

Ad hoc announcement pursuant to Art. 53 LR

Record underlying net profit of CHF 115 million (+40%), driving RoTE of 14.6% in 1H22

Zurich, 21 July 2022

- **Underlying¹ net profit rose by 40% year on year to a record CHF 115.0 million, corresponding to an underlying return on tangible equity of 14.6%**
- **Continued top-line growth, with underlying operating income of CHF 601.8 million, up 3% year on year, reflecting increased net interest income and lower net banking fee and commission income**
- **Revenue margin uplift with underlying revenue margin increasing to 73 basis points; further improvement towards target of 85 basis points expected in 2H22; already 80 basis points in 2Q22, adjusted for the sale of A&G in Spain**
- **Underlying cost/income ratio improved to 77.3% from 79.6% in the first half of 2022; taking into account all previously announced and already executed actions to optimise geographical footprint, the underlying cost/income ratio improved to 75.8%; this compares to the target range of 72%-75%**
- **Net new assets² totalled CHF 1.7 billion, corresponding to an annualised growth rate of 2.0%, reflecting some de-risking and deleveraging by clients; excluding these effects, the annualised growth rate was 3.9%**
- **Assets under Management totalled CHF 155.8 billion at end-June 2022, compared to CHF 172.0 billion at end-2021, driven by market correction, partially offset by net new asset inflows and positive foreign exchange impacts**
- **IFRS net profit of CHF 100.3 million declined by 5.8% year on year; in the first half of 2021, IFRS net profit included a significant positive impact from the settlement with Transamerica**
- **Strong capital and liquidity positions, with a CET1 ratio of 14.8%, a Total Capital Ratio of 18.5% and a Liquidity Coverage Ratio of 172%; the sale of A&G in Spain will strengthen EFG's CET1 ratio by 70 basis points to 15.5%**

Giorgio Pradelli, CEO of EFG International: "We achieved a strong operating result in the first half of the year. We have maintained our positive growth momentum and generated further operating leverage, despite considerable economic uncertainty and subdued client activity. Our underlying profitability has further improved, with revenues starting to benefit from rising interest rates. We remained close to our clients as a trusted partner, helping them navigate a truly challenging environment."

Commenting on the outlook he added: "A high level of uncertainty persists. In addition to concerns about the war in Ukraine, markets remain volatile due to the highest inflation rates seen in the last 40 years. Nevertheless, we expect that rising interest rates will continue to support our top line and we expect our revenue margin to be above 80 basis points in the months ahead. We continue to focus on higher-value products and services to support our clients, and aim to further increase our operating leverage. This environment presents an opportunity for us to demonstrate the value of our services and advice. In these challenging times, strong teams, a solid balance sheet and a distinctive business model will make the difference. We are confident that our business model will deliver consistent profitable and sustainable growth throughout the economic cycle."

Overview of key figures for first-half 2022

	1H 2022	1H 2021	2H 2021
In CHF billions			
Revenue-generating Assets under Management	155.8	172.0	172.0
Net new assets	1.7	4.2	4.5
Net new assets growth (annualised %)	2.0%	5.3%	5.2%
Reported results (in CHF millions)			
Operating income	603.9	629.3	625.3
Operating expenses	477.1	475.9	492.0
Operating profit ²	126.8	153.4	133.3
IFRS net profit attributable to equity holders of the Group	100.3	106.5	99.3
Underlying results¹ (in CHF millions)			
Operating income	601.8	584.3	600.8
Operating expenses	465.8	465.8	482.8
Operating profit ²	136.0	118.5	118.0
Net profit	115.0	82.3	85.5
Underlying ratios			
Underlying revenue margin (in bps) ¹	73	71	74
Underlying cost/income ratio ¹	77.3%	79.6%	80.4%
CROs	731	751	740
Number of full-time employees (FTE) ³	2,920	3,019	2,932

Assets under Management of CHF 155.8 billion, reflecting unfavourable markets

Revenue-generating Assets under Management decreased by 9.4% to CHF 155.8 billion at the end of June 2022 from CHF 172.0 billion at the end of 2021. This decline was driven primarily by market correction of CHF 17.8 billion, divestment and other negative effects totalling CHF 1.2 billion, partially offset by positive foreign exchange impacts of CHF 1.1 billion, as well as net new assets of CHF 1.7 billion.

The uncertain economic environment – characterised by rising inflation, the disruption of the global supply chains, the war in Ukraine and volatile markets – led to de-risking and deleveraging by clients across most regions. This impacted net new assets in the first quarter of 2022 in particular, while inflows accelerated again in the second quarter. Net new assets for the first half of 2022 totalled CHF 1.7 billion, corresponding to an annualised growth rate of 2.0%. Excluding de-risking and deleveraging effects, the annualised growth rate was 3.9%.

The Continental Europe & Middle East Region generated CHF 1.1 billion of net new assets, while the Asia Pacific and the Latin America regions also made a positive contribution, albeit at a lower level. Meanwhile, deleveraging in the Switzerland & Italy Region led to minor net outflows of assets. EFG's Asset Management business also experienced a net outflow of assets.

Based on average revenue-generating Assets under Management of CHF 165.7 billion in the first half of 2022, the underlying revenue margin increased by 2 basis points to 73 basis points compared to the first half of 2021. The underlying revenue margin improved significantly to 77 basis points in the second quarter of 2022, reflecting increased interest rates. Taking into account the closing of the sale of EFG's minority stake in the Spanish private bank A&G, the underlying revenue margin would have been 80 basis points in the second quarter of 2022 on an adjusted basis. A further improvement towards the margin target of 85 basis points is expected in the second half of the year, driven by anticipated higher interest rates.

In the first half of 2022, EFG added 39 new Client Relationship Officers (CROs), bringing the total number of CROs to 513 CRO (excluding Shaw and Partners).

Strong underlying operating results with top and bottom-line growth⁴

In the first half of 2022, EFG's underlying operating income rose by 3.0% year on year to CHF 601.8 million, as significantly higher net interest income and higher other income more than offset lower net banking fee and commission income.

EFG's underlying net interest income increased by 21.2% to CHF 154.0 million in the first half of 2022 from CHF 127.1 million in the first half of 2021, reflecting the positive impact of rising interest rates, especially with the US dollar.

Underlying net banking fee and commission income decreased by 4.9% year on year to CHF 355.9 million. This decline mainly reflects lower brokerage income due to lower client securities trading activity compared to the first half of 2021 on the back of heightened macroeconomic uncertainty.

Underlying net other income increased to CHF 91.9 million from CHF 83.1 million in the first half of 2021, driven by an increase in foreign exchange transactions by clients due to volatile markets.

EFG's underlying operating expenses of CHF 465.8 million were flat compared to the first half of 2021. This reflected a 3.4% decrease in personnel expenses and a 9.6% increase in other operating expenses due to the return to a more normal environment compared to the first half of 2021, which was impacted by the pandemic, as well as due to investments in growth opportunities and digital solutions.

The underlying cost/income ratio improved to 77.3% from 79.6% in the first half of 2021. Taking into account all previously announced and already executed actions to optimise EFG's geographical footprint, including the closing of the sale of EFG's minority stake in the Spanish private bank A&G (07 July 2022) and the closing of its Milan branch (end-June 2022), EFG's underlying cost/income ratio improved to 75.8%.

Underlying operating profit for the first half of 2022 was CHF 136.0 million, compared to CHF 118.5 million in the first half of 2021. This 14.8% increase reflects the continued generation of operating leverage with underlying operating income increasing at a faster rate than operating expenses.

After provisions (CHF 0.6 million), reversal of impairment charge for expected credit losses (CHF 1.0 million), income tax expense (CHF 20.1 million) and non-controlling interests (CHF 1.3 million), EFG recorded underlying net profit of CHF 115.0 million, up by 39.7% compared to the first half of 2021. Underlying return on tangible equity was 14.6% up from 10.8% in the first half of 2021.

IFRS net profit of CHF 100.3 million

EFG's IFRS net profit decreased by 5.8% year on year to CHF 100.3 million. This decline reflects the increased underlying profit versus the significant positive impact on IFRS net profit in the first half of 2021 from the settlement with Transamerica on disputed premium increases for life insurance policies.

IFRS net profit for the first half of 2022 includes the following items, which are excluded from the underlying results:

- CHF 0.7 million gain from EFG's life insurance portfolio (1H21: CHF 33.2 million)
- CHF 11.7 million of legal costs and provisions relating to legacy issues (1H21: CHF 5.3 million)
- CHF 3.7 million intangible amortisation charge (1H21: CHF 3.7 million)

Streamlined geographical footprint

EFG has further optimised and streamlined its geographical footprint. As announced on 07 July 2022, EFG has completed the sale of its minority stake in the Spanish private bank A&G. Compared to 30 June 2022, the transaction reduces EFG's overall Assets under Management by CHF 11.6 billion to CHF 144.2 billion and reduces its underlying net profit by CHF 0.9 million to CHF 114.1 million. The sale strengthens EFG's CET1 ratio by 70 basis points to 15.5%.

As of end-June 2022, EFG also closed its branch in Milan, Italy.

Taking into account all previously announced and already executed footprint actions, the underlying cost/income ratio would have improved to 75.8% for the first half of 2022, the underlying return on tangible equity would have been 14.9% in the first half of 2022 and the underlying revenue margin would have been 80 basis points in the second quarter 2022.

Strong capital and liquidity positions

	1H 2022	2021
Capital position⁵		
Total capital ratio	18.5%	21.5%
CET1 capital ratio	14.8%	15.8%
Total regulatory capital	1,754.1	2,057.0
Return on shareholders' equity ⁶	12.7%	11.3%
Return on tangible equity ⁶	14.6%	13.0%

As previously announced, EFG has changed its accounting policy regarding the disclosure of its regulatory capital to IFRS Basel III, effective 01 January 2022. In the first half of 2022, EFG continued to demonstrate its ability to generate excess capital. Underlying gross organic capital generation was 120 basis points. EFG's IFRS Basel III Common Equity Ratio (CET1) was 14.8% at the end of June 2022, compared to 15.8% at the end of 2021, and the Total Capital Ratio was 18.5%, compared to 21.5% at the end of 2021. This decrease reflects primarily the negative impact from the mark to market of the bond portfolio and the redemption of the Tier 2 instruments. EFG expects that the negative impact on the bond portfolio will reverse almost entirely over the next 24 months.

EFG has a strong, stable and highly liquid balance sheet, with a Liquidity Coverage Ratio of 172% and a Loan/Deposit Ratio of 48% at end-June 2022.

Maria Leistner appointed as new Global Head of Legal & Compliance

EFG is today also announcing the appointment of Maria Leistner as the new Global Head of Legal & Compliance and a member of the Executive Committee of EFG International, effective 01 November 2022. Based in Zurich, she will report directly to CEO Giorgio Pradelli.

In her new role, Maria Leistner will succeed Vassiliki Dimitrakopoulou, who has performed the role on an interim basis since April 2022, in addition to her existing responsibilities as Head of Regulatory Affairs and Deputy General Counsel, following the departure of Yves Aeschlimann to pursue an opportunity outside the bank. As of November 2022, Vassiliki Dimitrakopoulou will also assume the role of Deputy Global Head of Legal & Compliance.

Maria 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 legal 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.

Giorgio Pradelli, Chief Executive Officer: "I am delighted that Maria Leistner is joining EFG as our new Global Head of Legal & Compliance. With her proven leadership skills and extensive experience, she will be key in managing our legal and compliance functions, which are essential for our business. I would also like to thank Vassiliki Dimitrakopoulou for her outstanding commitment and contribution over the past few months when performing these additional duties."

Half-Year Report 2022 and additional material

This media release, the results and investor presentations as well as the half-year report are available at www.efginternational.com and can be accessed directly and downloaded as a PDF via the below links:

[Half-year report 2022](#)

[Half-year 2022 financial results presentation](#)

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- 1 Underlying results, such as "underlying net profit" and "underlying operating expenses", 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 a definition of these non-IFRS performance measures, together with reconciliations to the most directly reconcilable IFRS line items, please refer to the section headed "Alternative performance measures" in the Half-year Report 2022 available at www.efginternational.com/Half-year-report-2022.
- 2 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", "underlying net 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 2022 available at www.efginternational.com/Half-year-report-2022.
- 3 Excluding FTE's serving a notice period or included in a social plan; Including Shaw and Partners
- 4 The following section refers to underlying results only. Underlying results 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 a definition of these non-IFRS performance measures, together with reconciliations to the most directly reconcilable IFRS line items, please refer to the section headed "Alternative performance measures" in the Half-year Report 2022 available at www.efginternational.com/Half-year-report-2022.
- 5 IFRS GAAP Basel III
- 6 Underlying – Excluding impact of acquisition-related intangible amortisation, legacy legal costs and provisions and impact of life insurance portfolio.

Presentation of half-year 2022 results

Thursday, 21 July 2022, at 10.30 CEST

Webcast presentation

EFG's half-year 2022 results will be presented by Giorgio Pradelli, Chief Executive Officer, and Dimitris Politis, Chief Financial 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 2022 results

Please dial in to the telephone conference 15 minutes before the start of the presentation and ask for 'EFG International half-year 2022 results'.

Presentation slides and media release:

The presentation slides and media release will be available from 07.00 CEST on Thursday, 21 July 2022, at: www.efginternational.com/Investors/Events.html

Financials

Key figures as at 30 June 2022 (unaudited)

in CHF millions	30 June 2022	31 December 2021	30 June 2021	Changes vs	
				31 December 2021	30 June 2021
Client assets under management (AUM)	155,764	171,959	171,965	-9.4%	-9.4%
Assets under administration (AUA)	32,307	32,536	27,278	-0.7%	18.4%
Number of Client Relationship Officers	731	740	751	(9)	(20)
Number of Employees (FTEs) *	2,920	2,932	3,019	(12)	(99)

*Excluding FTEs on notice period or in social plan

Consolidated Income Statement for the year ended 30 June 2022 (unaudited)

	Half-year ended		Half-year ended		Half-year ended	
	30 June 2022	31 December 2021	30 June 2021	Changes vs 2H 2021	Changes vs 1H 2021	
Interest and discount income	227.8	196.8	192.6	31.0	35.2	
Interest expense	(75.8)	(64.7)	(65.4)	(11.1)	(10.4)	
Net interest income	152.0	132.1	127.2	19.9	24.8	
Banking fee and commission income	475.4	596.0	490.9	(120.6)	(15.5)	
Banking fee and commission expense	(119.5)	(213.6)	(116.8)	94.1	(2.7)	
Net banking fee and commission income	355.9	382.4	374.1	(26.5)	(18.2)	
Dividend income	1.8	0.1	1.7	1.7	0.1	
Net trading income and foreign exchange gains less losses	103.2	66.8	66.4	36.4	36.8	
Fair value gains less losses on financial instruments measured at fair value	(4.7)	26.3	53.9	(31.0)	(58.6)	
Gains less losses on disposal of investment securities	(7.0)	(1.0)	(5.3)	(6.0)	(1.7)	
Other operating income	2.7	18.6	11.3	(15.9)	(8.6)	
Net other income	96.0	110.8	128.0	(14.8)	(32.0)	
Operating income	603.9	625.3	629.3	(21.4)	(25.4)	
Operating expenses	(477.1)	(492.0)	(475.9)	14.9	(1.2)	
Provisions	(8.7)	(94.2)	(19.8)	85.5	11.1	
Loss allowances expense	1.0	73.4	(0.7)	(72.4)	1.7	
Profit before tax	119.1	112.5	132.9	6.6	(13.8)	
Income tax expense	(17.5)	(9.2)	(22.3)	(8.3)	4.8	
Net profit for the period	101.6	103.3	110.6	(1.7)	(9.0)	
Net profit for the period attributable to:						
Net profit attributable to equity holders of the Group	100.3	99.3	106.5	1.0	(6.2)	
Net profit attributable to non-controlling interests	1.3	4.0	4.1	(2.7)	(2.8)	
	101.6	103.3	110.6	(1.7)	(9.0)	

Consolidated Balance Sheet as at 30 June 2022 (unaudited)

	30 June 2022 CHF millions	31 December 2021 CHF millions	Variation %
Assets			
Cash and balances with central banks	10,266.9	9,801.5	5%
Treasury bills and other eligible bills	1,256.6	1,452.8	-14%
Due from other banks	2,525.6	2,562.3	-1%
Derivative financial instruments	2,031.2	973.6	109%
Financial assets at fair value through profit and loss	1,468.1	1,807.3	-19%
Investment securities	6,813.2	5,877.8	16%
Loans and advances to customers	18,182.7	18,225.6	-0%
Property, plant and equipment	315.1	334.6	-6%
Intangible assets	237.8	229.3	4%
Deferred income tax assets	70.8	61.9	14%
Other assets	717.2	816.3	-12%
Total assets	43,885.2	42,143.0	4%
Liabilities			
Due to other banks	748.4	556.0	35%
Due to customers	33,673.7	32,516.8	4%
Derivative financial instruments	1,897.4	1,075.8	76%
Financial liabilities at fair value	441.3	487.6	-9%
Financial liabilities at amortised cost	4,348.2	4,222.1	3%
Current income tax liabilities	17.2	19.0	-9%
Deferred income tax liabilities	18.8	19.9	-6%
Provisions	129.4	130.4	-1%
Other liabilities	499.6	641.2	-22%
Subordinated loans	-	182.7	-100%
Total liabilities	41,774.0	39,851.5	5%
Equity			
Share capital	154.0	152.2	1%
Share premium	2,016.7	2,014.7	0%
Other reserves	(35.5)	138.2	-126%
Retained earnings	(417.4)	(407.2)	3%
Total shareholders' equity	1,717.8	1,897.9	-9%
Additional equity components	351.0	351.0	
Non-controlling interests	42.4	42.6	-0%
Total equity	2,111.2	2,291.5	-8%
Total equity and liabilities	43,885.2	42,143.0	4%

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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Important Disclaimer

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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.