

**Ad hoc announcement pursuant to Art. 53 LR**

# Record profitability with net profit in excess of CHF 240 million in 10M 2023

EFG International delivers a strong operational performance and continued growth momentum in the first ten months of 2023

Zurich, 16 November 2023

- Net profit exceeded CHF 240<sup>1</sup> million in the first ten months of 2023, reflecting consistent profit generation throughout the year (H1 2023: CHF 147.6 million) and signalling a significant increase in profitability year on year (FY 2022: CHF 202.4 million)
- Operating leverage<sup>2</sup> continued to improve, supported by a strong and steady revenue margin throughout the year (10M 2023: 99bps; H1 2023: 100bps)
- Cost/income ratio improved to approximately 74% for the first ten months of 2023, compared to 76% for the full year 2022; excluding initial one-off hiring expenses, the cost/income ratio was 71% for the first ten months of 2023
- Net new assets total CHF 5.2 billion for the year to date, corresponding to an annualised growth rate of 4.2%; new CROs have started to contribute meaningfully to inflows in the second half of 2023 and are expected to accelerate EFG's growth momentum going forward
- Significant investment in attracting new talent, with more than 130 new CROs hired in the first ten months of 2023, up from 75 in the first half of 2023
- Assets under Management total CHF 144.1 billion for the year to date, compared to CHF 143.1 billion at end-2022, mainly reflecting the impact of negative foreign exchange movements, offset by net new assets
- Strong capital and liquidity positions maintained

## **Giorgio Pradelli, CEO of EFG International**

"We continued to deliver a strong operational performance in July through October, resulting in record profitability for the first ten months of the year, and we saw solid growth in terms of asset inflows. Our results once again demonstrate our resilient and diversified business model and the confident and consistent execution of our strategy. While higher interest rates have supported our operating income, the current economic uncertainty and deteriorating markets have increased the risk aversion of our clients and we have seen continued deleveraging in some regions over the last four months. At the same time, we have seized strategic opportunities and have made significant investments to expand our talent base and client coverage. Several of our new CROs have already started to contribute meaningfully to asset inflows in the year to date, and we expect this trend to continue and to significantly accelerate our growth momentum in 2024 and beyond, given the strong pipeline of net new money."

### **Increased profitability and strong operating results**

In the first ten months of 2023, EFG delivered net profit in excess of CHF 240 million. This compares to net profit of CHF 202.4 million for the full year 2022 and of CHF 147.6 million for the first half of 2023, with the increase in profitability driven by the continued generation of operating leverage.

Operating income in the first ten months of the year increased substantially compared to the same period of the previous year. This increase was driven by strong net interest income on the back of higher interest rates globally, higher net other income due to increased currency trading by clients and swap income, and a positive contribution from the life insurance portfolio. Net banking and commission income was impacted by lower revenue-generating Assets under Management.

The revenue margin for the first ten months of 2023 was 99 basis points and was therefore stable compared to the margin of 100 basis points for the first half of 2023. The composition of revenues was similar to the first half of 2023 and commission margin for the first ten months of 2023 was stable compared to the level in the first half of 2023.

Compared to the prior-year period, EFG's operating expenses increased at a lower rate than operating income in the first ten months of 2023, reflecting higher personnel expenses and stable other operating expenses. Higher personnel expenses reflect the significant investment in EFG's future growth with the hiring of CROs and other talent in the year to date, as well as increased accruals for variable compensation on the back of strong profitability.

The cost/income ratio was approximately 74% for the first ten months of 2023, compared to 76% for the full year 2022. Excluding initial one-off costs from the investment in new talent to drive future growth, the cost/income ratio for the first ten months of 2023 was approximately 71%.

### **Assets under Management of CHF 144.1 billion and asset inflows of CHF 5.2 billion**

Revenue-generating Assets under Management increased to CHF 144.1 billion in the year to date compared to CHF 143.1 billion at end-2022. The growth in net new assets of CHF 5.2 billion in the year to date was largely offset by foreign exchange impacts, as the Swiss franc strengthened against most major currencies.

The resulting annualised net new asset growth rate of 4.2% was within EFG's target range of 4-6%. Net new assets in the period from July to year to date were affected by rising geopolitical tensions, continued deleveraging due to deteriorating markets in some regions and seasonal effects. EFG expects that inflows will accelerate into 2024, driven by the strong hiring of new CROs.

The Continental Europe & Middle East Region continued to generate the highest net new assets and the Asia Pacific region accelerated its growth momentum, reflecting strong contributions from new CROs hired in early 2023. Meanwhile, the Switzerland & Italy Region experienced net outflows in the year to date, partly reflecting deleveraging.

### **Continued strong hiring momentum and opening of new offices in Switzerland**

EFG continued to invest in its people and talent to accelerate its future growth. In the first ten months of the year, EFG has hired or approved the hiring of more than 130 new CROs bringing the total number of CROs to 667 (including Shaw and Partners). EFG's success in hiring experienced CROs and entire teams with sizeable portfolios reflects its increased competitiveness in the market and its attractive CRO model.

To further expand EFG's coverage and strengthen its market position in its Swiss home market, EFG plans to open new offices in Gstaad and St. Moritz in early 2024.

## Further progress in de-risking the life insurance portfolio

EFG has made further progress in de-risking its life insurance portfolio. In recent days, EFG reached a settlement with Equitable (a life insurance company formerly known as AXA Equitable) on disputed premium increases for life insurance policies.

## Strong capital and liquidity positions

EFG's capital and liquidity positions remain strong and are at a similar or higher level compared to end-June 2023. The CET1 capital ratio of approximately 17.4% at end-October increased compared to end-June 2023 and remained well above the regulatory minimum requirement of 8% and EFG's minimum management floor of 12%, as outlined in its capital management framework and announced at Investor Day in October 2022.

## Share buyback

In view of its strong capital position, EFG has decided to repurchase up to 3 million additional EFG shares by end-April 2024 to fund variable deferred share-based employee compensation. The purchase will be executed through open market purchases executed in a market-sensitive manner by a third party. It will complement the existing share buyback programme announced on 26 July 2023 to repurchase up to a maximum 6 million EFG shares by 11 September 2024 at the latest through a second trading line on SIX and to subsequently cancel those shares.

The number of shares repurchased within and outside the buyback programme will be reported on <https://www.efginternational.com/investors/share-repurchase> while the share buyback programme is ongoing.

## Financial calendar

21 February 2024: Full-year 2023 financial results

22 March 2024: Annual General Meeting 2024

24 July 2024: Half-year 2024 financial results

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**1 All financial figures in this media release are unaudited**

**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", "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, are provided in the "Alternative performance measures" section of the Half-year Report 2023, which is available at <https://www.efginternational.com/investors/financial-results.html>.

## 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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