to financial assumptions	(48.4)			(48.4)
Net amount recognised in other comprehensive income	**(45.5)**	**(72.5)**	**–**	**(118.0)**
Plan participants contributions	13.7	(13.7)		–
Company contributions		(76.5)		(76.5)
Administrative costs and insurance premiums	(1.9)	1.9		–
Benefit payments	(70.3)	70.3		–
Total transactions with fund	**(58.5)**	**(18.0)**	**–**	**(76.5)**
At 31 December 2021	**1,430.8**	**(1,502.8)**	**–**	**(72.0)**

	31 December 2022	31 December 2021	31 December 2020
Significant actuarial assumptions			
Discount rate	2.20%	0.25%	0.00%
Salary growth rate	1.50%	1.25%	1.25%
Pension growth rate	0.00%	0.00%	0.00%

	Change in assumption	Impact of an increase in assumption on present value of obligation CHF millions	Impact of a decrease in assumption on present value of obligation CHF millions
2022 Sensitivity analysis			
Discount rate	0.10%	(11.2)	12.3
Salary growth rate	0.10%	0.8	(0.8)
Pension growth rate	0.10%	8.6	n/a
Life expectancy	3 months	7.9	(7.9)
2021 Sensitivity analysis			
Discount rate	0.10%	(15.6)	17.2
Salary growth rate	0.10%	1.4	(1.2)
Pension growth rate	0.10%	12.6	n/a
Life expectancy	3 months	11.7	(11.5)

Actuarial assumptions of both financial and demographic nature are established as unbiased best estimates of future expectations. Assumptions are changed from time to time to reflect changes in the information available to use in formulating best estimates.

The expected mortality is based on the UK's Continuous Mortality Investigation (CMI) unit's model calibrated with historical Swiss mortality data (LPP2020 generational tables) and using a 1.25% long-term trend rate.

By applying the risk sharing provisions of IAS 19, the plan liabilities are calculated assuming that the pension conversion rate currently in effect will decrease in the next decade to a level based on 1.5% local funding discount rate and the mortality tables assumed for the current plan liabilities.

Financial assumptions include the discount rate, the expected rate of salary growth and the expected rate of pensions increases. The discount rate is set based on consideration of the yields of high-quality corporate debt of duration similar to that of the pension liabilities. Where availability of such data is limited, the company considers yields available on government bonds and allowing for credit spreads available in other deeper and more liquid markets for high-quality corporate debt. The salary growth assumption is set based on the employer's expectation for inflation and market forces on salaries.

The plans do not guarantee any pension increases, although in the event that the plan developed a surplus according to Swiss pension law, then a discretionary pension adjustment could be possible. At the present time, projections for the plan's development do not indicate a pension adjustment is likely and so it is assumed that pensions are fixed.

The sensitivity of the valuation result to changes in assumptions is illustrated by introducing changes to one specific assumption at a time and comparing the result before and after the change. This is separately illustrated for changes in the discount rate and the expected rate of future salary increases. In practice, there may be some correlation in changes of assumptions, but for the purposes of the valuation the effect is ignored.

The operation of the pension plans involves exposure to a range of risks, with the most significant being presented further below. The impact of these risks is shared between the Group and the plan participants in case of negative effects. In situations where the pension funds will accumulate surplus assets after providing the target benefits, the boards of the foundation may consider a distribution of the surplus to participants. No part of the surplus may be attributed to the Group.

(i) Investment risk
Plan assets are invested to achieve a target return. The actual returns earned each year are likely to vary with a result higher or lower than the target. There is a risk that the long-term average return may be higher or lower than the target. If the long-term return is lower than the target, then the fund will not have sufficient assets for plan benefits. The year-on-year variation in the return will generally be reflected directly in the defined benefit remeasurements.

A component of the return earned each year is derived from investment in bonds, and these bond returns are reflected in changes in the discount rate used to measure the defined benefit obligation. As a result, benefit remeasurements through other comprehensive income resulting from asset volatility may be reduced by changes in the related obligation resulting from changes in the discount rate.

(ii) Longevity risk
The plans provide annuity options to individuals on retirement. These annuity options are calculated using a conversion rate which is established by the foundation and reviewed periodically.

The conversion rate is calculated with an assumption for the target rate of return and the life expectancy of the pensioner. Historic experience is that life expectancy improved faster than actuarial tables predicted, and so longevity risk tended to be 'loss generating'.

(iii) Interest volatility risk
There is a substantial year-on-year liability volatility due to the volatility of the discount rate used in the model which is based on market yields on bonds of a specified type. The funds allocate a substantial proportion of assets to bonds, but the availability of bonds of duration and characteristics similar in nature to the discount rate is limited so that the interest rate volatility risk cannot be eliminated. Interest rate volatility does not result in any effect on the Group performance but rather on the remeasurements recognised in other comprehensive income.

(iv) Death and disability risk
The number of cases of death and disability of active employees may fluctuate considerably from year to year. To mitigate the effect of this risk, the Swiss plans have contracted insurance contracts covering the cost of death and disability benefits arising each year.

Plan asset
The pension funds have established written investment policies whereby the fund periodically establishes an allocation strategy with target allocations and tactical ranges for the principal classes of investments (equity, fixed income, real estate and liquidity) which aims to maximise the returns on plan assets.

Plan assets are invested under mandates to a number of investment portfolio managers. Investment portfolio managers' performance is regularly evaluated against its established strategy. The actual return on plan assets was a loss of CHF (156.6) million in 2022 (2021: gain of CHF 73.4 million). The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement.

The plan assets do not include any shares of the EFG International Group or of any of its subsidiaries.

Plan amendments, curtailments and settlements
The Group recognised CHF 4.4 million gain on plan amendment resulting from the alignment of the insurance coverage between the base pension plan and the 1e plan launched at beginning of 2022.

The plan asset allocation is as follows:

2022 Asset allocation	Quoted CHF millions	Unquoted CHF millions	Total CHF millions	in %
Cash and cash equivalents	23.8		23.8	1.9%
Equity instruments	274.3		274.3	22.3%
Debt instruments	425.5		425.5	34.7%
Real estate	82.7	227.1	309.8	25.2%
Other	190.3	3.9	194.2	15.8%
Total plan assets at the end of the year	**996.6**	**231.0**	**1,227.6**	**100.0%**

2021 Asset allocation	Quoted CHF millions	Unquoted CHF millions	Total CHF millions	in %
Cash and cash equivalents	193.4		193.4	12.9%
Equity instruments	395.9		395.9	26.3%
Debt instruments	537.5		537.5	35.8%
Real estate	105.4	211.7	317.1	21.1%
Other	53.2	5.7	58.9	3.9%
Total plan assets at the end of the year	**1,285.4**	**217.4**	**1,502.8**	**100.0%**

The expected employer contributions to the post-employment benefit plan for the year ending 31 December 2022 are CHF 17.6 million. The Group created an employer contribution reserve in 2021 in Switzerland linked to the future liabilities of certain pensioners. The amount that has been contributed is CHF 52.0 million and is part of the net asset of CHF 38.8 million. The weighted average duration of the defined benefit obligation is 10.6 years (2021: 11.5 years). The expected maturity analysis of undiscounted obligation cash flows is as follows:

	31 December 2022 CHF millions	31 December 2021 CHF millions
Expected maturity analysis of undiscounted obligation cash flows		
Less than 1 year	72.4	162.2
Between 1–2 years	70.1	73.5
Between 2–5 years	203.5	196.0
Over 5 years	1,105.7	1,043.7
Total	**1,451.7**	1,475.4

53. Subordinated loans

Accounting principle

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds, net of transaction costs and the redemption value is recognised in the income statement over the life of the borrowings using the effective interest method. If the Group purchases its own debt, it is removed from the balance sheet, and the difference between the carrying amount of the liability and the consideration paid is included in gains less losses from other securities.

	Weighted average interest rate %	31 December 2022 CHF millions	31 December 2021 CHF millions
Subordinated loans			
EFG International (Guernsey) Ltd 31 December 2021: 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:

	31 December 2022 CHF millions	31 December 2021 CHF millions
At 01 January	**182.7**	355.8
Accrued interest	2.3	9.6
Interest paid	(4.7)	(11.9)
Issuance fees amortised in P&L	0.1	0.7
Payment to repurchase the subordinated loans	(189.0)	(190.8)
Premium on repurchase expensed in P&L		6.0
Exchange differences	8.6	13.3
At 31 December	**0.0**	182.7

54. Share capital

Accounting principle

Ordinary shares and non-voting Bons de Participation issued are classified as equity.

(i) Share issue costs
Incremental costs directly attributable to the issue of new shares or Bons de Participation are shown in equity as a deduction from the proceeds attributable to share premium.

(ii) Dividends on ordinary shares
Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders.

(iii) Treasury shares
Where the Group purchases its own equity share capital, the consideration paid is deducted from total shareholders' equity and classified as treasury shares until they are cancelled. If such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

The following is an analysis of the movement of share capital and share premium. The par value of EFG International AG registered shares issued is CHF 0.50 (ordinary shares).

All EFG International AG shares are fully paid.

Number of shares
The following is an analysis of the movement in the number of shares issued by the Group:

	Ordinary shares with voting right	Bons de Participation without voting right	Treasury shares Ordinary shares	Treasury shares Bons de Participation	Net
Nominal	CHF 0.50	CHF 15.00	CHF 0.50	CHF 15.00	
At 01 January 2021	**298,225,885**	**13,382**	**(2,122,657)**	**(750)**	
Employee equity incentive plans exercised	2,722,165		1,845,240		
Shares granted as deferred consideration on acquisition of subsidiaries			277,417		
Shares granted as consideration for acquisition of subsidiaries	2,972,969				
At 31 December 2021	**303,921,019**	**13,382**		**(750)**	
New shares issued	1,600,000		(1,600,000)		
Ordinary shares repurchased			(7,718,566)		
Bons de participation repurchased		(13,382)		750	
Employee equity incentive plans exercised	3,963,976		2,416,019		
At 31 December 2022	**309,484,995**	**–**	**(6,902,547)**	**–**	
Net share capital (CHF millions)	**154.7**	**–**	**(3.4)**	**–**	**151.3**

On an annual basis, the Group prepares a corporate governance statement which includes a description of the capital structure.

Information relating to the EFG Fiduciary Certificates

On 03 May 2022 the Group repurchased all the outstanding 13,382 preferred Non-voting Class B Shares for EUR 13,382,000.

55. Other reserves

Accounting principles

Share-based compensation
When treasury shares or new shares issued are used to settle Restricted Stock Units, the corresponding reserve is transferred and any difference arising from the variation of the share price between the grant date and the exercise date is reflected through retained earnings.

	IFRS 9 CHF millions	Employee share option plan CHF millions	Other CHF millions	Total CHF millions
At 01 January 2021	18.9	48.1	17.2	84.2
Equity-settled share-based plan expensed in the income statement		26.8		26.8
Employee equity incentive plans exercised		(25.5)		(25.5)
Net losses on investments in debt instruments measured at fair value through other comprehensive income, with no tax effect	(39.8)			(39.8)
Net realised losses on debt instruments measured at fair value through other comprehensive income reclassified to the income statement, with no tax effect	6.3			6.3
Net losses on investments in equity instruments measured at fair value through other comprehensive income	(0.1)			(0.1)
Retirement benefit gains			118.0	118.0
Tax effect on retirement benefit gains			(23.2)	(23.2)
Net gain on hedge of net investments in foreign operations, with no tax effect			1.9	1.9
Currency translation difference, with no tax effect			(10.4)	(10.4)
At 31 December 2021	**(14.7)**	**49.4**	**103.5**	**138.2**

	IFRS 9 CHF millions	Employee share option plan CHF millions	Other CHF millions	Total CHF millions
At 01 January 2022	(14.7)	49.4	103.5	138.2
Equity-settled share-based plan expensed in the income statement		30.5		30.5
Employee equity incentive plans exercised		(34.2)	(3.2)	(37.4)
Net losses on investments in debt instruments measured at fair value through other comprehensive income	(153.5)			(153.5)
Tax effect on net losses on investments in debt instruments measured at fair value through other comprehensive income	6.8			6.8
Net realised losses on debt instruments measured at fair value through other comprehensive income reclassified to the income statement, with no tax effect	10.1			10.1
Change in loss allowance on debt instruments measured at fair value through other comprehensive income, with no tax effect	0.1			0.1
Repurchase of Bons de Participation			(12.9)	(12.9)
Retirement benefit losses			(39.6)	(39.6)
Tax effect on retirement benefit losses			7.9	7.9
Net loss on hedge of net investments in foreign operations, with no tax effect			(7.9)	(7.9)
Currency translation difference, with no tax effect			(49.4)	(49.4)
Currency translation losses transferred to the income statement, with no tax effect			12.2	12.2
At 31 December 2022	**(151.2)**	**45.7**	**10.6**	**(94.9)**

56. Additional equity components

	Weighted average distribution rate %	Due dates	31 December 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 distribution amount 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 (the 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 (2021: CHF 3.4 million) in March 2022 in relation to these perpetual Additional Tier 1 Notes.

57. Dividends

Final dividends per share are not accounted for until they have been ratified at the Annual General Meeting in April. A dividend in respect of 2022 of CHF 0.45 (2021: CHF 0.36) per share amounting to approximately CHF 136.2 million (2021: CHF 109.7 million), net of dividends not payable on treasury shares is to be proposed.

The financial statements for the year ended 31 December 2022 do not reflect this resolution, which will be accounted for in shareholders' equity as an appropriation of retained profits, in the year ending 31 December 2023, with no tax effect for the Group.

	31 December 2022 CHF millions	31 December 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**	–

58. Non-controlling interests

	31 December 2022 CHF millions	31 December 2021 CHF millions
Asesores Y Gestores Financieros S.A.		41.8
Other	0.8	0.8
Total non-controlling interests	**0.8**	42.6

The group has finalised the sale of Asesores y Gestores Financieros S.A, which was the main portion of non-controlling interests remaining in December 2021.

The summarised information at December 2021 for Asesores Y Gestores Financieros SA, which was the only non-controlling interest that was material for the Group, is as follows:

	31 December 2022 CHF millions	31 December 2021 CHF millions
Total assets	–	590.2
Total liabilities	–	520.2
Operating income	28.8	68.2
Net profit for the period (before non-controlling interests)	2.8	7.7

59. Off-balance-sheet items

	31 December 2022 CHF millions	31 December 2021 CHF millions
Guarantees issued in favour of third parties	231.8	256.3
Irrevocable commitments	164.8	225.8
Total	**396.6**	482.1

The following table summarises the Group's off-balance-sheet items by maturity:

	Not later than 1 year CHF millions	1–5 years CHF millions	Over 5 years CHF millions	Total CHF millions
31 December 2022				
Guarantees issued in favour of third parties	93.8	35.1	102.9	231.8
Irrevocable commitments	58.7	104.0	2.1	164.8
Total	**152.5**	**139.1**	**105.0**	**396.6**
31 December 2021				
Guarantees issued in favour of third parties	131.4	17.6	107.3	256.3
Irrevocable commitments	71.9	150.1	3.8	225.8
Total	**203.3**	**167.7**	**111.1**	**482.1**

The financial guarantees maturities are based on the earliest contractual maturity date. The irrevocable commitments maturities are based on the dates on which loan commitments made to customers will cease to exist.

60. Securities repurchase and reverse purchase agreements

Accounting principle

Repurchase and reverse-repurchase agreements are treated as secured financing agreements. The transfer of securities in the case of repurchase and reverse-repurchase agreements is not recorded in the balance sheet since the risks and rewards of ownership of the securities are not transferred. In reverse-repurchase agreements, cash collateral provided and in repurchase agreements, the cash collateral received is stated on the balance sheet. Interest income from reverse-repurchase agreements and interest expense from repurchase agreements are accrued in the period in which they are incurred.

	31 December 2022 CHF millions	31 December 2021 CHF millions
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions	3,795.4	305.0
Book value of securities lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as securities in own portfolio transferred in connection with repurchase agreements	4,294.4	2,510.1
with unrestricted right to resell or pledge	*4,294.4*	*2,510.1*
Fair value of securities received and serving as collateral in connection with securities lending or securities borrowed in connection with securities borrowing, as well as securities received in connection with reverse repurchase agreements with an unrestricted right to resell or repledge	8,341.7	2,914.8
of which repledged securities	*7,508.9*	*2,533.0*

Amounts paid or received in cash are booked under the balance sheet item ‘Due from other banks’ or ‘Due to other banks’.

61. Fiduciary transactions

Accounting principle

Where the Group acts in a fiduciary capacity, such as nominee, trustee or agent, assets and income arising on fiduciary activities, together with related undertakings to return such assets to customers, are excluded from the financial statements.

	31 December 2022 CHF millions	31 December 2021 CHF millions
Fiduciary transactions with third-party banks	1,947.9	809.9
Total	**1,947.9**	809.9

62. Analysis of Swiss and foreign assets, liabilities and shareholders' equity

	Swiss CHF millions	**Foreign CHF millions**	**Total CHF millions**
31 December 2022			
Total assets	8,328.7	35,209.4	43,538.1
Total liabilities	(1,949.2)	(39,523.6)	(41,472.8)
Total equity	**6,379.5**	**(4,314.2)**	**2,065.3**
Additional equity components	(351.0)		(351.0)
Non-controlling interests		(0.8)	(0.8)
Total shareholders' equity	**6,028.5**	**(4,315.0)**	**1,713.5**
Total equity and liabilities	**8,328.7**	**35,209.4**	**43,538.1**

	Swiss CHF millions	Foreign CHF millions	Total CHF millions
31 December 2021			
Total assets	13,292.4	28,850.6	42,143.0
Total liabilities	(5,828.6)	(34,022.9)	(39,851.5)
Total equity	**7,463.8**	**(5,172.3)**	**2,291.5**
Additional equity components	(351.0)		(351.0)
Non-controlling interests		(42.6)	(42.6)
Total shareholders' equity	**7,112.8**	**(5,214.9)**	**1,897.9**
Total equity and liabilities	**13,292.4**	**28,850.6**	**42,143.0**

63. Employee equity incentive plans

The EFG International Employee Equity Incentive Plan (the 'Plan') has different classes of options and restricted stock units, which are equity-settled and 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 expense recorded in the income statement spreads the cost of the grants equally over the vesting period. Assumptions are made concerning the forfeiture rate which is adjusted during the vesting period so that at the end of the vesting period there is only a charge for vested amounts. Total expense related to the Plan in the income statement for the period ended 31 December 2022 was CHF 30.5 million (2021: CHF 26.8 million).

The Plan has been developed internally by the Group without the use of external consultants, although a service contract with an external company exists for the administration of the scheme.

The following table summarises the outstanding options and restricted stock units at 31 December 2022 which, when exercised, will each result in the issuance of one ordinary share:

	Restricted stock unit	Blocked shares	Long-term incentive plan	Total
Year ended 31 December 2021				
01 January 2021	14,767,139		3,760,738	18,527,877
Granted	5,046,637		831,888	5,878,525
Lapsed	(201,227)		(790,438)	(991,665)
Exercised	(4,567,405)			(4,567,405)
31 December 2021	**15,045,144**		**3,802,188**	**18,847,332**
Year ended 31 December 2022				
01 January 2022	15,045,144		3,802,188	18,847,332
Granted	5,377,424	1,524,136		6,901,560
Lapsed	(216,266)		(3,802,188)	(4,018,454)
Exercised	(4,855,859)	(1,524,136)		(6,379,995)
31 December 2022	**15,350,443**			**15,350,443**

63.1 2022 incentive plan

EFG International granted 6,901,560 (2021: 5,878,525) restricted stock units and blocked shares in the year. There are two classes of restricted stock units and blocked shares as follows:
– With a 3-year lock-up restriction ('Cliff vesting'),
– With 1/3 annual vesting.

All restricted stock units have no exercise price.

In 2022 the Group has not granted any long-term incentive plan units (2021: 831,888). They have a vesting period of three, four and five 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 long-term incentive plan was fully forfeited in 2022, as vesting conditions were not reached.

The deemed value of each restricted stock unit granted in 2022 is CHF 6.60 for the one vesting in 12 months, CHF 6.19 for the one vesting in 24 months and CHF 5.76 for the one vesting in 36 months. The values of the restricted stock units were determined using a model which considers the present value of the expected dividends during the period between the grant date and the earliest exercise date. The significant inputs into the model were the spot share price (CHF 6.98), market consensus dividend pay-out and the expected life of the restricted stock units (12 to 36 months).

The Group has also issued and granted 1,524,136 (2021: nil) blocked shares to employees under the 2022 incentive plan. The deemed value of each share granted in 2022 is CHF 6.98. 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.

64. Related party transactions

Accounting principle

Related parties include associates, fellow subsidiaries, directors and key members of the management, their close families, companies owned or controlled by them and companies whose financial and operating policies they can influence. Transactions of similar nature are disclosed on an aggregate basis.

	Significant shareholders CHF millions	EFG Bank European Financial Group CHF millions	Key management personnel CHF millions
31 December 2022			
Assets			
Derivatives	0.9	0.9	
Other assets	12.3	0.1	
Liabilities			
Due to other banks	207.2	207.2	
Due to customers	91.8	0.3	5.3
Other liabilities	0.6	0.2	
Year ended 31 December 2022			
Interest income	1.4	0.1	
Interest expense	(0.2)		
Commission income	5.3	0.9	
Commission expense	(2.0)		
Net other income	1.4	1.2	
Operating expenses	(0.1)	(0.2)	

	Significant shareholders CHF millions	EFG Bank European Financial Group CHF millions	Key management personnel CHF millions
31 December 2021			
Assets			
Derivatives	1.2	1.2	
Loans and advances to customers	11.0		
Other assets	14.0	0.1	
Liabilities			
Due to other banks	16.4	16.4	
Derivatives	0.1	0.1	
Due to customers	74.8	5.7	3.3
Other liabilities	1.5	0.1	
Year ended 31 December 2021			
Interest income	0.2		
Commission income	6.1	0.8	0.5
Commission expense	(2.0)		(0.5)
Net other income	*8.1*	1.1	
Operating expenses	(1.7)	(0.2)	

A number of banking transactions are entered into with related parties. These include loans, deposits, derivative transactions and provision of services. The amounts 'Due from other banks' reflect cash deposits, which like other third-party amounts classified as due from other banks are unsecured.

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

65. Key management compensation

	31 December 2022 CHF	31 December 2021 CHF
Executive Committee and Board of Directors		
Cash compensation	9,937,853	9,343,873
Pension contributions	565,817	550,525
Other compensation and social charges	1,192,117	1,313,907
Restricted stock units	5,684,345	5,114,000
Total	**17,380,132**	16,322,305

Cash compensation includes fixed and variable cash compensation. On an annual basis, the Group prepares a compensation report which includes description of the key management compensation.

66. Assets under Management and Assets under Administration

	31 December 2022 CHF millions	31 December 2021 CHF millions
Character of client assets		
Equities	44,868	61,879
Deposits	33,928	34,628
Bonds	28,983	33,653
Loans	17,332	19,633
Structured notes	4,221	5,606
Hedge funds/Fund of hedge funds	3,169	3,277
Fiduciary deposits	1,948	804
Other	8,686	12,479
Total Revenue-Generating Assets under Management	**143,135**	171,959
Total Assets under Administration	**29,654**	32,536
Total Assets under Management and Administration	**172,789**	204,495

Assets under Administration are trust assets administered by the Group. The Group has CHF 7,801 million (2021: 10,955 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 is 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.

	31 December 2022 CHF millions	31 December 2021 CHF millions
Assets under Management		
Character of Assets under Management:		
Assets in own administrated collective investment schemes	8,203	15,424
Assets under discretionary management agreements	18,660	28,829
Other assets under management	98,940	108,073
Total Assets under Management (including double counts)	**125,803**	152,326
Thereof double counts	*4,901*	*7,154*
Loans	17,332	19,633
Total Assets under Administration	29,654	32,536
Total Assets under Management and Administration	**172,789**	204,495
Net new asset inflows (including double counts)	**4,179**	8,751

	31 December 2022 CHF millions	31 December 2021 CHF millions
At 01 January	152,326	139,344
Net new money inflows	6,143	7,952
Market performance and currency impact	(19,805)	9,186
Decrease due to disposals of businesses and subsidiaries	(11,911)	(3,257)
Other effects	(950)	(899)
At 31 December	**125,803**	152,326

Net new money consists of new client acquisition, client departures and inflows or outflows attributable to existing clients (whether in cash or securities). 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 Group companies or businesses are not included in net new money.

67. Events occurring after the reporting period

On 22 December 2022 the Group announced an accounting change related to its holdings of fixed income securities in connection with the new capital management framework that it presented in October 2022. As a result of this change, the Group will reclassify a portfolio of financial assets from “financial assets measured at fair value through other comprehensive income” to “other financial assets measured at amortised cost”, effective 01 January 2023. This reclassification will help to reduce volatility in the Group’s regulatory capital and will have no impact on its income statement.

The Group has continuously strengthened its liquidity position in recent years and today has a highly liquid balance sheet which no longer requires it to hold the same high levels of available-for-sale investment securities. To reduce volatility in its CET1 capital ratio (management floor of 12%, reduced from 14% previously), the Group decided to change its treasury business model for the management of its holdings of fixed income securities to align it with the new capital management framework and liquidity funding model.

As a result, and in line with the principles of IFRS 9, that require a reclassification when an entity changes its business model for managing financial instruments, the Group will reclassify a portfolio of financial assets with a fair value of approximately CHF 5.3 billion from “financial assets measured at fair value through other comprehensive income" to "other financial assets measured at amortised cost", effective 01 January 2023. Prior to the reclassification of the portfolio, the Group recognised cumulative unrealised losses of CHF 175.0 million in Other comprehensive income which will be cancelled on 01 January 2023. The Group will recognise a net increase of CHF 168.6 million of shareholders' equity. The portfolio of financial assets carrying value will increase by CHF 175.0 million and the related deferred tax assets will decrease by CHF 6.4 million.

The reclassified portfolio comprises high-quality fixed income securities. The reclassification has no impact on EFG International's income statement but would have increased the Group's CET1 ratio by around 1.9% if this change had taken effect on 31 December 2022.

68. Swiss banking law requirements

The Group is subject to consolidated supervision by Swiss Financial Markets Supervisory Authority. The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS). Set out below are the deviations which would result if the provisions of the Banking Ordinance and the Guidelines of Swiss Financial Markets Supervisory Authority governing financial statement reporting, pursuant to Article 23 through Article 27 of Banking Federal Ordinance, were applied in the preparation of the consolidated financial statements of the Group.

(a) Financial investments

Under IFRS, changes in the fair value of financial assets at fair value through other comprehensive income are recorded as increases or decreases to shareholders' equity (refer to consolidated statement of other comprehensive income) until an investment is sold, collected or otherwise disposed of, or until an investment is determined to be impaired. On disposal of a debt financial instrument at fair value through other comprehensive income, the difference between the net disposal proceeds and carrying amount, including any previously recognised unrealised gain or loss arising from a change in fair value reported in other comprehensive income, is included in the income statement for the period.

Under Swiss law, financial investments are carried at the lower of cost or market value. Positive and negative balance of market-related and/or credit-worthiness-related value adjustments to financial investments valued according to the lower of cost or market value principle are included in the income statement as sundry ordinary income and sundry ordinary expenses, respectively. Gains or losses on disposals are recognised in the income statement as income from the sale of financial investments.

(b) Fair value option

Even if an instrument meets the requirements to be measured at amortised cost or fair value through other comprehensive income, IFRS 9 contains an option to designate, at initial recognition, a financial asset as measured at fair value through profit and loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would otherwise arise from measuring assets or liabilities (or recognising the gains and losses on them) on different bases.

Under Swiss law, this option is not available. Only the financial assets held for trading are reflected on the balance sheet at fair value. Hybrid instruments are bifurcated: the embedded derivative is marked to market through net trading income and the host contract is accounted for on an accrued cost basis. No own credit adjustments are booked for hybrid instruments. Generally, loans are accounted for at amortised cost less impairment, loan commitments stay off-balance sheet and fund investments are accounted for as financial investments.

(c) Derivative financial instruments

Under IFRS 9, derivatives are recorded in the balance sheet at fair value with changes in fair value being recognised in fair value gains less losses on financial instruments measured at fair value.

Under Swiss law, the Group's derivative instruments are recorded on balance sheet at their market values (gross positive and negative replacement values). Replacement values are reported on a net basis provided the netting agreements are legally enforceable. Hedging transactions are valued using the same principles as those for the underlying transactions being hedged.

(d) Goodwill and intangible assets

Under both IFRS and under Swiss law, goodwill and intangible assets resulting from acquisitions and mergers are capitalised in the balance sheet.

Under IFRS, goodwill is not amortised but is tested for impairment at least annually and is carried at cost less accumulated impairment losses. Intangible assets are amortised on a systematic basis over their useful lives. In addition, intangible assets are tested for impairment when there is any indication that the asset may be impaired. Intangible assets are carried at cost less amortisation and accumulated impairment losses.

Under Swiss law, goodwill and intangible assets are amortised over the estimated economic life on a straight-line basis. The net carrying value of intangible assets is, in addition, reappraised annually, with any reduction to the net carrying value taken immediately as an expense in the income statement.

(e) Extraordinary income and expense

Under IFRS, items of income and expense shall not be classified as extraordinary items in the income statement or the separate income statement (if presented), or in the notes.

Under Swiss law, income and expense items related to other accounting periods, as long as they are attributable to corrections or mistakes from previous periods, and/or not directly related with the core business activities of the enterprise (realised gains on sale of investments in associated undertakings or property, plant and equipment), are recorded as extraordinary income or expense.

(f) Discontinued operations

Under IFRS, assets and liabilities of an entity held for sale are separated from the ordinary balance sheet positions and reported in separate discontinued operations items. In addition, such assets and liabilities are remeasured at the lower of their carrying value or fair value less costs to sell.

Under Swiss law, these positions remain in the ordinary balance sheet positions until disposal and are not remeasured.

(g) Retirement benefit obligations

Under IFRS and the specific rules of IAS 19R, the Group records an asset or liability for the Swiss pension funds as if they were defined benefit schemes.

Under Swiss law, the funds are classified as defined contribution schemes and the Group’s liability for a fully funded pension fund is limited, and as a result no asset or liability exists for any amounts other than prepaid or unpaid employers’ contributions.

(h) Lease accounting

Under IFRS, the Group records a right-of-use asset and a lease liability in the balance sheet for leases. The right-of-use asset is then amortised over the period of the lease.

Under Swiss law, lease expenses are charged to income statement on a straight-line basis over the life of the lease.

(i) Additional Tier 1 Notes

Under IFRS, the Group considers the perpetual unsecured, deeply subordinated notes as additional equity components. The notes are recognised in the balance sheet at the net of the proceeds received less any issuance fees paid in the additional equity components reserve. Distributions to the holders of the notes are directly deducted from retained earnings when paid.

Under Swiss law, the perpetual unsecured, deeply subordinated notes are considered as a liability. Distributions to the holders of the notes are accrued through the income statement and issuance fees are amortised over the period until the first optional call date.

Auditor’s report

Report of the statutory auditor

to the General Meeting of EFG International AG

Zurich

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of EFG International AG and its subsidiaries (the Group), which comprise the consolidated income statement and the consolidated statement of comprehensive income for the year ended 31 December 2022, the consolidated balance sheet as at 31 December 2022, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements (pages 88 to 215) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

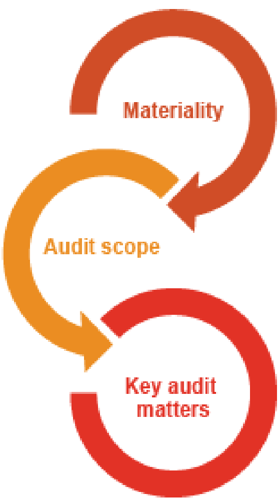
Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall Group materiality: CHF 11'800'000

We concluded full scope audit work at 7 reporting units in 6 countries. Our audit scope addressed 71% of the Group's profit before tax, 69% of the Group's revenues and 90% of the Group's total assets. In addition, specified procedures were performed on 2 reporting units in 2 countries.

As key audit matters the following areas of focus have been identified:

- Impairment of loans and advances to customers
- Valuation of investments in life insurance policies
- Provisions and contingent liabilities in respect of ongoing disputes and litigations

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Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 11'800'000
Benchmark applied	Profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and it is a generally accepted benchmark

We agreed with the Audit Committee that we would report to them misstatements above CHF 500'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of loans and advances to customers

Key audit matter	How our audit addressed the key audit matter
The impairment of loans and advances to customers is considered a key audit matter due to the size of the balance of loans and advances to customers (CHF 16'748.1 million, predominantly lombard loans and mortgage loans) as well as Management's judgements involved in the estimation of the expected credit losses (ECLs). ECL allowance on loans and advances to customers amounts to CHF 14.2 million. In order to limit the losses from its lending business, the Group has set loan-to-value limits that are tailored to the nature of the supporting	We assessed and tested the design and operating effectiveness of the controls for identification of credit impaired loans and loans with increased credit risks, as well as the calculation of ECLs. As part of our work, on a sample basis, we: • checked that the assigned pledges are available in order to confirm that the Group could realise collateral in order to recover the loans; • tested the controls over the automated sourcing of the market prices for financial assets pledged by the customers as collateral in order to ensure that

Key audit matter	How our audit addressed the key audit matter
collateral. The key judgement made by Management when estimating the ECLs involves assessing whether the realisable value of collateral will be sufficient to cover the exposure. Management has put in place a comprehensive set of controls in order to monitor the market value of collateral on an ongoing basis, as well as to identify 'Significant Increases in Credit Risk (SICR'). Also refer to Note 6, Note 8.5, Note 34 and Note 35.	up-to-date market values are used when assessing SICR and estimating ECLs; and • tested the controls over the generation of credit excess list and shortfall reports to ensure that these reports were complete and accurate. Moreover, we carried out the following procedures: • on a sample basis, inspected documents used in the valuation of unquoted collateral (e.g. independent valuation reports for mortgage loans and cash surrender value assessments for life insurance policies) in order to ensure that the reports were sufficiently current and that they supported Management's assessment of the adequacy of collateral; • checked the completeness and accuracy flows of data into the reports used for estimating ECLs by tracing, on a sample basis, key data elements from the reports back to the core banking system and the supporting documents; • on a sample basis, checked the detailed loan data to ensure that loans with SICR indicators had been classified as either stage 2 or stage 3; • inspected the credit excess list and shortfall reports to identify potentially underprovided loans; and • carried out an overall analytical assessment of ECLs. We found the approach applied by the Group to be reasonable.

Valuation of investments in life insurance policies

Key audit matter	How our audit addressed the key audit matter
The Group holds life insurance policies (LIPs) with a carrying value of CHF 690.1 million which it classifies as financial assets at fair value through profit or loss (FVTPL) and derivatives financial instruments related to life insurance policies with a carrying value of CHF 31.8 million. Management uses an income approach for fair valuation of LIPs and related derivatives. This approach requires significant judgement with respect to (a) the choice of valuation models and (b) the choice of assumptions (for instance choice of mortality table, life expectancy, premiums, death benefits) used in the models. Consequently, we considered this area to be a key audit matter. During the 2015-2018 period, several insurance carriers notified the Group of increases in insurance premiums ('cost of insurance' or 'CoI'). These increases have attracted interests from US consumers associations and regulators and the Group has filed legal claims in dispute of these increases.	In order to ensure completeness of the LIP population, we have, on a sample basis, tested census data based on external confirmations obtained from servicers and custodians. We assessed with the involvement of our specialists the adequacy of the fair value model in light of IFRS 13 requirements. We also reviewed the methodology for the models used, checked that the assumptions are correctly entered in the Group's model, and assessed whether the main assumptions used by Management are in line with historic experience or a market participant's view. We further checked that the assumptions and risk factors used in the model were consistent with the ones used by the life insurance industry for valuing LIPs. This included (a) assessing whether the choice of mortality table was appropriate, (b) reviewing of the key assumptions (life

Key audit matter	How our audit addressed the key audit matter
The Group factored these increases into its assessment of the fair value of the LIPs by assuming that market participants would also take into consideration the legal dispute when determining the fair value. Management developed a number of discrete scenarios starting with a base case and relying on expert opinions. On the basis of the review of these scenarios, Management have incorporated an assumption based on a market participants view that assumes premiums would increase for all policies subject to a notification of increase by the insurance carriers, but at a rate significantly lower than that notified by the insurers. For LIPs with insurance carriers that have not notified CoI increase, the Group maintained CoI estimates consistent with the previous year. Please refer to Note 10, Note 32 and Note 42.1.	expectancy, premiums, death benefits), and (c) checking the mathematical accuracy of the model. We found the approach applied by the Group to be reasonable.

Provisions and contingent liabilities in respect of ongoing disputes and litigations

Key audit matter	How our audit addressed the key audit matter
We considered this area a key audit matter because the Group is a defendant in a number of disputes where, as disclosed in Note 49 and Note 50, the amount of compensation claimed is significant. The impact of these cases depends on the final outcome of the disputes. And management tries to estimate the outcomes of each disputes as described below. On the basis of information from internal and external legal counsels, Management makes judgements about the probability of the outcomes of the pending legal proceedings and magnitude of the potential liabilities arising from claims subject to these future outcomes. As per Note 49, the Group had recognised provisions of CHF 171.0 million for litigations and other claims as of 31 December 2022. Please refer to Notes 49 and 50.	In view of the significant judgements required, we discussed the outstanding claims against the Group with Management (including in-house counsel), evaluated the management's assessment of the nature and expected developments of claims and sought additional evidence we considered appropriate. We challenged Management's conclusions with respect to the provisions and disclosures made for significant cases, by considering the correspondence between the Group and its external legal counsel and obtaining confirmation letters (concerning the status and outlook of the case) directly from the external legal counsel and ensuring that these were consistent with Management's conclusions. We further audited the disclosures relating to cases provided for (Note 49) and contingent liabilities (Note 50) to ensure that they were in line with the reports provided by the external legal counsels. We concluded that the approach and disclosures made were reasonable.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the parent company financial statements, the compensation report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements which give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISA and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISA and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate to the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Alex Astolfi	Omar Grossi
Audit expert Auditor in charge	Audit expert

Geneva, 21 February 2023

Parent company financial statements

EFG International, Zurich, for the year ended 31 December 2022

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Income statement for the year ended 31 December 2022, EFG International, Zurich

	Note	Year ended 31 December 2022 CHF millions	Year ended 31 December 2021 CHF millions
Income			
Interest income from subsidiaries		15.6	15.2
Income from subsidiaries	14	124.6	242.7
Foreign exchange gain			5.5
Extraordinary income	15	0.5	7.9
Total income		**140.7**	271.3
Expenses			
Staff expenses		(11.5)	(10.8)
Operating expenses	16	(24.6)	(25.0)
Interest expenses and amortisation of issuance fee on subordinated debt		(21.2)	(19.6)
Interest expenses paid to subsidiaries		(1.3)	(3.4)
Foreign exchange losses		(1.9)	
Impairment of investments in subsidiaries	8	(1.1)	(78.4)
Provision for guarantees and other losses	17	(0.7)	(7.9)
Extraordinary expenses	18	(10.4)	(3.1)
Total expenses		**(72.7)**	(148.2)
Net profit before tax		**68.0**	123.1
Tax expense		(0.4)	(0.9)
Net profit for the period		**67.6**	122.2

Balance sheet as at 31 December 2022
EFG International, Zurich

	Note	Year ended 31 December 2022 CHF millions	Year ended 31 December 2021 CHF millions
Assets			
Cash and cash equivalents (with subsidiaries)		18.6	176.0
Due from subsidiaries		13.7	8.3
Other assets		11.4	13.6
Current assets		**43.7**	197.9
Investments in subsidiaries		1,825.6	1,760.7
Subordinated loans to subsidiaries		188.8	197.0
Non-current assets		**2,014.4**	1,957.7
Total assets		**2,058.1**	2,155.6
Liabilities			
Due to subsidiaries		157.2	191.8
Accrued expenses and deferred income		22.7	29.5
Other liabilities		0.1	0.2
Current liabilities		**180.0**	221.5
Provisions	17	306.8	336.0
Subordinated debt	7	366.6	361.7
Non-current liabilities		**673.4**	697.7
Total liabilities		**853.4**	919.2
Equity			
Share capital	12	154.7	152.0
Non-voting equity securities (Participation certificates)	12	–	0.2
Legal reserves		1,872.9	1,974.7
of which Reserve from capital contributions	*19*	*1,817.7*	*1,974.7*
of which Reserve for own shares from capital contributions		*55.2*	–
Retained earnings		(890.5)	(1,012.7)
Net profit for the period		67.6	122.2
Total shareholders' equity		**1,204.7**	1,236.4
Total shareholders' equity and liabilities		**2,058.1**	2,155.6

Notes to the financial statements EFG International, Zurich

1. General information

EFG International AG is incorporated and domiciled in Switzerland. Its registered office is at Bleicherweg 8, 8022 Zurich.

2. Accounting policies

The EFG International AG stand-alone financial statements are prepared in accordance with the provisions on accounting and financial reporting of the Swiss Code of Obligations (art. 957 to 963b). As the Group is preparing its consolidated financial statements in accordance with IFRS, EFG International AG (stand-alone) is exempt from various disclosures in the stand-alone financial statements.

The stand-alone financial statements of EFG International AG are presented in CHF, its functional currency. Assets and liabilities denominated in foreign currencies are converted at rates of exchange prevailing at year-end, which are presented in note 2 (c) of the consolidated financial statements.

Investments in subsidiaries
Investments in subsidiaries are equity interests and are directly held subsidiaries through which EFG International conducts its business on a global basis. Their values are measured individually and carried at historical cost less any impairments.

Provisions
Provisions are recognised when:
a) There is a present legal or constructive obligation as a result of past events
b) It is probable that an outflow of economic benefits will be required to settle the obligation
c) Reliable estimates of the amount of the obligation can be made

3. Contingent liabilities

EFG International AG has entered into several guarantee agreements mainly with subsidiaries which could theoretically lead to potential obligations of CHF 2,546 million (2021: CHF 3,623 million). Included in this amount is CHF 2,469 million (2021: CHF 3,367 million) related to structured products issued by a fellow subsidiary company (which does not have a stand-alone credit rating) and are guaranteed by EFG International AG (which does have a credit rating). The risks related to these liabilities of the subsidiary are fully hedged by the subsidiary and are fully collateralised in the subsidiary by equal valued assets (primarily cash deposits).

4. Balance sheet assets with retention of title to secure own obligations

There are no such assets.

5. Off-balance-sheet obligations relating to leasing contracts

There are no such obligations.

6. Liabilities relating to pension plans and other retirement benefit obligations

There are no such liabilities.

7. Subordinated debt

	Weighted average distribution rate %	Due dates	31 December 2022 CHF millions	31 December 2021 CHF millions
Subordinated debt – issuers				
EFG International AG – USD 400,000,000	5.5% p.a.	Not applicable	369.3	364.9
Issuance fees		Not applicable	(2.7)	(3.2)
Total subordinated debt			**366.6**	361.7

In January 2021, EFG International AG issued USD 400.0 million of perpetual unsecured, deeply subordinated notes, qualifying as Additional Tier 1 capital for the Group, carrying a coupon of 5.5% p.a. fixed distribution amount 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 Notes 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.

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.

Issuance fees of USD 4.0 million are amortised over 7 years through income statement.

EFG International AG made a distribution of CHF 20.5 million in March 2022 (2021: CHF 3.4 million) in relation to these perpetual Additional Tier 1 Notes, and accrued interest to the end of 2022 is CHF 15.6 million (2021: CHF 15.8 million).

8. Principal participations

The company's principal participations are shown in the note 44 to the consolidated financial statements.

In the current year, the company impaired the carrying value of investments in subsidiaries by CHF 1.1 million (2021: CHF 78.4 million) where capital was invested in subsidiaries with net asset values below the carrying value of the subsidiaries. The existing carrying value remains below its original acquisition cost.

9. Release of undisclosed reserves

During the period, no undisclosed reserves were released (2021: nil).

10. Revaluation of long-term assets to higher than cost

There was no such revaluation.

11. Own shares held by the company and by Group companies

In the statutory financial statements of EFG International AG, treasury shares held by EFG International AG itself are deducted directly from equity. For treasury shares held by other Group companies, a reserve for treasury shares is stated in equity.

While EFG International AG did not hold any treasury shares in 2022 and 2021, different Group entities held 6,902,547 registered shares at 31 December 2022 (2021: 0 shares held by a Group entity).

The Bons de Participation B were redeemed during 2022, so none were held by subsidiaries at end 2022 (2021: 750).

See note 54 of the consolidated financial statements.

12. Share capital

	31 December 2022 CHF millions	31 December 2021 CHF millions
309,484,995 (2021: 303,921,019) registered shares at the nominal value of CHF 0.50	154.7	152.0
0 (2021: 13,382) Bons de Participation B at the nominal value of CHF 15.00	-	0.2
Total share capital	**154.7**	152.2

Conditional share capital
The share capital may be increased by no more than CHF 4,296,067.50 (2021: CHF 4,128,055.50) by issuing no more than 8,592,135 (2021: 8,256,111) fully paid-up registered shares with a face value of CHF 0.50 each through the exercise of option rights granted to employees of all levels of EFG International Group. The pre-emptive rights and the advance subscription rights of the shareholders and the participants are excluded in favour of the holders of the Restricted Stock Units. The conditions for the allocation and the exercise of the options rights and similar rights are determined by the Board of Directors. The shares may be issued at a price below the market price.

In addition, the share capital may be increased by no more than CHF 10,000,000 by issuing no more than 20,000,000 fully paid-in registered shares with a par value of CHF 0.50 each through the exercise of conversion and/or option rights granted in connection with the issuance of newly issued convertible debentures, debentures with option rights or other financing instruments by the Company or one of its subsidiaries. The preferential subscription rights of the shareholders and the participants are excluded in favour of the holders of conversion and/or option rights.

Authorised share capital
The Board of Directors is authorised, at any time until 29 April 2024, to increase the share capital by no more than CHF 21,700,000 by issuing no more than 43,400,000 fully paid-in registered shares with a par value of CHF 0.50 each. Partial increases are permissible. The Board of Directors is empowered to determine the issue price, the starting date of the dividend entitlement and the type of contribution for any shares issued out of authorised share capital.

13. Significant shareholders

The significant shareholders and groups of shareholders, whose participation exceed 5% of all voting rights are:

	31 December 2022		31 December 2021	
	Shares	**Participation of %**	Shares	Participation of %
EFG Bank European Financial Group SA, Geneva	140,421,406	45.4%	133,556,769	43.9%
BTGP-BSI Limited, London	61,228,372	19.8%	73,862,957	24.3%

EFG Bank European Financial Group SA is controlled by the Latsis Family interests through several intermediate parent companies. BTGP-BSI Limited is a subsidiary of Banco BTG Pactual SA, Rio de Janeiro, a bank listed on the B3 Sao Paulo Stock Exchange in Brazil.

14. Income from subsidiaries

Income from subsidiaries consists of the following:

	31 December 2022 CHF millions	31 December 2021 CHF millions
Dividends	88.6	211.8
Royalties	7.6	6.8
Management service fees	3.0	2.7
Administrator fees	20.8	17.2
Other services	4.6	4.2
Total	**124.6**	242.7

15. Extraordinary income

In 2021 the extraordinary income primarily arises from amounts receivable from the seller of a subsidiary acquired of CHF 7.0 million related to resolution of legal and tax matters which are indemnified.

	31 December 2022 CHF millions	31 December 2021 CHF millions
Indemnification amounts receivable		7.0
Other	0.5	0.9
Extraordinary income	**0.5**	7.9

16. Operating expenses

Operating expenses consist of the following:

	31 December 2022 CHF millions	31 December 2021 CHF millions
Services provided by subsidiaries	(9.2)	(11.5)
Marketing	(4.3)	(3.7)
Consulting	(4.7)	(2.7)
Insurance	(2.0)	(1.9)
Audit	(1.1)	(0.9)
Legal	(0.7)	(2.9)
Other	(2.6)	(1.4)
Total	**(24.6)**	(25.0)

17. Provisions for guarantees and other losses

Based on the net realisable assets of the Group companies, a potential liability of CHF 306.8 million (2021: CHF 336.0 million) exists at year-end, assuming the entities are recapitalised.

	31 December 2022 CHF millions	31 December 2021 CHF millions
Increase in provision for guarantees	(0.7)	(7.4)
Other losses		(0.5)
Total	**(0.7)**	(7.9)

18. Extraordinary expenses

In May 2022, EFG International AG lent EUR 10.7 million to a wholly owned subsidiary. The loan was subsequently forgiven, for EUR 9.8 million.

	31 December 2022 CHF millions	31 December 2021 CHF millions
Extraordinary expenses	(10.4)	(3.1)
Total	**(10.4)**	(3.1)

19. Legal reserves

In 2022, a dividend distribution totalling CHF 109.7 million (2021: CHF 89.0 million) has been paid from the 'Reserve from capital contributions' representing CHF 0.36 per registered share paid on 6 May 2022 (2021: CHF 0.30 per registered share).

20. Proposed appropriation of available reserves

The Board of Directors proposes, subject to the approval of the General Meeting of Shareholders, to carry forward the profit of the year of CHF 67.6 million as cumulative negative retained earnings and to proceed to a distribution to shareholders of CHF 0.45 per share, which will amount to a total distribution of approximately CHF 136.2 million. The Board of Directors proposes to fully charge the proposed distribution for 2022 of CHF 0.45 per share to the balance sheet item 'Reserve from capital contributions'. Subject to the adoption of this proposal by the General Meeting of Shareholders, such distribution will not be subject to the Swiss withholding tax.

21. Compensation of Board of Directors and Executive Committee

(i) Shareholdings

At 31 December 2022, the following shareholdings were held by the Board of Directors and the Executive Committee and closely linked parties.

	Shares 2022	Shares 2021	2022 Vested RSUs	2022 Unvested shares/ RSUs	2022 Total outstanding shares/ RSUs	2021 Vested RSUs	2021 Unvested RSUs	2021 Total outstanding RSUs
Board of Directors								
Alexander Classen, Chair*				2,644	2,644			
Peter A. Fanconi, Chair**	178,901	150,000	39,824	36,174	75,998	14,492	61,506	75,998
Susanne Brandenberger	26,684	11,054		5,427	5,427	5,595	11,127	16,722
Emmanuel L. Bussetil								
Boris Collardi*	10,775,862***							
Mordehay I. Hayim****	N/A							
Roberto Isolani	69,124	16,649		10,842	10,842		11,127	11,127
Steven M. Jacobs	37,303	9,153	13,196	10,842	24,038	7,496	11,127	18,623
John S. Latsis	140,421,406*****	133,556,769*****						
Carlo M. Lombardini	4,335		5,972	5,427	11,399	2,173	9,226	11,399
Périclès Petalas								
Stuart M. Robertson	12,970	3,673	5,700	5,427	11,127	4,962	11,127	16,089
Freiherr Bernd-A. von Maltzan	20,984	16,649	5,700	5,427	11,127		11,127	11,127
Yok Tak A. Yip			5,610	10,661	16,271	1,992	8,864	10,856
Total Board of Directors	**151,547,569**	133,763,947	**76,002**	**92,871**	**168,873**	36,710	135,231	171,941

* Elected at the EGM on 06 October 2022 as member of the Board of Directors with immediate effect and as the Chair as from 01 November 2022.

** Stepped down 31 October 2022

*** Total number of shares beneficial owner Boris Collardi

**** Stepped down 31 October 2021

***** Total number of shares controlled by the Latsis Family Interests

	Shares 2022	Shares 2021	2022 Vested RSUs	2022 Unvested shares/ RSUs	2022 Total outstanding shares/ RSUs	2021 Vested RSUs	2021 Unvested RSUs	2021 Total outstanding RSUs
Executive Committee*								
Piergiorgio Pradelli	858,811	500,485		244,673	244,673		357,454	357,454
Renato Cohn**	N/A		45,112	103,008	148,120		148,120	148,120
Yves Aeschlimann***	N/A		23,383	138,427	161,810		116,356	116,356
Vassiliki Dimitrakopoulou****	10,848		47,169	19,653	66,822			
Martin Freiermuth	90,454			7,470	7,470		15,431	15,431
Enrico Piotto*****	40,000			66,923	66,923		32,833	32,833
Dimitris Politis	206,727	9,258		116,707	116,707	4,630	161,819	166,449
Harald Reczek******	104,545							
Total Executive Committee	**1,311,385**	509,743	**115,664**	**696,861**	**812,525**	4,630	832,013	836,643

* Totals including members of the Executive Committee who left in 2022 and in 2021
** Executive Committee member until 30 April 2021
*** Executive Committee member until 01 April 2022
**** Executive Committee member since 01 November 2022
***** Joined 01 June 2021
****** Executive Committee member since 01 May 2021. Stepped down effective as at 01 February 2023.

The members of the Executive Committee have been granted 696,861 shares / restricted stock units which are currently subject to vesting criteria (2021: 832,013 restricted stock units). These units would vest in the period 2023 to 2025.

22. Post balance sheet events

None.

Report of the statutory auditor

to the General Meeting of EFG International AG

Zurich

Report on the audit of the financial statements

Opinion

We have audited the financial statements of EFG International AG (the Company), which the income statement for the year ended 31 December 2022, balance sheet as at 31 December 2022 and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 226 to 234) comply with Swiss law and the company's articles of association.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 12'000'000
Benchmark applied	Net assets
Rationale for the materiality benchmark applied	We chose this benchmark because, in our view, it is the one typically used to measure the result of a holding company.

We agreed with the Group Audit Committee that we would report to them misstatements above CHF 500'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Key audit matters

We have determined that there are no key audit matters to communicate in our report.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the compensation report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of associations, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further we confirm that the proposed appropriation of available earnings, the proposed carry forward of the accumulated losses and the proposed distribution of available legal reserve from capital contributions for EFGI stand-alone comply with Swiss law and the company's articles of association. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Alex Astolfi	Omar Grossi
Audit expert Auditor in charge	Audit expert

Geneva, 21 February 2023

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).

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
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

additional equity components, 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 additional equity components, 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, less the monthly average of additional equity components.
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, less the monthly average of additional equity components.
All these are as defined under IFRS and on the basis as presented in the IFRS balance sheet.

Liquidity Coverage Ratio
The 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 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 31 December 2022 and 2021 is as follows:

	Underlying year ended 31 December 2022 CHF millions	Life Insurance CHF millions	Acquisition-related Intangible amortisation CHF millions	Exceptional legal costs and provisions CHF millions	IFRS year ended 31 December 2022 CHF millions
Net interest income	406.9	(12.0)		0.6	395.5
Net banking fee and commission income	629.5				629.5
Net other income	224.9	20.1			245.0
Operating income	**1,261.3**	**8.1**	**–**	**0.6**	**1,270.0**
Operating expenses	(951.7)	(2.8)	(9.6)	(10.9)	(975.0)
Provisions	(15.0)	(3.5)		(36.5)	(55.0)
Loss allowance release/(expense)	(2.9)				(2.9)
Profit before tax	**291.7**	**1.8**	**(9.6)**	**(46.8)**	**237.1**
Income tax expense	(41.7)		2.1	6.2	(33.4)
Net profit for the period	**250.0**	**1.8**	**(7.5)**	**(40.6)**	**203.7**
Net profit attributable to non-controlling interests	(1.3)				(1.3)
Net profit attributable to equity holders of the Group	**248.7**	**1.8**	**(7.5)**	**(40.6)**	**202.4**

	Underlying 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 year ended 31 December 2021 CHF millions
Net interest income	257.5	(0.8)		2.6	259.3
Net banking fee and commission income	756.5				756.5
Net other income	171.1	67.7			238.8
Operating income	**1,185.1**	**66.9**	**–**	**2.6**	**1,254.6**
Operating expenses	(948.6)	(4.8)	(9.6)	(4.9)	(967.9)
Provisions	(30.3)	(10.5)		(73.2)	(114.0)
Loss allowance release	3.3			69.4	72.7
Profit before tax	**209.5**	**51.6**	**(9.6)**	**(6.1)**	**245.4**
Income tax expense	(33.6)		2.1		(31.5)
Net profit for the period	**175.9**	**51.6**	**(7.5)**	**(6.1)**	**213.9**
Net profit attributable to non-controlling interests	(8.1)				(8.1)
Net profit attributable to equity holders of the Group	**167.8**	**51.6**	**(7.5)**	**(6.1)**	**205.8**

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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