

To all active insured  
To Pensioners  
To employers: EFG SA, EFG AM SA,  
EFG International, Dreieck SA Finnat SA,  
Patrimony 1873 SA

Lugano, 28 June 2019

### Recapitalization Measures 2018-2019

Dear Sir / Madam,

With the communication letter dated 7 May 2019, the Board of Fondazione di Previdenza EFG SA ("Fondazione") and the Board of Fondo Complementare di Previdenza EFG SA ("Fondo") ("Fondazioni EFG Lugano") informed you about the creation of a joint Working Group, with the task of elaborating recapitalization measures to guarantee medium / long term economic stability of the Fondazioni EFG Lugano.

During the meetings held on 30 January 2019, the Foundation Boards acknowledged the worsening of the coverage ratios of the two Pension Funds at 31.12.2018 (the coverage ratio of Fondazione decreased from 104% to 98.4% and of Fondo from 106.6% to 100.5%). As announced in the previous letter as an immediate and urgent recapitalization measure, the Boards have decided not to remunerate retirement savings of the active employees in 2019 and to suspend additional interest for the lower salary bands in the Fondazione.

With this letter, we would now like to inform you of all the recapitalization measures approved in June 2019 by the Boards of Fondazioni EFG Lugano, specifying for each Pension Fund and persons involved:

- 1) **Remuneration of 0% on vested benefits and supplementary accounts** of the active employees of Fondazione and of Fondo, and **suspension of the additional interest for the lower salary bands** of active employees of Fondazione, **as long as the coverage ratio of the Fondazione is less than 100%**.
- 2) **Reduction of the regulatory conversion rates from 1.1.2020.** The conversion rate at the ordinary retirement age will be reduced from the current 5.20% **to 5.00%**. The measure will be applied to all active employees of Fondazione and of Fondo for new retirements.
- 3) **Limitation of the maximum annual retirement pension to a total of CHF 99'540 between Fondazione and Fondo. The surplus capital will be paid out as a lump sum.** The measure will be applied to new retirements **from 2020** in Fondazione and Fondo.
- 4) **Reduction of the pension for spouses / life partner of a pensioner** from 60% **to 50%** of the retirement pension beginning **from 1.1.2020**. The new percentage will be applied to all new Fondazione and Fondo widows / widowers from 1.1.2020.

- 5) **Reduction of the pension for children and orphans of a retirement pension beneficiary** from the current 10% (Plan 1) and 20% (Plan 2) of the retirement pension to the **LPP Minimum benefit**. The measure will be applied from 1.1.2020 to all children of new Fondazione and Fondo pensioners, and to all children born from January 2020 by individuals which are already pensioners of Fondazione and Fondo. Since the benefits of Fondo are already above the mandatory amounts foreseen by the LPP, the measure actually means the total elimination of this benefit.
- 6) **Restriction from 1.1.2020 of new disability pension in Plan 1 of Fondo to 70% of the insured salary**, in line with the benefits provided by Plan 1 of the Fondazione, eliminating the increasing benefits in the Fondo based on the rank as per current regulation.

Finally, the employer was requested on 27.6.2019 to participate in the recapitalization process of the Fondazioni EFG Lugano, paying at least an annual recapitalization contribution in line with what is saved by the Pension Funds by not remunerating the retirement savings of the active employees.

By September 30th 2019 the Boards of the Fondazioni EFG Lugano will approve the new Pension Fund Regulation with validity 1.1.2020, implementing the recapitalization measures described above and which will then be immediately submitted to the Supervisory Authority for their formal control.

In order to illustrate in detail the recapitalization measures adopted and to answer exhaustively all questions, we will organize **information sessions** throughout Switzerland in the coming autumn (Lugano, Zurich and Geneva).

For any additional information or for specific advice on the impact of the recapitalization measures on your personal situation, the Administration remains at your disposal and can be reached either by e-mail (fondazioneprev@efgbank.com) or by calling the telephone number +41 58 808 2019.

Best Regards



Massimo Antonini  
*Chairman of the Board*  
Fondazioni EFG SA



Michele Casartelli  
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Fondazioni EFG SA

C.p.c.:

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