

Corporate Governance (as at 1 December 2024)

Introduction

EFG Bank European Financial Group SA (the “Company” or the “Bank”) is a Swiss-registered company with sole place of business at 24 quai du Seujet, 1201 Geneva. The Company is a fully-licensed Swiss bank and securities dealer authorised and supervised by the Swiss Financial Market Supervisory Authority (FINMA). It is ultimately wholly owned by the Latsis family interests. Its share capital is exclusively composed of registered ordinary shares.

As at the date mentioned above, the Company had a 45% shareholding in EFG International AG (“EFGI”), the Swiss-listed holding company of an international private banking and asset management group headquartered in Zurich. EFGI’s shares, which are registered, are traded on the SIX Swiss Exchange (ISIN: CH0022268228, symbol: EFGN, market capitalisation as at 30 June 2024: CHF 4 billion). Other shareholders in EFGI include the BTG-Pactual group of Brazil with 18% (as at the same date), institutional investors and others. The Company has not signed any shareholders’ agreement with any shareholder in EFGI. Under IFRS (IFRS 10), the Company (or any of its parents) does not control EFGI. However, for Swiss prudential supervision purposes, FINMA requires the Company to include the EFGI group for the purposes of capital, liquidity and other financial/prudential requirements and, accordingly, the Company prepares those under the FINMA Ordinance on the Preparation and Presentation of Accounts for banks, complemented by the FINMA Circular 2020/1 on Accounting for banks. As a listed and regulated group, EFGI has its own governance (Board of Directors and its delegated committees, Executive Committee and its delegated committees) for making its own decisions in respect of business and financial strategies and policies and for monitoring its business activities, risks and regulatory compliance on a group-wide basis. As at 30 June 2024, EFGI’s Board of Directors was composed of 12 members, 7 of whom were independent, including the Chair, 4 represented the Company and 1 represented the BTG-Pactual group. EFGI is supervised on a consolidated basis by the FINMA. Details and required information on EFGI’s corporate governance are disclosed in its annual report, which is available on its website at www.efginternational.com (Investors section, Financial Results page).

There is no cross-shareholding.

Governance - general

Fundamental authorities, responsibilities and duties of the Company’s governing bodies are defined in its Articles of Incorporation and Organisational Regulation. Additional rules, monitoring frameworks, procedures and controls are defined by the Company in written internal directives and procedures and/or through established internal reporting and escalation processes.

In addition, corporate governance rules for Swiss banks are the subject of regulatory requirements which are set out in FINMA Circular 2017/1, with which the Bank must comply.

The Bank’s governing bodies are:

- the Board of Directors (or “the Board”), which is the ultimate and non-executive authority of the Company; and

- the Executive Committee, which is the executive management authority of the Bank. The executive management has set up a Credit Committee to deal specifically with client credit approvals and monitoring.

The Swiss Banking Ordinance requires that Board members may not have any executive or other employed function in the Bank and, conversely, executives may not be members of the Board of Directors. The Board of Directors is therefore independent from the executive management and oversees it.

The Bank's independent audit bodies are:

- internal audit, reporting directly to the Board of Directors; and
- the external auditors, informing the Board of Directors in detail regarding all audit work planning and results, and reporting annually to the General Meeting of the Shareholders (regarding the audit of the financial statements) and to FINMA (regarding the regulatory audit).

Board of Directors

The Board of Directors is the ultimate governing body of the Bank. It is composed of 7 non-executive directors. Board members are elected for two years and may be re-elected. 4 of the directors are independent within the meaning of, and in accordance with, FINMA Circular 2017/1, which requires that at least 1/3 of the board members of Swiss banks be independent. The Board of Directors meets as often as business requires, but at least four times a year. The Board of Directors is chaired by the Chairman of the Board who is designated by the Board or, in his absence, by another Board member. A quorum is reached when a majority of the members are in attendance (in person or through telecommunication means). The Board addresses all matters collectively. Decisions are made at the majority of the members with the Chairman having a casting vote in the event of equally divided votes. It may also make a decision by circulation if needed and when appropriate.

The authorities, responsibilities and duties of the Board of Directors include:

- deciding about the business, proprietary investment, financial and risk policies and strategies of the Bank; establishing the associated corporate culture; and deciding about all matters exceeding the authority of the Executive Committee;
- approving and reviewing annually the Bank's risk management framework;
- overseeing credit, market, liquidity, operational, compliance (and any other material) risks run by the Company and ensuring they remain within the Bank's risk tolerance and policy; and approving proposed risk exposures that exceed the Executive Committee's authority.
- ensuring that an adequate control environment and an efficient internal control system are in place;
- overseeing financial situation of the Bank and ensuring it remains sound; being ultimately responsible for the preparation of the Company's annual report and financial statements in compliance with the rules set by FINMA's Ordinance on the Preparation and Presentation of Accounts for banks and FINMA's Circular 2020/1, the Swiss Banking Ordinance and the Swiss Company Law; approving capital planning and transactions; and approving the financial budget;

Governance (cont.)

- overseeing and ensuring the Bank's compliance with applicable Swiss laws and financial sector regulations;
- overseeing risk, compliance and the financial situation of its 45% investment in EFGI, and ensuring that regulatory prudential ratios are also met on a combined basis as required by the FINMA based on Swiss ARB. In this respect, the Bank has some representatives (board and executive members) at the Board of Directors and Committees of the Board of EFGI (refer to EFGI's corporate governance set out in EFGI's annual report available at www.efginternational.com, in the Investors section, Financial Results page) allowing it to ensure proper supervision of its 45% investment in EFGI within the meaning of Swiss regulatory supervision requirements.
- establishing and approving the Company's Organisational Regulation within the requirements set in the Articles of Incorporation and the applicable Swiss laws and financial sector regulations; setting up or dissolving Board committees as needed and appointing or dismissing its members; appointing or dismissing Executives and other members of the management; establishing management's authorities, responsibilities and duties; approving the Bank's organisational and operational structure proposed by the Executive Committee; and approving any significant structural change;
- ensuring that the Bank has personnel, technology and infrastructure, which are adequate, i.e. commensurate in quality and quantity to the size of the Bank and the nature and complexity of its business and administrative activities; and being ultimately responsible for the personnel remuneration policy;
- appointing or dismissing the internal audit function of the Bank; approving the internal audit plan; reviewing the internal audit reports; and ensuring that corrective actions are taken by the management to address any significant issues raised by internal audit;
- executing all the decisions made by the General Meeting of the Shareholders of the Company and ensuring that all items requiring the shareholders' approval are duly submitted to the General Meeting of the Shareholders;
- making proposal to the General Meeting of the Shareholders as to appointing or changing the external auditors of the Company's financial statements; appointing or dismissing the external regulatory auditors which may be based on any decision made by the General Meeting of the Shareholders in respect of the external auditors of the Company's financial statements; reviewing and noting the external audit plan; reviewing the external audit reports and ensuring that corrective actions are taken by the management to address any significant issues raised by the external auditors; and satisfying itself about the independence and effectiveness of the external auditors; and
- deciding on the treatment of any significant conflict of interest situation arising.

As information and control instruments vis-à-vis the management, the Board of Directors receives financial, risk, regulatory and administrative related reports and documents for its meetings, allowing it to perform its duties and make informed decisions. The members of the Executive Committee attend the meetings of the Board of Directors, provide all required explanations and analysis to the Board, are available to questions from the Board and take note of the Board's decisions for execution. Reports tabled at the Board of Directors meetings include current year-to-date statutory and analytical management financials, market (interest rate, foreign exchange and equity) risk report, liquidity risk report (including stress tests), credit and concentration risk report (including large exposures, individual client and bank counterparty limits), compliance risk assessment and a written summary covering all risk categories. In addition, specific financial, risk and regulatory reports relating to the Bank's 45% investment in EFG International are also tabled. Once a year, the Bank's risk management

framework and financial (credit, market and liquidity), operational and compliance risk assessments are also tabled by Management and validated by the Board.

The Board of Directors also directly receives internal audit reports, in which the effectiveness of (i) risk management, control and monitoring, (ii) controls designed to ensure compliance with regulations, and (iii) governance thereof are independently assessed and recommendations for improvement are made, if and where needed.

Finally, the external auditors audit financial reporting and regulatory compliance annually and report thereon independently to FINMA as well as to the Board of Directors.

The Board of Directors performs a self-assessment of its performance annually.

The members of the Board of Directors of the Company are (as of the date hereof):

- Dr Spiro J. Latsis, Chair
- Mr Boris Collardi ¹
- Mr Patrick de Figueiredo ¹
- Dr John S. Latsis
- Mrs Marguerite Latsis Catsiapis
- Dr Alain Bruno Lévy ¹
- Mr Hugh N. Matthews ¹

Their academic education, professional qualifications, working experience and current position, including external interests, are:

Dr Spiro J. Latsis, Chair

Dr Spiro J. Latsis, born in 1946, is a Greek citizen. Dr Latsis has been a non-executive member of the Board of Directors of the Bank since 1981 and has served as its Chairman since 1997. He was a member of the Board of Directors of EFG International from 2005 to 29 April 2021 and a non-executive member of the Board of Directors of EFG Bank from 1997 to 29 April 2021. Dr Latsis is a member of the Board of Directors of EFG International's subsidiary EFG Bank (Monaco). In addition, he is a non-executive director of European Financial Group EFG (Luxembourg) SA (since 2009, as Chairman). Dr Latsis is a non-executive Director of Consolidated Lamda Holdings SA, Luxembourg and SGI Group Holdings SA, Switzerland.

Dr S. Latsis is a member of the Supervisory Board of John S. Latsis Public Benefit Foundation, Liechtenstein. He is an honorary fellow and an emeritus member of the Court of Governors of the London School of Economics. He is also an emeritus member of the Board of Trustees of the Institute for Advanced Study at Princeton.

Dr S. Latsis obtained his bachelor degree in Economics in 1968, a master degree in Logic and Scientific Method in 1970 and a doctorate in Philosophy in 1974, all from the London School of Economics.

¹ independent Board members within the meaning of FINMA Circular 2017/1

Governance (cont.)

Mr Boris Collardi

Boris Collardi, born in 1974, is a Swiss and Italian citizen. He was appointed to the Board of Directors of the Bank on 4 October 2022. He was also appointed member of the Board of Directors of EFG International and EFG Bank on 6 October 2022. He chairs EFG International's Regional Asia Advisory Board. He is also a member of the Board of Directors of EFG Bank (Monaco) and has been a non-executive director of European Financial Group EFG (Luxembourg) SA, the Bank's direct parent company, since 21 November 2022.

Prior to that, Mr Collardi was Managing Partner at Banque Pictet & Cie SA from June 2018 to August 2021. Before joining Pictet, he was Chief Executive Officer of Julius Baer Group Ltd, from October 2009 to November 2017 and held various executive positions at Bank Julius Baer & Co. Ltd from 2006 to 2017. From 1993 to 2006, Mr Collardi worked at Credit Suisse, where he became Head of Business Development for Credit Suisse Private Banking Europe and a member of the Executive Committee (2002-2003), Chief Financial Officer & Head of Corporate Center in Zurich and a member of the Executive Committee (2003-2004) and COO Europe, Middle East & Northern Africa and Head of Special Projects, and a member of the Executive Committee (2004-2006).

Mr Collardi is a member of the Foundation Board of the International Institute for Management Development (IMD) of Lausanne, Switzerland, a member of the Strategic Advisory Board of the Ecole Polytechnique Fédérale de Lausanne (EPFL) in Switzerland, a member of the Board of the Paulo Coelho & Cristina Oiticica Foundation in Geneva, Switzerland, a member of the Advisory Board of Roboze SpA in Bari, Italy, a member of the Advisory Board of Luxurysight SAS in Paris, France, a member of the Advisory Board of The Longevity Suite in Milan, Italy, and Ambassador of the US Lecce soccer team in Italy.

Mr Patrick de Figueiredo

Patrick de Figueiredo, born in 1950, is a Swiss citizen. He has been a member of the Board of Directors since April 2015. Prior to that, he was a member of the Executive Committee of the Bank until December 2014, holding the position of Chief Risk Officer from October 1997. Before joining the Bank in 1989 as Head of Credit, he worked at UBS and the BSI group, mainly in the credit area.

Mr de Figueiredo obtained a bachelor's degree in business management studies from the University of Fribourg, Switzerland, in 1975.

Mr de Figueiredo does not hold any other board membership.

Dr John S. Latsis

Dr John S. Latsis, born in 1977, is a Greek and British citizen. He has been a member of the Board of Directors of the Bank since 2016 and was appointed as a member of the Board of Directors of EFG International and EFG Bank in April 2018. In 2022, he was appointed member of the Board-level Credit Committee of EFG International. He is also a member of the Board of Directors of EFG Capital Holdings in Miami and a member of EFG International's Regional Advisory Board for Latin America.

Dr J. Latsis is Managing Director at Gestron Services (Suisse) SA and the Chair of the Board of Gestron Asset Management SA. In addition, since 2018, he has been a member of the Board of La Tour Holding SA. He is also a member of the Board of Monas SAM in Monaco, a member of the Board of the Fondation Latsis Internationale in Geneva, Switzerland, the Chair of the Board of the Independent Social Research Foundation in London, UK, and a member of the Board of Trustees of Friends of Europe in Brussels, Belgium.

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.

Mrs Marguerite Latsis Catsiapis

Mrs Marguerite Latsis Catsiapis, born in 1961, is a Swiss citizen. She was appointed as a member of the Board of Directors of the Bank in September 1997.

She has been a member of the Board of Directors of EFG Bank (Monaco) since 1990.

Mrs Marguerite Latsis Catsiapis obtained her Bachelor's degree in Political Sciences from the Faculty of Economics and Social Sciences at the University of Geneva in 1984.

Dr Alain Bruno Lévy

Dr Alain Bruno Lévy, born in 1949, is a Swiss citizen. He has been a member of the Board of Directors of the Bank since 1997. He is a Partner (since 1984) at Geneva-based law firm Junod, Muhlstein, Lévy & Puder, which he joined in 1981. He specialises in banking, financial market and commercial laws.

Dr Lévy obtained a bachelor's degree in Law in 1973 and his doctorate in Law in 1977, both at the University of Fribourg, Switzerland. He was Assistant Lecturer in Public Law and International Public Law at the Faculty of Law of the University of Fribourg (1973-1975).

Then, he was appointed in-house lawyer at the Swiss Federal Banking Commission (1976-1981) and, since 1978, as Head of its Legal Department for the French and Italian-speaking sections.

Dr Lévy was admitted at the Geneva Bar in 1983. In parallel, Dr Lévy also gave Law classes, and in 1997 was appointed Professor, at the Faculty of Economics of the University of Fribourg (1982-2014).

He was also a Council member, and later Treasurer, of the Geneva Bar Association (1990-1996). Since 1999, he has been a Council member of the Swiss Bar Association, and its President from 2005 to 2007.

Dr Lévy is also Chairman of the Board of Banque de Commerce et de Placements in Geneva and Chairman (as from 1/07/2023) of Hyposwiss Private Bank Genève SA.

Governance (cont.)

Mr Hugh N. Matthews

Hugh Napier Matthews, born in 1943, is a Swiss and British citizen. He was appointed a member of the Board of Directors of the Bank in 2001. He has been a member of the Board of Directors of EFGI from September 2005 (and Vice-Chairman since April 2012) till April 2015. He was also member of the Board of Directors of EFG Private Bank Limited, London.

Before that, Mr Matthews worked for Coutts Bank (Switzerland) (1996–2000), ultimately in the position of Chief Executive Officer, and for Coutts Group, London (1994–1996), first as a member of the executive management team with responsibility for establishment of global audit and compliance functions and, since 1995, as Group Chief Operating Officer. Prior to that, Mr. Matthews was with Peat Marwick Mitchell and Co. working in London (1960–1969), Brussels, Los Angeles and New York (1969–1971) and Zurich (1971–1994).

Mr Matthews was educated at The Leys School in Cambridge, before joining Peat Marwick Mitchell in 1960, qualifying as a chartered accountant in 1966.

Executive Committee

The Executive Committee is responsible for the executive management of the Company, composed of three members. It is the ultimate executive authority of the Company and reports to the Board of Directors. The members of the Executive Committee are appointed by the Board of Directors and are independent from the members of the Board of Directors. The Executive Committee meets as often as business requires, but at least once a month. The Executive Committee is chaired by the Chief Executive Officer or, in his absence, by the Deputy Chief Executive Officer. A quorum is reached when a majority of the members are in attendance. Decisions are made at the majority of the members with the Chief Executive Officer having a casting vote in the event of equally divided votes. In addition, the Chief Executive Officer has a veto right. The Executive Committee may also make a decision by circulation.

The authorities, responsibilities and duties of the Executive Committee include:

- implementing business, proprietary investment, financial and risk policies and strategies decided by or agreed with the Board of Directors and, in general, all decisions made by the Board of Directors;
- organising and performing the day-to-day management of the Company's business and operations;
- determining the range and pricing of the Company's service and product offering within the business strategy set by the Board of Directors;
- implementing the risk management framework approved by the Board;
- managing credit, market, liquidity, operational, compliance (and any other material) risks run by the Company on a day-to-day basis; ensuring risk controls and compliance with risk limits set by the Board of Directors, by law/regulations or by it, discussing risk reports thereon, taking the necessary actions, and submitting these reports to the Board of Directors for its independent monitoring;
- establishing and maintaining processes and procedures to ensure compliance with law and regulations in the area of conduct risk (corporate governance, anti-money laundering,

anti-market abuse, investment suitability and appropriateness, cross-border aspects, outsourcing);

- establishing and running an efficient internal control system, which allows to prevent or mitigate any potential material losses, errors, malicious acts or non-compliance with applicable rules with a view to protect the Company's assets and ability to operate within the strategy and objectives set by the Board of Directors and in compliance with applicable laws and regulations;
- establishing and approving the necessary and/or required internal directives and procedures;
- preparing financial reports setting out the financial position and performance of the Company on an ongoing basis, preparing the Company's annual report and financial statements in compliance with the Accounting Rules for Banks ("ARB") set by FINMA Circular 2015/1, the Swiss Banking Ordinance and the Swiss Company Law; preparing a three-year capital plan annually; preparing the financial budget; and submitting all these (as well as any one-time capital transaction) to the Board of Directors for review, discussion and approval;
- proceeding with ensuring personnel hires and dismissals as needed, and executes the personnel remuneration policy;
- having in place the necessary technology and infrastructure to run the business and administrative activities of the Company;
- providing the Board of Directors with the necessary financial, risk, regulatory compliance and other relevant information on the Company's 45% investment in EFGI to allow it to perform its regulatory supervision duties within the meaning of Swiss regulatory supervision requirements. In this respect, the Company has some representatives (board members and executives) at the Board of Directors and Committees of the Board of EFGI (refer to EFGI's corporate governance set out in EFGI's annual report available at www.efgiinternational.com, in the Investors section, Financial Results page).

The Executive Committee has set up a Credit Committee to examine and approve credits exceeding certain thresholds and/or parameters.

The members of the Executive Committee of the Company are:

- Dr Pericles Petalas, Chief Executive Officer
- Mr Eric Bertschy, Deputy Chief Executive Officer (and Chief Financial Officer)
- Mr Leonidas Petrou, Chief Risk Officer

The Chief Executive Officer leads the management of the Bank in implementing the business strategy and operational model agreed with the Board of Directors.

The Deputy Chief Executive Officer (and Chief Financial Officer) is responsible for financial matters, including statutory financials, analytical management information, financial regulatory return and corporate tax, and regulatory matters, including liaison with the Swiss financial regulator.

The Chief Risk Officer is responsible for independent control and monitoring of credit, market, liquidity and operational risks.

Governance (cont.)

Their academic education, professional qualifications, working experience and current position, including external interests, are:

Dr Pericles Petalas, Chief Executive Officer

Dr Pericles Petalas, born in 1943, is a Swiss citizen. He was appointed Chief Executive Officer of the Bank in 1997. Prior to his position, he was Senior Vice President and General Secretary of the Bank, the registered name of which then was Banque de Dépôts.

Since September 2005, Dr Petalas has been a member of the Board of Directors of EFG International AG and EFG Bank AG, Switzerland. He is also a non-executive director of European Financial Group EFG (Luxembourg) SA, the Bank's direct parent company. 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 Federal Institute of Technology of Zurich (ETHZ), Switzerland. He also received a post-graduate degree in industrial and management engineering from the same institute in 1977.

Mr Eric Bertschy, Deputy Chief Executive Officer (and CFO)

Mr Eric Bertschy, born in 1967, is a Swiss citizen. He has been part of the Senior Management of the Bank since 1999. He headed a group-level monitoring and controlling function in the area of internal controls, operational risk and regulatory matters from 2001 to 2012. In 2012, he was appointed to the Executive Committee of the Bank and became Deputy Chief Executive Officer (and CFO), effective 1 January 2015. He is responsible for financial and regulatory matters.

Prior to joining the Bank, Mr Bertschy was with PricewaterhouseCoopers in Geneva. He was co-signing off on financial audits of banks and other companies active in the financial services sector as well as lead auditor registered with the Swiss banks and securities dealers regulator for signing-off on regulatory audits. He joined Coopers & Lybrand in 1988.

Mr Bertschy obtained a bachelor's degree in Economics and Business Administration at the University of Lausanne (HEC), Switzerland, in 1988 after having obtained a baccalaureate in Mathematics and Science in 1985. He qualified as a Swiss Certified Public Accountant in 1992.

Mr Leonidas Petrou, Chief Risk Officer

Mr Leonidas Petrou, born in 1972, is a Swiss and Cypriot citizen. He joined the Bank as Chief Risk Officer and a member of the Executive Committee, effective 1 January 2021. He is responsible for risk management and risk control matters.

Prior to joining the Bank, Mr Petrou was successively Global Head of Operational Risk Management and Group Risk Governance Officer at EFG International (2012-2020). Prior to that, Mr Petrou was First Vice President in the Bank's Group Control and Regulatory Unit (2001-2012). Before being with EFG, Mr Petrou was with PricewaterhouseCoopers in Cyprus (1996-2001) and worked at Iacovou & Co Chartered Accountants in London (1993-1996).

Mr Petrou is a Fellow Chartered Certified Accountant (FCCA) and obtained a Diploma in Accounting and Business (1993) and Chartered Certified Accountant qualification (1996) in the United Kingdom.

Risk Management

The Bank's primary activity is the provision of traditional private banking services, whereby most of the transactions are entered into on behalf of clients. The Bank also maintains proprietary investment positions in the context of the management of its assets and liabilities. The policy of the Bank regarding market, credit and liquidity risks, as well as the use of derivatives, is set in this context. Within the above, the Bank takes market, liquidity and credit risks in line with its risk appetite. Most credit risk relates to Lombard (margin) loans and other secured exposures to clients as well as exposures to banks and financial institutions.

The various risks that the Bank is inherently exposed to are governed by relevant internal regulations issued by the Management (i.e. approved by the Executive Committee) and, where appropriate, approved by the Board of Directors) concerning credit and market risks, the approval and supervisory procedure for credits, liquidity monitoring and the mitigation of operational risks associated with private banking transactions, back-office processes, fund transfers, recording of transactions, legal and compliance aspects, and information technology.

Market risk

Market risk limits are determined by the Bank's Risk Management Policy, which forms part of the Risk Management Framework and is approved by the Board of Directors.

In respect of interest rate risk, the Bank limits its balance sheet-related exposure by a policy of matched refinancing. It is not the Bank's policy to engage in active interest rate trading. The risk associated with interest rate variation is monitored on a monthly basis by the Chief Risk Officer and by the Executive Committee based on aggregated positions provided by the Risk Management department.

The Bank carries out foreign currency transactions both for its clients and on its own account. It is not part of the Bank's policy, however, to take significant foreign currency positions. The overall net nominal positions per currency are subject to intraday and overnight limits. The total intraday foreign exchange position is monitored by the Treasury department based on random checks. The total overnight foreign exchange position is monitored on a daily basis by the Chief Risk Officer and on a monthly basis by the Executive Committee based on aggregated positions provided by the Risk Management department.

The Bank engages in the trading of equities, both on a proprietary basis and on behalf of its clients. In respect of proprietary equity investments, it is not part of the Bank's policy to run significant equity risk positions. Its proprietary investment strategy is primarily geared towards investing a relatively small part of excess capital and liquidity in conservative equities. The decisions relating to the management of the equity portfolio are taken by the Executive Committee, which among others takes into account market conditions and investment analysts' reports with regard to quality and financial position of the issuer, risk and business sector diversification, dividend level, liquidity and volatility of the securities or business sector. The overall equity position is reviewed by the Executive Committee on a monthly basis.

Use of derivatives: transactions in derivatives are entered into by the Bank either (i) on a proprietary basis, mainly for balance sheet foreign exchange hedging purposes, within limits set by the Board; or (ii) on behalf of clients with the Bank, hedging client-related positions with banking counterparties. Market risks are managed using value-at-risk limits, scenario analysis and stress testing.

Governance (cont.)

Liquidity risk

The size of the Bank's capital and reserves and its matched refinancing policy ensure that it avoids incurring any significant liquidity risk. Liquidity is managed by the Treasury department on an ongoing basis and is monitored by the Chief Risk Officer based on regular risk reports, which include relevant gaps. In addition, a Liquidity Coverage Ratio (LCR) report is prepared monthly and submitted to the Bank's Executive Committee and a Liquidity Risk & Contingency Funding Plan Indicators report is submitted monthly to the Executive Committee and quarterly to the Board of Directors. The Net Stable Funding Ratio (NSFR) is also reported and analysed by the Chief Risk Officer on a quarterly basis. Furthermore, the Bank performs, at least annually (or more frequently during crisis periods), a liquidity stress test by applying three crisis scenarios, i.e. bank-specific (idiosyncratic), general market (external) and combined (idiosyncratic and external); the results of these stress tests are submitted to the Executive Committee and the Board of Directors together with the Bank's Contingency Funding Plan.

Credit risk

Due to the private banking nature of the activity, most of the credit exposure towards clients is secured by liquid assets pledged as collateral. Discount factors and diversification rules apply when determining the loanable value of assets pledged as collateral. Most of the assets pledged as collateral are valued daily, and more frequently during periods of high market volatility.

Loans are risk-evaluated and an internal grading system enables the Bank to determine any value adjustment requirement for doubtful debts on an individual basis. The value of loans is adjusted when a prolonged impairment in value is identified, in accordance with the general principle of prudence.

In addition, in the ordinary course of business, the Bank has credit exposure to reputable banking and brokerage counterparties.

The granting and renewal of credit limits to customers are subject to a procedure involving different levels of approval (Credit Department, Credit Committee (Executive level) and Board of Directors) depending on the amount of the credit, the type of collateral and tenor involved. Outstanding credit commitments, limits and adequacy of collateral of each borrower (or group of borrowers), large exposures and country risk are monitored on an ongoing and independent basis by the Credit Administration department and the Chief Risk Officer.

The approval of limits in favour of banking counterparties resides primarily with the Executive Committee and the Board of Directors. Outstanding credit commitments and limits for bank counterparties and country exposures are independently monitored by the Counterparty & Country Risk department and the Chief Risk Officer.

The Bank also maintains an investment portfolio, which allow to diversify balance sheet assets and optimise surplus liquidity. Decisions relating to the management of the investment portfolio are taken by the Executive Committee. The investment portfolio comprises only Swiss franc denominated fixed income securities (of the Swiss Confederation, Swiss National Bank, banks and corporates), predominantly of investment grade rating, with a view to held to maturity. The investment portfolio carries credit spread exposure. To mitigate the credit spread and interest rate exposure, further to the risk appetite metrics in place, there are minimum country and issuer rating standards and concentration limits in place. The overall investment portfolio position is reviewed by the Executive Committee on a monthly basis.

Operational risk

Operational risk is the risk of loss or business suspension resulting from failures in business processes, systems and people, or from external causes. It is mitigated through organisational

measures, automations, internal controls, physical and IT/cyber security measures, approval frameworks, documented operating procedures, business continuity management, legal documentation and support, and compliance checks. In addition, operational risk related data are produced for the attention of the Management.

Risk management at the level of EFGI, in which the Bank has a 45% shareholding, is set out in EFGI's annual report available on its website at www.efginternational.com (Investors section, Financial Results page).

Remuneration model

The Bank has no equity incentive program. Board members receive a fixed fee. Members of the Executive Committee and other employees receive a salary and a lump sum variable bonus based on a qualitative assessment of their performance and professionalism during the year.

External auditors

The Company's financial statements and regulatory auditors are PricewaterhouseCoopers SA (PwC), Geneva. PwC was appointed the first time for the year ended December 31, 1999, following the merger between Coopers & Lybrand and Price Waterhouse. The General Meeting of the Shareholders must confirm the appointment of the financial statements auditors annually. In accordance with FINMA's requirements the financial statements auditors shall also serve as regulatory auditors and are mandated by the Bank accordingly. Mr Omar Grossi from PwC took up office as lead audit partner in April 2019. PwC's total budgeted fees regarding the audit at the level of the Bank for 2023 were CHF 244,290, all in respect of financial and regulatory audit services. When including services provided by PwC to associated undertakings, PwC's fees for 2023 totaled CHF 4.8 million for financial and regulatory audit services and CHF 1.0 million for other services.

An external audit plan, covering financial statements and regulatory compliance matters, is prepared annually by the external auditors, based on their risk assessment, and presented and discussed with the Board of Directors in a meeting. The results of the financial audit work is described in a "comprehensive report to the Board of Directors" and that of the regulatory audit in a report to the Swiss financial regulator, both of which are also tabled and discussed in a Board meeting. The performance and independence of the external auditors are assessed annually by the Bank and discussed by the Board of Directors in a meeting.