

Media Release - ad hoc announcement pursuant to Art. 53 LR

## IFRS net profit triples to CHF 106.5 million, supported by the continued strong development of the business; NNA grow by 5.3%

Zurich, 21 July 2021

In the first half of 2021, EFG delivered a strong operational performance and achieved further growth, resulting in a significant improvement in profitability. The bank also substantially de-risked its legacy life insurance portfolio.

- Continued strong net new asset<sup>1</sup> inflows of CHF 4.2 billion in the first half of 2021, corresponding to an annualised growth rate of 5.3%, well within the 4-6% target range.
- Assets under Management reached an all-time high of CHF 172.0 billion at the end of June 2021, compared to CHF 158.8 billion at the end of 2020, driven by net new asset inflows, positive foreign exchange effects and favourable markets.
- IFRS net profit tripled year on year to CHF 106.5 million and IFRS operating profit more than doubled to CHF 153.4 million in the first half of 2021.
- Underlying net profit<sup>2</sup> more than doubled year on year to CHF 82.3 million, on the back of increased operating leverage with underlying operating expenses down by 4.0% and underlying revenues up by 5.3%.
- Continued top-line growth, with underlying operating income of CHF 584.3 million, up 5.3% compared to the first half of 2020 and up 4.4% compared to the second half of 2020, driven by significantly higher net banking fee and commission income.
- Underlying cost/income ratio improved to 79.6% in the first half of 2021 compared to 87.3% in the first half of 2020 as a result of continuous and disciplined cost management.
- Strong capital and liquidity positions, with a Swiss GAAP CET1 ratio of 16.5%, a Total Capital Ratio of 22.2% and a Liquidity Coverage Ratio of 202%.
- Further de-risking of the legacy life insurance portfolio after reaching a settlement in principle with Transamerica on disputed premium increases.
- Further progress in streamlining **EFG's** footprint with the closing of the sale of Oudart in France and the Ticino-based personal and corporate banking business; announced sale of the Luxembourg fund management company and of the stake in the Spanish private bank A&G, which is expected to close in the first quarter of 2022.

Giorgio Pradelli, CEO of EFG International, commented: "We delivered a strong operational performance in the first half of 2021 and maintained our growth momentum. We have now recorded net new asset inflows for nine consecutive quarters and Assets under Management have reached an all-time high of CHF 172 billion. With the doubling of our underlying net profit for the period, we have taken our profitability to a new level. Our efforts to deliver our entire investment expertise and full range of products and services to our clients are proving increasingly successful and we are seeing the positive impact of our growth initiatives. In the second half of the year, we will continue to generate operating leverage and execute on our 2022 strategic plan."

## Overview of key figures for first-half 2021

	1H 2021	1H 2020	2H 2020
In CHF billions			
Revenue-generating Assets under Management	<b>172.0</b>	147.8	158.8
Net new assets	<b>4.2</b>	4.2	4.2
Net new assets growth (annualised %)	<b>5.3%</b>	5.5%	5.7%
Reported results (in CHF millions)			
Operating income	<b>629.3</b>	563.7	566.9
Operating expenses	<b>475.9</b>	497.2	454.3
Operating profit <sup>1</sup>	<b>153.4</b>	66.5	112.6
IFRS net profit attributable to equity holders of the Group	<b>106.5</b>	34.8	80.5
Underlying results <sup>2</sup> (in CHF millions)			
Operating income	<b>584.3</b>	554.8	559.8
Operating expenses	<b>465.8</b>	485.2	439.5
Operating profit <sup>1</sup>	<b>118.5</b>	69.6	120.3
Net profit	<b>82.3</b>	37.7	76.7
Underlying ratios			
Revenue margin/excl. Shaw and Partners (in bps) <sup>1</sup>	<b>71 / 75</b>	76 / 79	74 / 75
Cost/income ratio <sup>1</sup>	<b>79.6%</b>	87.3%	78.2%
CROs/CROs excl. Shaw and Partners	<b>751 / 545</b>	791 / 601	772 / 567
Number of full-time employees (FTE) <sup>3</sup>	<b>3,019</b>	3,127	3,073

Strong net new asset inflows with an annualised growth rate of 5.3%

Revenue-generating Assets under Management increased by 8.3% to CHF 172.0 billion at the end of June 2021 from CHF 158.8 billion at the end of 2020. This increase was driven by strong net new asset inflows of CHF 4.2 billion and positive foreign exchange effects of CHF 5.2 billion. Favourable markets had a further positive effect of CHF 7.0 billion. Other effects such as the previously announced divestment of Oudart in France and the Ticino-based personal and corporate banking business had a negative impact of CHF 3.2 billion.

Net new asset inflows totalled CHF 4.2 billion, corresponding to an annualised growth rate of 5.3%, which is well within the target range of 4% to 6%. The Switzerland & Italy, UK and Continental Europe & Middle East regions all generated over CHF 1 billion of net new asset inflows. The Latin America Region also made a positive contribution, albeit with a lower growth rate. In the Asia Pacific Region, deleveraging in lower-margin currency-linked products led to outflows. Excluding this deleveraging effect, the Asia Pacific Region recorded positive net new asset inflows. In addition, EFG's Asset Management business continued to attract strong inflows from both private and institutional clients.

In the first half of the year, EFG signed or appointed 36 new Client Relationship Officers (CROs), resulting in a total of 545 CROs (excluding Shaw and Partners). The net decrease of 22 CROs compared to the end of 2020 reflects the continued application of consistent performance management measures and the sale of Oudart in France and the Ticino-based personal and corporate banking business. At the same time, the average portfolio size per CRO increased by 24% to CHF 294 million compared to the first half of 2020 (excluding Shaw and Partners and CROs hired in the first half of 2021).

### IFRS net profit tripled to CHF 106.5 million

In the first half of 2021, EFG increased its profitability compared to both the first half of 2020 and the second half of 2020. Reported net profit tripled to CHF 106.5 million from CHF 34.8 million in the first half of 2020 and it rose by 32.3% from CHF 80.5 million in the second half of 2020. This sharp increase reflects improving underlying profitability as well as a significant contribution from EFG's legacy life insurance portfolio.

The IFRS net profit for the first half of 2021 includes the following non-underlying items:

- CHF 33.2 million gain from EFG's legacy life insurance portfolio, compared to a gain of CHF 5.3 million in the first half of 2020.
- CHF 5.3 million of legal costs and provisions relating to previously disclosed legacy matters.
- CHF 3.7 million intangible amortisation charge.

### Update on life insurance portfolio

EFG's IFRS net profit for the first half of 2021 includes a positive net contribution of CHF 33.2 million relating to the life insurance portfolio. This incorporates the positive outcome of the settlement in principle (subject to execution of a final settlement agreement) reached with Transamerica on disputed premium increases for life insurance policies. The settlement reached in principle with Transamerica materially reduces the litigation risk related to the life insurance portfolio as the Transamerica case represented approximately half of the value at risk for the premium increases disputed in court with several insurance carriers. Similar litigation involving three other insurance carriers is pending.

### Underlying net profit more than doubled to CHF 82.3 million<sup>4</sup>

In the first half of 2021, EFG generated significant operating leverage, with increased underlying revenues (+5.3%) and lower underlying expenses (-4.0%). As a result, underlying operating profit for the first half of 2021 increased by 70% to CHF 118.5 million compared to the first half of 2020.

EFG's underlying operating income increased by 5.3% to CHF 584.3 million compared to the first half of 2020. The key driver was materially higher underlying net banking fee and commission income, which grew by 16.8% to CHF 374.1 million year on year and now accounts for two-thirds of total underlying operating income. The growth in underlying net banking fee and commission income reflects the increasingly successful delivery of higher-value products and services to clients and the improved client take-up of mandates, as well as continued re-pricing actions. It was also supported by strong client activity in the first quarter of 2021 and by increased Assets under Management. Overall, underlying net banking fee and commission income has risen by 36% since the first half of 2019, illustrating the growing demand for EFG's high-quality private banking and investment solutions services.

Underlying net interest income declined to CHF 127.1 million in the first half of 2021 compared to CHF 166.5 million in the first half of 2020 and CHF 136.3 million in the second half of 2020 due to the low interest rate environment.

Underlying net other income increased to CHF 83.1 million from CHF 68.1 million in the first half of 2020, largely driven by re-pricing actions.

Overall, the underlying revenue margin decreased by 3 basis points to 71 basis points compared to the second half of 2020. Excluding Shaw and Partners, the revenue margin for the first half of the year remained practically stable at 75 basis points compared to the second half of 2020.

EFG continued to apply disciplined cost controls while investing in growth opportunities and digital capabilities and platforms. As a result, operating expenses totalled CHF 465.8 million in the first half of 2021, a decrease of 4.0% year on year. The cost/income ratio improved to 79.6% from 87.3% in the first half of 2020.

Further progress was made in harmonising and centralising processes and shared services across the Group, resulting in immediate and longer-term efficiency gains. Together with leading reg-tech providers, EFG also successfully implemented a higher level of automation along the key client lifecycle processes in Asia, and this automation initiative is now being rolled out in other regions, including Switzerland. EFG's strong risk and compliance framework is fundamental to its growth strategy and EFG will continue to invest in enhancing its risk management and compliance functions. The bank has reduced its custodian counterparties in selected markets by leveraging key strategic partnerships, reducing operational complexity and lowering commission expenses.

In the first half of 2021, EFG made further progress in streamlining its global footprint with the closing of the sale of its Oudart business in France and of its Ticino-based personal and corporate banking business. It also agreed the sale of its Luxembourg fund management company and the sale of its stake in the Spanish private bank A&G. The closing of the A&G transaction is expected in the first quarter of 2022 and will reduce Assets under Management by CHF 13.3 billion (compared to the end of June 2021) to CHF 158.7 billion on a pro forma basis. The previously announced transfer of EFG's Guernsey business to other booking centres is expected to be completed in the second half of 2021.

Underlying operating profit for the first half of 2021 was CHF 118.5 million. After deducting provisions of CHF 11.2 million, a loss allowances gain of CHF 2.4 million, income tax expenses of CHF 23.3 million and non-controlling interests of CHF 4.1 million, EFG recorded an underlying net profit of CHF 82.3 million, an increase of 149% compared to the first half of 2020 and of 7.3% compared to the second half of 2020. Return on tangible equity was 10.8%.

### Strong capital and liquidity position

	1H 2021	2020
Capital position <sup>5</sup>		
Total capital ratio	<b>22.2%</b>	19.9%
CET1 capital ratio	<b>16.5%</b>	16.2%
Total regulatory capital	<b>2,209.5</b>	1,969.4
Return on shareholders' equity <sup>6</sup>	<b>9.3%</b>	6.9%
Return on tangible equity <sup>6</sup>	<b>10.8%</b>	8.1%

NOTE: June 2021 IFRS BIS-EU Basel III fully applied CET1 capital ratio of 16.4% and Total Capital ratio of 22.4%.

In the first half of 2021, EFG demonstrated strong underlying capital generation and strengthened its capital and liquidity positions. Gross organic capital generation was 100 basis points for the first six months of 2021, while risk-weighted assets declined on a currency adjusted basis, further improving the capital ratio by 50 basis points. EFG's Swiss GAAP Common Equity Ratio (CET1) was 16.5% at the end of June, compared to 16.2% at the end of 2020, and the Total Capital Ratio was 22.2%, compared to 19.9% at the end of 2020. EFG's capital figures include a year-to-date accrual for the dividend

payment in 2022, the issuance of USD 400 million of Additional Tier 1 Notes in January 2021 and the simultaneous buy-back of approximately 50% of USD 400 million of outstanding Tier 2 Notes.

EFG has a strong, stable and highly liquid balance sheet, with a Liquidity Coverage Ratio of 202% and a Loan/Deposit Ratio of 52% at the end of June 2021.

#### Review of BTG Pactual escrow account

Following the annual review of the number of EFG International shares owned by BTG Pactual and held in escrow as part of the indemnification agreement relating to the acquisition of BSI in 2016, the parties agreed to reduce the numbers of shares held in escrow from 30.2 million to 29.0 million.

#### Changes to EFG's Board of Directors

EFG is today announcing that Ilan Hayim has decided to step down as a member of the Board of Directors and a member of the Remuneration & Nomination Committee of EFG International and EFG Bank, effective 31 October 2021. He will remain on the Board of Directors of EFG's major shareholder, EFG Bank European Financial Group SA.

Peter Fanconi, Chair of EFG's Board of Directors: "I would like to thank Ilan Hayim for his valuable contribution and support in driving our bank's strategy forward. I am very pleased that he will continue to support EFG's development as a Board member of our major shareholding company."

#### Half-Year Report 2021 and additional material

This media release, the results and investor update presentations as well as the Half-Year Report are available at [www.efginternational.com](http://www.efginternational.com) and can be directly accessed and downloaded as a PDF using the below links:

- [Half-year report 2021](#)
- [Half-year 2021 financial results presentation](#)

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- 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", "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" of the Half-year Report 2021 available at [www.efginternational.com/Half-year-report](http://www.efginternational.com/Half-year-report).
- 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 Half-year Report 2021 available at [www.efginternational.com/Half-year-report](http://www.efginternational.com/Half-year-report).
- Excluding FTE's on notice period or in social plan; Including Shaw and Partners
- 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 Half-year Report 2021 available at [www.efginternational.com/Half-year-report](http://www.efginternational.com/Half-year-report).
- Swiss GAAP Basel III, fully applied
- Underlying – Excluding impact of acquisition-related intangible amortisation, legacy legal costs and provisions and impact of life insurance portfolio.

## Presentation of first-half 2021 results

Wednesday, 21 July 2021, 10.30 CEST

Webcast presentation

EFG's half-year 2021 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 alternatively follow it via 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 2021 results

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

Presentation slides and media release:

The presentation slides and media release will be available from 07.00 CEST on Wednesday, 21 July 2021, at: [www.efginternational.com/Investors/Events.html](http://www.efginternational.com/Investors/Events.html)

The half-year 2021 Report is available for download as PDF from 07.00 CEST on Wednesday, 21 July 2021, under the following link: [www.efginternational.com/Half-year-report-2021](http://www.efginternational.com/Half-year-report-2021)

Playback

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

# Financials

Key figures as at 30 June 2021 (unaudited)

in CHF millions	30 June	31 December	30 June	Changes vs	Changes vs
	2021	2020		2020	31 December
Client assets under management (AUM)	<b>171,965</b>	158,767	147,828	8.3%	16.3%
Assets under administration (AUA)	<b>27,278</b>	21,539	19,272	26.6%	41.5%
Number of Client Relationship Officers	<b>751</b>	772	791	(21)	(40)
Number of Employees (FTE's) *	<b>3,019</b>	3,073	3,127	(54)	(108)

\*Excluding FTE's on notice period or in social plan

Consolidated Income Statement for the year ended 30 June 2021  
(unaudited)

	Half-year ended	Half-year ended	Half-year ended	Changes vs 2H	Changes vs 1H
	30 June	31 December	30 June		
	2021	2020	2020	2020	2020
Interest and discount income	192.6	215.6	260.8	(23.0)	(68.2)
Interest expense	(65.4)	(79.3)	(97.2)	13.9	31.8
Net interest income	<b>127.2</b>	136.3	163.6	(9.1)	(36.4)
Banking fee and commission income	490.9	431.1	403.5	59.8	87.4
Banking fee and commission expense	(116.8)	(95.6)	(83.3)	(21.2)	(33.5)
Net banking fee and commission income	<b>374.1</b>	335.5	320.2	38.6	53.9
Dividend income	1.7		2.1	1.7	(0.4)
Net trading income and foreign exchange gains less losses	66.4	91.3	47.3	(24.9)	19.1
Fair value gains less losses on financial instruments measured at fair value	53.9	(7.7)	27.0	61.6	26.9
Gains less losses on disposal of financial assets at fair value through other comprehensive income	(5.3)	3.9	2.9	(9.2)	(8.2)
Other operating income	11.3	7.6	0.6	3.7	10.7
Net other income	<b>128.0</b>	95.1	79.9	32.9	48.1
Operating income	<b>629.3</b>	566.9	563.7	62.4	65.6
Operating expenses	(475.9)	(454.3)	(497.2)	(21.6)	21.3
Provisions	(19.8)	(9.8)	(15.7)	(10.0)	(4.1)
Loss allowance expense	(0.7)	2.2	(3.5)	(2.9)	2.8
Profit before tax	<b>132.9</b>	105.0	47.3	27.9	85.6
Income tax expense	(22.3)	(20.6)	(9.9)	(1.7)	(12.4)
Net profit for the period	<b>110.6</b>	84.4	37.4	26.2	73.2
Net profit for the period attributable to:					
Net profit attributable to equity holders of the Group	106.5	80.5	34.8	26.0	71.7
Net profit attributable to non-controlling interests	4.1	3.9	2.6	0.2	1.5
	<b>110.6</b>	84.4	37.4	26.2	73.2

## Consolidated Balance Sheet as at 30 June 2021 (unaudited)

	30 June 2021 CHF millions	31 December 2020 CHF millions	Variation %
<b>Assets</b>			
Cash and balances with central banks	8,756.0	8,642.9	1%
Treasury bills and other eligible bills	1,112.7	1,026.9	8%
Due from other banks	2,179.4	3,097.0	-30%
Derivative financial instruments	881.9	1,154.7	-24%
Financial assets at fair value through profit and loss	2,040.1	2,132.2	-4%
Financial assets at fair value through other comprehensive income	6,415.5	4,953.0	30%
Loans and advances to customers	19,094.9	18,223.0	5%
Property, plant and equipment	311.3	335.2	-7%
Intangible assets	230.2	260.4	-12%
Deferred income tax assets	66.5	96.5	-31%
Other assets	709.7	715.4	-1%
<b>Total assets</b>	<b>41,798.2</b>	40,637.2	3%
<b>Liabilities</b>			
Due to other banks	643.0	443.6	45%
Due to customers	32,266.1	30,841.6	5%
Derivative financial instruments	923.0	1,378.7	-33%
Financial liabilities at fair value	498.0	492.1	1%
Financial liabilities at amortised cost	4,443.6	4,516.5	-2%
Current income tax liabilities	19.9	24.6	-19%
Deferred income tax liabilities	21.3	23.0	-7%
Provisions	51.2	40.6	26%
Other liabilities	499.5	762.7	-35%
Subordinated loans	184.9	355.8	-48%
<b>Total liabilities</b>	<b>39,550.5</b>	38,879.2	2%
<b>Equity</b>			
Share capital	150.2	148.3	1%
Share premium	1,858.0	1,858.0	0%
Other reserves	366.1	238.8	53%
Retained earnings	(533.8)	(543.9)	-2%
<b>Total shareholders' equity</b>	<b>1,840.5</b>	1,701.2	8%
Additional equity components	351.0	-	
Non-controlling interests	56.2	56.8	-1%
<b>Total equity</b>	<b>2,247.7</b>	1,758.0	28%
<b>Total equity and liabilities</b>	<b>41,798.2</b>	40,637.2	3%



## 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.