

Ad hoc announcement pursuant to Art. 53 LR

Positive NNA and increased profitability in 9M22; 2025 strategic plan to sustain profitable growth and achieve scale

Zurich, 12 October 2022

EFG International updates today on its operational performance in the first nine months of 2022. The bank is also presenting its 2023-2025 strategic plan.

- **Significant increase in underlying¹ operating profit and underlying net profit in the first nine months of the year compared to the prior-year period**
- **Net new assets² totalled CHF 2.6 billion for the first nine months of 2022, corresponding to an annualised growth rate of 2.0%**
- **Assets under Management totalled CHF 140.9 billion at end-September 2022**
- **EFG to leverage its strong track record to sustain its profitable growth trajectory and to achieve more scale; aim to deliver 15% growth in net profit p.a. and increase RoTE through the next strategic cycle**
- **Accelerated digitalisation expected to lead to further efficiency increases**
- **EFG to deliver attractive returns with a progressive dividend policy**
- **New financial targets for 2025:**
 - **Average annual net new asset growth rate of 4-6% over the period**
 - **Revenue margin of 85 basis points**
 - **Cost/income ratio of 69%**
 - **Return on tangible equity of 15-18%**

Giorgio Pradelli, CEO of EFG International: "I am very proud of what we have achieved in the four years since we presented our 2019-2022 strategic plan. Despite external challenges, we have successfully executed our strategy and are on track to achieve all our targets. Our performance in the first nine months of 2022 shows that our business model can generate sustainable value throughout the economic cycle and it is a testament to our agility and resilience.

Building on our bank's strong track record and solid foundation, we will now focus on sustaining this trajectory of profitable growth and achieving greater scale. We have set ourselves ambitious targets for 2025 and identified a clear set of measures to achieve continued double digit annual growth. Most importantly, we remain committed to creating value for our clients, our shareholders and our people in these times of volatility and uncertainty."

Solid operating performance in 9M22

EFG's revenue-generating Assets under Management totalled CHF 140.9 billion at end-September 2022, down from CHF 172.0 billion at end-2021. This decrease was mainly driven by negative market performance and the already announced divestment of the Spanish private bank A&G (AuM CHF 12 billion), partially offset by solid net new assets.

In the first nine months of the year, net new assets were CHF 2.6 billion, corresponding to an annualised growth rate of 2.0%. This reflects de-risking and deleveraging by clients across most regions due to the uncertain economic environment.

In the first nine months of 2022, EFG generated further operating leverage, resulting in a significant increase in underlying net profit compared to the same period of 2021. Underlying operating income increased year on year, reflecting significantly higher net interest income due to interest rate increases across currencies and a rise in other income. This was partially offset by lower net banking fee and commission income mainly on the back of lower revenue-generating Assets under Management and lower client activity. Revenue margin at end-September 2022 increased to approximately 85 basis points (run rate), in line with EFG's target. Operating expenses were stable compared to the prior-year period and the cost/income ratio improved further to a run rate of approximately 75%, within the 2022 target range.

Strategy focused on sustaining growth and achieving scale

In a challenging macro environment, EFG has delivered on its 2022 strategic plan and is well on track to achieve its financial targets by the end of the year. EFG is entering its 2023-2025 strategic cycle from a position of strength. Building on its strong talent base, a scalable global platform and its resilient and capital-light business model, EFG will pursue its strategy of generating sustainable and profitable growth and further expand its activities in its key strategic markets in order to unlock the full potential of its global platform by 2025.

As a leading Swiss private bank with an entrepreneurial approach, a truly global network and deep investment expertise, EFG is well positioned to benefit from the expected growth through the cycle in wealth creation across different geographies and client segments.

To fully capture this growth potential, EFG will target increased operating leverage by exploiting economies of scale. It aims to achieve this by improving productivity of existing CROs and by hiring additional CROs. In addition, with its enhanced and expanded product and service offering, EFG aims to further increase mandate penetration to 65-70% from 55% (as of end-June 2022) and client take-up of higher-value products.

EFG will continue its systematic cost reduction efforts and efficiency improvements it has delivered in recent years. To achieve further cost reductions, EFG will enhance and simplify the front-to-back client lifecycle, increase digitalisation and automation, and further centralise processes and support functions. These efficiency initiatives will lower EFG's annual cost base by CHF 40 million by 2024.

EFG also intends to accelerate digitalisation and automation to support revenue growth through the enhanced digital delivery of products and services to its clients, and further increase its operational efficiency.

In this context, EFG today is announcing a partnership with InvestCloud to enhance its digital offering and the user experience for clients and CROs. As a first step, EFG will introduce a new digital platform, leveraging cutting-edge technology and ensuring greater connectivity between clients and CROs, as well as offering personalised content and investment ideas across devices.

Financial targets for 2025

EFG is updating its financial targets as follows:

- Average annual net new asset growth rate of 4-6% over the period (unchanged)
- Revenue margin of 85 basis points (unchanged)
- Cost/income ratio of 69% (2019-2022 target: 72-75%)
- Return on tangible equity of 15-18% (2019-2022 target: >15%)

Upgraded capital management framework

EFG has a strong capital position with a CET1 capital ratio of 15.5% (as of end-June 2022). Furthermore, its capital-light business model and its strong organic capital generation support a progressive dividend policy. EFG aims to continue distributing 50% of its underlying net profit to shareholders as dividend payments. EFG's capital management framework for 2023-2025 includes a management floor of a CET1 capital ratio of 12% and the possibility of additional capital distributions if the CET1 capital ratio exceeds 15%, subject to market conditions, M&A opportunities, and regulatory developments.

Repurchase of EFG shares for employee participation

As disclosed earlier this year, EFG International has decided to repurchase EFG shares through open market transactions for the sole purpose of funding employee incentive plans. To date, EFG has acquired a total of 4.6 million of its shares. In view of its strong capital position and to prevent the dilution of existing shareholders through outstanding employee incentive plans, EFG intends to repurchase up to 3.4 million additional EFG shares until the end of 2022 solely to source outstanding incentive plans. The repurchase will continue to be effected through open market purchases executed in a market-sensitive manner by a third party over a pre-defined period of time.

Further details on EFG's 2023-2025 strategic plan are available in EFG's Investor Day presentation at: efginternational.com/Investor-day-2022. The Investor Day presentation will be broadcast in the form of a webcast at: efginternational.com/investors-events

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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.

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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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