

Ad hoc announcement pursuant to Art. 53 LR

Record profit of CHF 147.6 million (+47%)

EFG International's strong performance and business development momentum enable strategic investments in future growth

Zurich, 26 July 2023

- Net profit grew by 47% year on year to CHF 147.6 million in 1H23
- Return on tangible equity of 17.8%, compared to 12.7% in 1H22
- Operating income increased by 20% to CHF 724.8 million while operating expense rose by 11% to CHF 527.7 million, reflecting strong hiring momentum and higher accruals for variable compensation
- Increasing the scope for cost savings: CHF 60 million of expected annual cost savings from the Simplicity programme by 2025 (previously: CHF 40 million)
- Cost/income ratio¹ further improved to 72.1% in 1H23 from 78.1% in 1H22
- Net new assets totalled CHF 3.0 billion, corresponding to an annualised growth rate of 4.2%, within EFG's target range of 4-6%. This reflects a strong rebound in asset inflows from April to June
- Assets under Management of CHF 146.5 billion at end-June 2023, compared to CHF 143.1 billion at end-2022, driven by net new assets and positive market performance, partially offset by foreign exchange impacts
- Strong capital and liquidity position, with a CET1 Ratio of 17.3%, a Total Capital Ratio of 21.2% and a Liquidity Coverage Ratio of 203%
- Share buyback programme of up to 6 million shares over the next twelve months

Giorgio Pradelli, CEO of EFG International:

“We have entered our new strategic cycle from a position of strength. EFG delivered a record operating performance in the first half of 2023, taking our profitability to the next level. This improved profitability is a result of the consistent and successful execution of our strategy, and is underpinned by our resilient and diversified business model. Together with our strong and liquid balance sheet, this allowed us to benefit from supportive market conditions during the first six months of the year. We delivered our ninth consecutive semester of net new asset growth with an annualised growth rate within our target range due to a significant rebound in net new assets in the second quarter of 2023. Our strong profitability, increased competitive market position and a promising net new asset pipeline allow us to seize strategic opportunities to accelerate our growth momentum and achieve scale. This includes our increased efforts to hire key talent across functions and regions, with 75 new Client Relationship Officers joining the bank, as well as our targeted investments in our digital capabilities, content innovation and our brand. Together with our continued focus on efficiency, these initiatives will help to drive our growth momentum in the second half of the year and beyond.”

Overview of key figures for 1H23

	1H 2023	2H 2022	1H 2022
Net new assets and Assets under Management			
Assets under Management, in CHF billion	146.5	143.1	155.8
Assets under Administration, in CHF billion	27.3	29.7	32.3
Net new assets, in CHF billion	3.0	2.5	1.7
Annualised net new assets growth rate, in %	4.2	3.2	2.0
Revenue margin, in bps	100	91	73
Income statement			
Operating income, in CHF million	724.8	666.1	603.9
Operating expenses, in CHF million	527.7	497.9	477.1
Operating profit, in CHF million	197.1	168.2	126.8
Net profit, in CHF million	147.6	102.1	100.3
Cost/income ratio, in %	72.1	74.0	78.1
Earnings per share, in CHF	0.45	0.30	0.30
Return on tangible equity, in %	17.8	14.1	12.7
Balance sheet and capital			
Total assets, in CHF billion	40.9	43.5	43.9
Regulatory equity, in CHF billion	1.9	1.7	1.8
Total capital ratio, in %	21.2	18.6	18.5
CET1 capital ratio, in %	17.3	14.7	14.8
Employees			
Number of full-time employees (FTE)	2882	2828	3003
Client Relationship Officers	638	654	652

Assets under Management of CHF 146.5 billion and asset inflows of CHF 3.0 billion

Revenue-generating Assets under Management grew by 2.4% to CHF 146.5 billion at end-June 2023 from CHF 143.1 billion at end-2022. This increase was driven primarily by net new assets of CHF 3.0 billion and positive market performance of CHF 2.6 billion, partially offset by foreign exchange impacts of CHF 2.2 billion.

The current macroeconomic environment, with heightened uncertainty in the global banking sector and volatile markets, led to subdued asset inflows, particularly in the first quarter of the year as some clients across different regions deleveraged their portfolios. However, inflows rebounded strongly in the second quarter. As a result, net new assets for the first half of 2023 totalled CHF 3.0 billion, corresponding to an annualised growth rate of 4.2%, within EFG's target range of 4-6%.

The Continental Europe & Middle East Region generated CHF 1.5 billion of net new assets in the first half of 2023, followed by the Asia Pacific Region with CHF 1.1 billion, the UK Region with CHF 0.6 billion and the Latin America Region with CHF 0.5 billion. The Switzerland & Italy Region recorded CHF 0.7 billion of outflows, in part due to continued deleveraging, while Investment Solutions recorded outflows of CHF 0.2 billion and Wealth Solutions inflows of CHF 0.3 billion.

Strong operating performance with record profitability

In the first half of 2023, EFG's operating income rose by 20.0% year on year to CHF 724.8 million, as significantly higher net interest income and higher other income more than offset lower net banking fee and commission income.

Based on average revenue-generating Assets under Management of CHF 144.7 billion in the first half of 2023, the revenue margin increased by 27 basis points to 100 basis points compared to the first half of 2022, or 9 basis points compared to the second half of 2022. The significant increase compared to the first half of 2022 was driven by the higher interest margin and the increased net other income margin, reflecting increased FX trading by clients and the positive contribution from the life insurance portfolio (approximately 3 bps contribution to revenue margin). The commission margin increased by 4 basis points to 41 basis points compared to the second half of 2022, returning to the full year 2022 level.

EFG's net interest income increased by 64.1% to CHF 249.4 million in the first half of 2023 from CHF 152.0 million in the first half of 2022, reflecting the positive impact of rising interest rates across all major currencies.

Net banking fee and commission income decreased by 17.3% year on year to CHF 294.2 million, mainly due to lower revenue-generating Assets under Management compared to the first half of 2022. On a like-for-like basis, excluding the impact from the disposal of the stake in the Spanish private bank A&G on 07 July 2022, net commission income decreased by 10%.

Net other income rose by 88.8% to CHF 181.2 million from CHF 96.0 million in the first half of 2022, driven by an increase in foreign exchange transactions by clients and a positive contribution from the life insurance portfolio.

EFG's operating expenses of CHF 527.7 million increased by 10.6% compared to the first half of 2022. While other operating expenses of CHF 146.1 million were almost flat year on year, personnel expenses increased by 14.2% to CHF 381.6 million in the first half of 2023, reflecting strong hiring momentum (CHF 20.7 million upfront hiring cost) as well as higher accruals for variable compensation on the back of strong profitability.

The cost/income ratio improved despite upfront investment in future growth significantly to 72.1% from 78.1% in the first half of 2022.

Operating profit for the first half of 2023 grew by 55.4% to CHF 197.1 million, reflecting the generation of further operating leverage.

In the first half of 2023, impairment of intangible assets totalled CHF 20.8 million. The charge reflects the write-down related to legacy IT solutions that are in the process of being replaced (new e/mBanking platform) in line with EFG's strategy to accelerate the implementation of digital solutions.

After other provisions (CHF 5.1 million), loss allowances expense (CHF 1.9 million) and income tax expense (CHF 21.7 million), EFG recorded a net profit of CHF 147.6 million for the first half of 2023, up by 47.2% compared to the first half of 2022. Return on tangible equity was 17.8%, compared to 12.7% in the first half of 2022.

Seizing strategic opportunities to accelerate growth with 75 new CROs

Seizing current strategic opportunities in the wealth management market, EFG saw strong hiring momentum in the first half of 2023, attracting experienced Client Relationship Officers (CROs) with sizeable portfolios and other talent across functions and regions. In the first six months of the year, EFG hired or made offers to hire 75 new CROs. By end-June 2023, EFG's total number of CROs worldwide was 638 (excluding Shaw and Partners: 429 CROs). EFG's success in hiring new talent reflects both its increased competitiveness in the market and its attractiveness as an employer.

EFG will continue to invest in its people and talent. This will further support its efforts to achieve scale organically in key strategic markets and accelerate its overall growth.

Continued focus on improving operational efficiency with additional cost management actions

In the first half of 2023, EFG initiated additional cost management actions as part of its Simplicity programme to further improve operational efficiency while increasing investments to accelerate organic growth. EFG expects to generate additional cost savings of CHF 20 million from its Simplicity programme by 2025, bringing the total anticipated annual cost savings to CHF 60 million, up from CHF 40 million previously.² At the same time, EFG is maintaining a rigorous cost management approach, on an ongoing basis as well as at the strategic level, and will continue to apply strict performance management standards for both client-facing and support roles.

Strong capital and liquidity position

In the first half of 2023, EFG's resilient and capital-light business model generated 220 basis points of gross capital, further strengthening its strong capital position. At end-June 2023, EFG's Common Equity Ratio (CET1) was 17.3%, compared to 16.6% as of 01 January 2023 and 14.7% at end-2022. This increase was mainly driven by the reclassification of a portfolio of financial assets, which was announced on 22 December 2022 and took effect 01 January, and EFG's strong capital generation, partially offset by dividend payments and share buybacks. EFG's Total Capital Ratio was 21.2%, compared to 18.6% end-2022. The Liquidity Coverage Ratio was 203% and the Loan/Deposit Ratio was 47% at end-June 2023.

Buyback of up to 6 million shares over the next 12 months

In light of EFG's strong capital position, EFG plans to repurchase up to 6 million EFG shares over the next 12 months by way of a buyback programme with the purpose of a capital reduction. The buyback remains subject to regulatory approval. The repurchases of EFG International shares will be carried out on a second trading line on the SIX Swiss Exchange.

Half-Year Report 2023 and additional material

This media release, the results and investor presentation as well as the Half-Year Report are available at www.efginternational.com. They can be accessed directly and downloaded as a PDF via the below links:

[Half-year report 2023](#)

[Half-year 2023 financial results presentation](#)

Financial calendar and note to the financial targets

16 November 2023: 10 months 2023 trading update

21 February 2024: Full-year 2023 results

22 March 2024: Annual General Meeting

24 July 2024: Half-year results 2024

EFG International had previously announced certain financial targets for the 2023-2025 strategic cycle based on alternative performance metrics on an "underlying" profit basis. As announced on [22 February 2023](#), EFG has since ceased reporting on an "underlying" profit basis and all financial target metrics now are valid for IFRS reported metrics (please refer to "Alternative performance measures" in the Half-year Report 2023, which is available at www.efginternational.com/half-year-report-2023 for more details).

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About EFG International

EFG International is a global private banking group offering private banking and asset management services and is headquartered in Zurich. EFG International's group of private banking businesses operates in around 40 locations worldwide. Its registered shares (EFGN) are listed on the SIX Swiss Exchange.

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Presentation of half-year 2023 results

Wednesday, 26 July 2023, at 09.30 CEST

Webcast presentation

EFG's half-year 2023 results will be presented by Giorgio Pradelli, Chief Executive Officer, and Dimitris Politis, Chief Financial Officer & Deputy Chief Executive Officer.

You can join the webcast presentation using the below details or dial into the telephone conference.

Webcast

A live webcast of the results presentation will be available [online](#).

Dial-in details

Switzerland / Europe: + 41 58 310 50 00

UK: + 44 207 107 06 13

Reference: EFG International half-year 2023 results

Please dial in to the telephone conference 15 minutes before the start of the presentation and ask for 'EFG International half-year 2023 results'.

Presentation slides and media release:

The presentation slides and media release will be available from 07.00 CEST on Wednesday, 26 July 2023, at: www.efginternational.com/Investors/financial-results.html

1 Alternative performance measures and Reconciliations: This media release and other communications to investors contain 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", "cost/income ratio", "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 media release and other communications to investors, together with reconciliations to the most directly reconcilable IFRS line items, are provided in the section headed "Alternative performance measures" in the Half-year Report 2023 available at www.efginternational.com/half-year-report-2023.

2 Cost savings compare to the 2021 cost base

Financials

Key figures as at 30 June 2023 (unaudited)

in CHF millions	30 June 2023	31 December 2022	30 June 2022	Changes vs	
				31 December 2022	30 June 2022
Client assets under management (AUM)	146,482	143,135	155,764	2.3%	-6.0%
Assets under administration (AUA)	27,329	29,654	32,307	-7.8%	-15.4%
Number of Client Relationship Officers	638	654	652	(16)	(14)
Number of Employees (FTEs)	2,882	2,828	3,003	54	(121)

Consolidated Income Statement for the year ended 30 June 2023 (unaudited)

	Half-year ended		Half-year ended		Half-year ended	
	30 June 2023	31 December 2022	30 June 2022	Changes vs 2H 2022	Changes vs 1H 2022	
Interest and discount income	640.5	450.7	227.8	189.8	412.7	
Interest expense	(391.1)	(207.2)	(75.8)	(183.9)	(315.3)	
Net interest income	249.4	243.5	152.0	5.9	97.4	
Banking fee and commission income	398.1	385.0	475.4	13.1	(77.3)	
Banking fee and commission expense	(103.9)	(111.4)	(119.5)	7.5	15.6	
Net banking fee and commission income	294.2	273.6	355.9	20.6	(61.7)	
Dividend income	2.7	0.4	1.8	2.3	0.9	
Income from foreign exchange activities	141.4	121.5	103.2	19.9	38.2	
Fair value gains less losses on financial instruments measured at fair value	37.8	33.2	(4.7)	4.6	42.5	
Gains less losses on disposal of investment securities	(0.8)	(3.1)	(7.0)	2.3	6.2	
Other operating income/(expense)	0.1	(3.0)	2.7	3.1	(2.6)	
Net other income	181.2	149.0	96.0	32.2	85.2	
Operating income	724.8	666.1	603.9	58.7	120.9	
Operating expenses	(527.7)	(497.9)	(477.1)	(29.8)	(50.6)	
Impairment of intangible assets	(20.8)			(20.8)	(20.8)	
Provisions	(5.1)	(46.3)	(8.7)	41.2	3.6	
Loss allowances (expense)/release	(1.9)	(3.9)	1.0	2.0	(2.9)	
Profit before tax	169.3	118.0	119.1	51.3	50.2	
Income tax expense	(21.7)	(15.9)	(17.5)	(5.8)	(4.2)	
Net profit for the period	147.6	102.1	101.6	45.5	46.0	
Net profit for the period attributable to:						
Net profit attributable to equity holders of the Group	147.6	102.1	100.3	45.5	47.3	
Net profit attributable to non-controlling interests			1.3		(1.3)	
	147.6	102.1	101.6	45.5	46.0	

Consolidated Balance Sheet as at 30 June 2023 (unaudited)

	30 June 2023 CHF millions	31 December 2022 CHF millions	Variation %
Assets			
Cash and balances with central banks	7,049.0	9,487.6	-26%
Treasury bills and other eligible bills	1,992.1	3,055.4	-35%
Due from other banks	2,313.5	2,095.9	10%
Derivative financial instruments	1,222.9	1,796.2	-32%
Financial assets at fair value through profit and loss	1,455.7	1,457.5	-0%
Investment securities	8,639.4	7,669.7	13%
Loans and advances to customers	16,572.3	16,748.1	-1%
Property, plant and equipment	318.3	311.7	2%
Intangible assets	210.6	239.1	-12%
Deferred income tax assets	66.0	80.1	-18%
Other assets	1,061.2	596.8	78%
Total assets	40,901.0	43,538.1	-6%
Liabilities			
Due to other banks	1,038.6	922.8	13%
Due to customers	32,592.3	34,035.4	-4%
Derivative financial instruments	1,039.1	1,642.9	-37%
Financial liabilities at fair value through profit and loss	174.2	402.0	-57%
Financial liabilities at amortised cost	3,101.2	3,684.7	-16%
Current income tax liabilities	9.3	19.7	-53%
Deferred income tax liabilities	16.3	17.4	-6%
Provisions	153.8	171.0	-10%
Other liabilities	593.1	576.9	3%
Total liabilities	38,717.9	41,472.8	-7%
Equity			
Share capital	152.4	151.3	1%
Share premium	1,966.0	1,971.4	-0%
Other reserves	38.8	(94.9)	-141%
Retained earnings	(325.9)	(314.3)	4%
Total shareholders' equity	1,831.3	1,713.5	7%
Additional equity components	351.0	351.0	
Non-controlling interests	0.8	0.8	0%
Total equity	2,183.1	2,065.3	6%
Total equity and liabilities	40,901.0	43,538.1	-6%

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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.