

Ad hoc announcement pursuant to Art. 53 LR

Net profit of CHF 205.8 million (+78%); NNA at +5.5%; dividend of CHF 0.36 (+20%)

Zurich, 23 February 2022

- **Net profit grew 78% year on year to CHF 205.8 million; underlying¹ net profit rose 47% to CHF 167.8 million**
- **Return on tangible equity of 13.0% for 2021 compared to 8.2% in 2020**
- **Proposed 20% increase in dividend to CHF 0.36 per share**
- **Net new assets² totalled CHF 8.8 billion, corresponding to a growth rate of 5.5%**
- **Assets under Management grew 8.3% to CHF 172.0 billion at end-2021, despite significant impact from the previously announced disposal of the Ticino-based retail business and the sale of Oudart in France**
- **Underlying operating income grew 6.3% year on year, reflecting the continued strong increase in net banking fee and commission income and a shift to higher-quality recurring revenues**
- **Cost/income ratio improved to 76.2% compared to 83.2% in 2020 and underlying cost/income ratio improved to 79.9% compared to 82.7% in 2020**
- **Further significant progress in optimising EFG's global footprint and in improving the operating model for greater efficiency; adjusted underlying cost/income ratio for 2021 of 78.3% including all footprint actions announced**
- **Progress in de-risking legacy issues and life insurance portfolio**
- **Strong capital and liquidity positions, with a Swiss GAAP CET1 ratio of 16.3%, a Total Capital Ratio of 21.9% and a Liquidity Coverage Ratio of 188%**
- **Dimitris Politis appointed Deputy CEO, in addition to his role as CFO, effective 01 March 2022**

Giorgio Pradelli, CEO of EFG International, commented: "Over the past years, we have fundamentally transformed and simplified our business, enhanced our offering, optimised our geographical footprint and achieved sustainable and profitable growth. We have reached a new level of profitability in 2021 and see strong momentum. Our capital-light business model supports growth and generates excess capital to the benefit of our shareholders. We have executed our strategy consistently and have become a leaner, more agile and more scalable organisation with a lower cost base."

Commenting on the outlook, he said: "We expect macro trends to drive growth and capital markets to be more volatile, but still supportive. We anticipate the impact from the low interest rates on our results to have bottomed out and to benefit from a reversing trend. We are delivering on our 2022 strategic plan and will further invest in our people, content and digital solutions to meet the expectations of the Next Generation. We will update the market on our 2025 strategic plan on 12 October 2022."

Overview of 2021 key results

	2020	2021
In CHF billions		
Revenue-generating Assets under Management	158.8	172.0
Net new assets	8.4	8.8
Net new assets growth (annualised %)	5.5%	5.5%
Reported results (in CHF millions)		
Operating income	1,130.6	1,254.6
Operating expenses	951.5	967.9
Operating profit ²	179.1	286.7
IFRS net profit attributable to equity holders of the Group	115.3	205.8
Underlying results¹ (in CHF millions)		
Operating income	1,114.6	1,185.1
Operating expenses	924.7	948.6
Operating profit ²	189.9	236.5
Net profit	114.4	167.8
Underlying ratios		
Underlying revenue margin (in bps) ²	75	71
Underlying cost/income ratio ²	82.7%	79.9%
CROs	772	740
Number of full-time employees (FTE) ³	3,073	2,932

Strong growth momentum maintained with net new asset growth rate of 5.5%

Revenue-generating Assets under Management increased by 8.3% to CHF 172.0 billion at end-2021 from CHF 158.8 billion at end-2020. This increase reflects strong net new assets of CHF 8.8 billion and CHF 8.7 billion of favourable market effects, partly offset by an overall negative impact of CHF 4.3 billion due mainly to the divestment of the Ticino-based retail business and the sale of Oudart in France. The overall impact of foreign exchange movements on Assets under Management was neutral.

Net new assets for 2021 totalled CHF 8.8 billion, corresponding to a growth rate of 5.5%, which is at the upper end of EFG's target range of 4% to 6%. The Switzerland & Italy Region generated net new assets of CHF 2.7 billion, followed by the UK with CHF 1.8 billion and the Latin America Region with CHF 1.2 billion. The Continental Europe Region contributed CHF 1.2 billion of net new assets, while continued deleveraging in lower-margin currency-linked products in the Asia Pacific Region led to a reduction of CHF 0.3 billion. In addition, EFG's Asset Management business continued to attract strong inflows from both private and institutional clients, which totalled CHF 2.0 billion in 2021.

Based on average revenue-generating Assets under Management of CHF 168.0 billion in 2021, the underlying revenue margin decreased by 4 basis points to 71 basis points compared to 2020.

Net profit up 78% to CHF 205.8 million

EFG's net profit for 2021 grew by 78% to CHF 205.8 million compared to CHF 115.3 million in 2020. This substantial increase in profitability reflects strong improvement in underlying profitability as well as a contribution from EFG's legacy life insurance portfolio. The reported cost/income ratio improved to 76.2% compared to 83.1% in 2020.

Net profit for 2021 includes the following non-underlying items:

- CHF 51.6 million gain from EFG's legacy life insurance portfolio, including a significant positive impact from the settlement with Transamerica,
- CHF 6.1 million legal costs and provisions relating to legacy matters, and
- CHF 7.5 million intangible amortisation charge.

Strong underlying operating results with underlying net profit up 47% to CHF 167.8 million⁴

In 2021, EFG's underlying operating income increased by 6.3% to CHF 1,185.1 million, as significantly higher net banking fee and commission income and higher net other income more than offset lower net interest income.

Underlying net banking fee and commission income rose by 15.4% year on year to CHF 756.5 million, reflecting the increased adoption from clients of higher-value products and services, which led to significant inflows in advisory and discretionary mandates. In addition, the strong levels of client activity, predominantly in the first and fourth quarters of 2021, the overall increased asset base and re-pricing actions had positive effects as well.

Underlying net interest income declined by 15.0% to CHF 257.5 million compared to the previous year, primarily due to the low interest rate environment. Compared to the first half of 2021, net interest income has stabilised in the second half of 2021, indicating that the downward pressure on net interest income has bottomed out.

Underlying net other income increased by 9.6% to CHF 171.1 million.

EFG maintained a disciplined approach to costs, while investing in growth opportunities, digital solutions and talent. This led to operating expenses of CHF 948.6 million, reflecting an increase of 2.6% compared to 2020. The underlying cost/income ratio improved to 79.9% from 82.7% in the previous year.

Considering all previously announced footprint actions, EFG's underlying cost/income ratio would improve to 78.3% for 2021 on an adjusted basis.

In 2021, EFG generated significant operating leverage, as underlying operating income increased at a significantly higher rate than underlying operating expenses. As a result, underlying operating profit for 2021 increased by 24.5% to CHF 236.5 million compared to 2020.

Furthermore, EFG recorded provisions of CHF 30.3 million, which are almost exclusively related to restructuring costs associated with the further streamlining of its operating footprint and resources.

After a loss allowances gain of CHF 3.3 million, income tax expenses of CHF 33.6 million and non-controlling interests of CHF 8.1 million, EFG recorded underlying net profit of CHF 167.8 million, up 46.7% compared to 2020.

The return on tangible equity increased to 13.0% in 2021 from 8.2% in 2020 and the underlying return on tangible equity increased to 10.6% compared to 8.1% in 2020.

Increased efficiency of operating model and optimised global footprint

In 2021, EFG significantly increased the efficiency of its operating model by harmonising, streamlining and centralising processes and services across the Group. It has also accelerated automation and the launch of digital solutions to increase productivity and enhance its client lifecycle and risk management processes. To further simplify the operating model EFG has initiated additional efficiency measures, which are expected to have a positive effect on its cost/income ratio in 2022 and beyond.

In 2021, EFG made further significant progress in optimising its global footprint with the sale of its Oudart business in France, its Ticino-based personal and corporate banking business and its fiduciary subsidiary EOS in Italy. It has also closed its booking centre in Guernsey and completed the transfer of the related business to other booking centres and sold its Luxembourg fund management company. Further, EFG has announced the discontinuation of its Milan operations by mid-2022 and has agreed the sale of its stake in the Spanish private bank A&G. The A&G transaction is expected to close in the first half of 2022 and will reduce EFG's overall Assets under Management by CHF 13.1 billion (compared to end-2021) to CHF 158.9 billion on an adjusted basis for 2021. In addition, EFG plans to merge its subsidiary Patrimony 1873 into its Swiss operations in 2022.

As announced in November 2021, EFG agreed to acquire the remaining outstanding minority stake of 25% in its Australian subsidiary Shaw and Partners and now owns 100% of the shares in the company.

Accelerated Sustainability Strategy

In 2021, EFG continued to pursue its Sustainability Strategy, which is based on two main pillars – EFG's responsibility as an asset allocator on behalf of its clients and EFG's responsibility as a firm. EFG aims to create long-term value for its clients, employees, shareholders and society as a whole – thus also contributing to the prosperity of future generations. To firmly embed ESG aspects in its business model and drive the successful implementation of its Sustainability Strategy, EFG established in 2021 a Sustainability Advisory Board, which is co-chaired by EFG Chair Peter Fanconi and CEO Giorgio Pradelli. EFG's new publication "Our Approach to Sustainability" can be downloaded via the following link: [2021 Sustainability Publication](#).

Progress in de-risking life insurance portfolio and legacy issues

In 2021, EFG has made further progress in de-risking its life insurance portfolio and towards the resolution of longstanding legacy issues. As previously disclosed, EFG reached a settlement with Transamerica on disputed premium increases for life insurance policies. The settlement materially reduced the litigation risk related to the life insurance portfolio as the Transamerica case represented approximately half of the value at risk for the premium increase disputed in court with several insurance carriers.

As disclosed in November 2021, EFG has made progress in resolving its multi-jurisdictional legal proceedings relating to a client relationship with a Taiwanese insurance company as it prevailed before the High Court of Singapore, which held that a pledge is valid and enforceable. The receiver of the insurance company has filed its notice to appeal against the Singapore judgement. For additional information on the multi-jurisdictional proceedings, please refer to Note 49 (i) of the [2021 Annual Report](#).

Strong capital and liquidity position

	2020	2021
Regulatory capital position⁵		
Total capital ratio	19.9%	21.9%
CET1 capital ratio	16.2%	16.3%
Total regulatory capital	1,969.4	2,171.2

NOTE: 2021 IFRS BIS-EU Basel II fully applied CET1 capital ratio of 15.8% and Total Capital ratio of 21.5%.

EFG's Swiss GAAP Common Equity Ratio (CET1) was 16.3% at end-2021, compared to 16.2% at end-2020. EFG's Total Capital Ratio increased to 21.9% compared to 19.9% at end-2020, reflecting the successful placement of USD 400 million Additional Tier 1 Notes in January 2021, while simultaneously buying back approximately 50% of outstanding USD 400 million Tier 2 Notes. As announced on 18 February 2022, EFG will redeem the remaining outstanding Tier 2 Notes on the first optional call date on 05 April 2022. EFG has also announced that it intends to repurchase the outstanding EUR 13 million Fiduciary Certificates. Furthermore, the disposal of the stake in A&G will improve capital ratios by approximately 90 basis points. Once all actions are completed, the Common Equity Ratio (CET1) will stand at 17.2% and the Total Capital Ratio at 20.8%, on a 2021 adjusted basis.

In 2021, gross capital generation was 170 basis points and risk-weighted assets were stable at CHF 9.9 billion despite business growth. In 2021, EFG improved the liquidity of its balance sheet. The Liquidity Coverage Ratio was 188% and the Loan/Deposit Ratio was 50% at end-2021.

EFG will change its accounting policy regarding the disclosure of its regulatory capital position to align to one single reporting standard in line with industry practices. Starting in 2022, EFG will disclose its capital position according to IFRS BIS-EU Basel III. At end-2021, EFG's IFRS Common Equity Ratio (CET1) was 15.8% at end-2021 and the Total Capital Ratio was 21.5%.

Proposed 20% increase in dividend to CHF 0.36

For the year 2021, the payment of an ordinary dividend of CHF 0.36 per share (exempt from Swiss withholding tax) will be proposed to the Annual General Meeting of 29 April 2022. This corresponds to an increase of 20% compared to the previous year.

Appointment of Dimitris Politis as Deputy CEO

Effective 01 March 2022, Dimitris Politis will be appointed Deputy CEO of EFG International. In addition to his existing responsibilities as Chief Financial Officer, he will also assume oversight of the Litigation function that currently reports to the CEO.

Annual Report 2021 and additional material

This media release, the full-year 2021 results presentation, the Sustainability Publication and the Annual Report for 2021 are available at efginternational.com and can be directly accessed and downloaded as a PDF via the following links:

- [2021 Annual Report](#)
- [Full-year 2021 financial results presentation](#)
- [2021 Sustainability Publication](#)

Financial calendar

29 April 2022: Annual General Meeting

21 July 2022: Half-year results 2022

12 October 2022: Investor Update

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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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- 1 Underlying results, such as "underlying net profit" or "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" of the 2021 Annual Report available at efginternational.com/ch/investors/financial-results.html.
- 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", "underlying cost/income ratio", "cost/income ratio", "underlying revenue margin", "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. 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" of the 2021 Annual Report available at efginternational.com/ch/investors/financial-results.html.
- 3 Excluding FTE's on notice period or in 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" of the 2021 Annual Report available at efginternational.com/ch/investors/financial-results.html.
- 5 Swiss GAAP Basel III, fully applied
- 6 Underlying – Excluding impact of acquisition-related intangible amortisation, legacy legal costs and provisions and impact of life insurance portfolio.

Presentation of full-year 2021 results

Wednesday, 23 February 2022, 09.30 CET

Webcast presentation

EFG's full-year 2021 results will be presented by Giorgio Pradelli, Chief Executive Officer, and Dimitris Politis, Chief Financial Officer.

You can watch the webcast or follow the presentation via telephone conference using the below link or dial-in numbers.

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 full-year 2021 results

Please dial in to the telephone conference before the start of the presentation and ask for 'EFG International full-year 2021 results'.

Presentation slides and media release:

The presentation slides and media release will be available from 07.00 CET on Wednesday, 23 February 2022, at: efginternational.com/Investors/Events.html

The Annual Report 2021 is available for download as PDF from 07.00 CET on Wednesday, 23 February 2022, under the following link: efginternational.com/Annual Report 2021

Playback

A replay of the results webcast will be available [online](#) approximately three hours after the event.

Financials

Key figures as at 31 December 2021

in CHF millions	31 December 2021	31 December 2020	Changes vs 31 December 2020
Client assets under management (AUM)	171,959	158,767	8.3%
Assets under administration (AUA)	32,536	21,539	51.1%
Number of Client Relationship Officers	740	772	(32)
Number of Employees (FTE's) *	2,932	3,073	(141)

*Excluding FTE's on notice period or in social plan (as of year-end)

Consolidated Income Statement for the year ended 31 December 2021

	31 December 2021	31 December 2020	Changes vs 2020
Interest and discount income	389.4	476.4	(87.0)
Interest expense	(130.1)	(176.5)	46.4
Net interest income	259.3	299.9	(40.6)
Banking fee and commission income	1,086.9	834.6	252.3
Banking fee and commission expense	(330.4)	(178.9)	(151.5)
Net banking fee and commission income	756.5	655.7	100.8
Dividend income	1.8	2.1	(0.3)
Net trading income and foreign exchange gains less losses	133.2	138.6	(5.4)
Fair value gains less losses on financial instruments measured at fair value	80.2	19.3	60.9
Gains less losses on disposal of investment securities	(6.3)	6.8	(13.1)
Other operating income	29.9	8.2	21.7
Net other income	238.8	175.0	63.8
Operating income	1,254.6	1,130.6	124.0
Operating expenses	(967.9)	(951.5)	(16.4)
Provisions	(114.0)	(25.5)	(88.5)
Loss allowances expense	72.7	(1.3)	74.0
Profit before tax	245.4	152.3	93.1
Income tax expense	(31.5)	(30.5)	(1.0)
Net profit for the year	213.9	121.8	92.1
Net profit for the year attributable to:			
Net profit attributable to equity holders of the Group	205.8	115.3	90.5
Net profit attributable to non-controlling interests	8.1	6.5	1.6
	213.9	121.8	92.1

Consolidated Balance Sheet as at 31 December 2021

	31 December 2021 CHF millions	31 December 2020 CHF millions	Variation %
Assets			
Cash and balances with central banks	9,801.5	8,642.9	13%
Treasury bills and other eligible bills	1,452.8	1,026.9	41%
Due from other banks	2,562.3	3,097.0	-17%
Derivative financial instruments	973.6	1,154.7	-16%
Financial assets at fair value through profit and loss	1,807.3	2,132.2	-15%
Investment securities	5,877.8	4,953.0	19%
Loans and advances to customers	18,225.6	18,223.0	0%
Property, plant and equipment	334.6	335.2	-0%
Intangible assets	229.3	260.4	-12%
Deferred income tax assets	61.9	96.5	-36%
Other assets	816.3	715.4	14%
Total assets	42,143.0	40,637.2	4%
Liabilities			
Due to other banks	556.0	443.6	25%
Due to customers	32,516.8	30,841.6	5%
Derivative financial instruments	1,075.8	1,378.7	-22%
Financial liabilities at fair value	487.6	492.1	-1%
Financial liabilities at amortised cost	4,222.1	4,516.5	-7%
Current income tax liabilities	19.0	24.6	-23%
Deferred income tax liabilities	19.9	23.0	-13%
Provisions	130.4	40.6	221%
Other liabilities	641.2	762.7	-16%
Subordinated loans	182.7	355.8	-49%
Total liabilities	39,851.5	38,879.2	3%
Equity			
Share capital	152.2	148.3	3%
Share premium	2,014.7	1,979.9	2%
Other reserves	138.2	84.2	64%
Retained earnings	(407.2)	(511.2)	-20%
Total shareholders' equity	1,897.9	1,701.2	12%
Additional equity components	351.0	-	
Non-controlling interests	42.6	56.8	-25%
Total equity	2,291.5	1,758.0	30%
Total equity and liabilities	42,143.0	40,637.2	4%

Important Disclaimer

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This media release 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.