

Ad hoc announcement pursuant to Art. 53 LR

Record¹ profit of CHF 303.2 million (+50%) in 2023; proposed dividend of CHF 0.55 per share (+22%)

EFG International with a very strong start to its 2023-2025 strategic cycle, with solid operational performance and NNA growth of 4.4%

Zurich, 21 February 2024

- Net profit grew by 50% year on year to a record¹ CHF 303.2 million in 2023
- Dividend of CHF 0.55 per share proposed for 2023, up 22% compared to 2022
- Return on tangible equity² of 18.2% in 2023, compared to 13.4% in 2022, above EFG's target range of 15-18%
- Net new assets totalled CHF 6.2 billion, corresponding to a growth rate of 4.4%, within EFG's target range of 4-6%
- Hiring 141 new Client Relationship Officers (CROs), of whom 104 joined EFG in 2023 and have already contributed significantly to net new assets
- Assets under Management totalled CHF 142.2 billion at end-2023, compared to CHF 143.1 billion at end-2022, reflecting the negative impact of the stronger Swiss franc, which more than offset net new assets and positive market performance
- Cost/income ratio improved to 73.3% in 2023 (2022: 76.0%)
- On track to deliver the previously announced annual cost savings of CHF 60 million by 2025 over a three-year period compared to the cost-base of 2021
- Strong capital and liquidity position, with a CET1 Ratio of 17.0%, a Total Capital Ratio of 21.0% and a Liquidity Coverage Ratio of 230% at end-2023

Giorgio Pradelli, CEO of EFG International:

Our record profit and our strong operational performance demonstrate that we are delivering on our strategy more rapidly than originally envisaged, which puts us a year ahead of plan. This strong start to the 2023-2025 strategic cycle is a testament to our well-diversified business model and the great commitment of our colleagues as we continue to navigate a volatile operating environment with many unforeseen developments that caused disruption both in Switzerland and abroad.

We made strategic investments in EFG's future growth in 2023 by hiring a significant number of new Client Relationship Officers as we expanded our talent base to further strengthen our offering and reach. Our focus is now on putting our expanded capabilities and expertise to work to create additional value for our clients. While we are aware of short-term challenges in our operating environment, we remain confident about the outlook for our business and our ability to achieve scale, generate consistent financial performance and deliver attractive returns for our shareholders.

Overview of 2023 key results

	2022	2023
Net new assets and Assets under Management		
Assets under Management, in CHF billion	143.1	142.2
Assets under Administration, in CHF billion	29.7	24.5
Net new assets, in CHF billion	4.2	6.2
Net new assets growth rate, in %	2.4	4.4
Revenue margin, in bps	81	99
Income statement		
Operating income, in CHF million	1,270.0	1,430.7
Operating expenses, in CHF million	975.0	1,057.9
Operating profit, in CHF million	295.0	372.8
Net profit in CHF million	202.4	303.2
Cost/income ratio, in %	76.0	73.3
Earnings per share in CHF	0.60	0.94
Return on tangible equity, in %	13.4	18.2
Balance sheet and capital		
Total assets, in CHF billion	43.5	38.6
Regulatory equity, in CHF billion	1.7	1.8
Total capital ratio, in %	18.6	21.0
CET1 capital ratio, in %	14.7	17.0
Employees		
Number of full-time employees (FTE)	2,828	3,025

Solid net new assets with strong contribution from new CROs

Net new assets at end-2023 totalled CHF 6.2 billion, corresponding to a net new asset growth rate of 4.4%, which is within EFG's target range of 4-6%. CROs who joined EFG in 2023 contributed significantly to total net new assets.

The Asia Pacific Region recorded net new assets of CHF 3.7 billion in 2023, with strong performance across all locations and with new CROs already contributing significantly to these strong inflows. The Continental Europe & Middle East Region generated CHF 2.9 billion of net new assets, followed by the Latin America Region with CHF 1.7 billion and the UK Region with CHF 0.2 billion. The Switzerland & Italy Region recorded CHF 1.5 billion of outflows, due to de-risking and deleveraging in a volatile market environment. Investment Solutions and Wealth Solutions experienced total outflows of CHF 0.8 billion.

Revenue-generating Assets under Management totalled CHF 142.2 billion at end-2023, compared to CHF 143.1 billion at end-2022. This marginal decrease stems from negative foreign exchange impacts of CHF 10.2 billion due to the strengthening of the Swiss franc, especially in the final quarter of 2023, which offset net new assets of CHF 6.2 billion and positive market performance of CHF 4.7 billion.

Strong operating performance and record profitability

In 2023, EFG's operating income rose by 13% year on year to a record CHF 1,430.7 million, as significantly higher net interest income and higher other income more than offset lower net banking fee and commission income.

Based on average revenue-generating Assets under Management of CHF 143.9 billion in 2023, the revenue margin increased by 18 basis points to 99 basis points compared to 2022, and decreased by

1 basis point compared to the first half of 2023. The composition of the revenue margin remained largely stable throughout the year.

The significant rise in the revenue margin compared to 2022 was primarily driven by increases in the interest margin and the other income margin on the back of higher rates across all major currencies, as well as by stronger foreign exchange trading, especially in the first half of 2023, as well as a positive contribution from the life insurance portfolio. Excluding the contribution from the life insurance portfolio, the revenue margin was 96 basis points for 2023.

EFG's net interest income increased by 29% to CHF 512.0 million (net interest margin: 36 basis points) in 2023 compared to CHF 395.5 million (25 basis points) in 2022, reflecting the positive impact of rising interest rates across all major currencies. Net interest income was fairly stable during the year. However, the increasing cost of deposits in the fourth quarter of 2023 means that the net interest margin has now passed its peak.

Net banking fee and commission income decreased by 7% year on year to CHF 587.2 million, mainly due to the reduction in average revenue-generating Assets under Management compared to 2022. The lower average revenue-generating Assets under Management also reflect the sale of EFG's stake in the Spanish private bank A&G in mid-2022, which reduced Assets under Management by CHF 11.6 billion. Excluding this effect, net banking fee and commission income declined 3% year on year. The commission margin increased by 1 basis point to 41 basis points in 2023 compared to the previous year due to improving recurring revenues. 2023 was a year of subdued client activity, which resulted in below-average commission-related revenues. With markets now expecting interest rates to decrease in 2024, EFG saw client activity pick up again in the final two months of 2023.

Net other income rose by 35% to CHF 331.5 million in 2023 from CHF 245.0 million in 2022, driven by an increase in foreign exchange transactions by clients, swap income and a positive contribution from EFG's life insurance portfolio. The other income margin increased 7 basis points to 23 basis points in 2023 compared to 2022. The life insurance portfolio contributed 3 basis points in 2023.

EFG's operating expenses rose by 9% to CHF 1,057.9 million in 2023 compared to 2022. The increase was driven by higher personnel expenses on the back of significant investment in EFG's talent base and client coverage. The 11% increase in personnel expenses year on year to CHF 764.8 million reflects strong hiring, higher accruals for variable compensation as a result of strong profitability, as well as wage inflation. Other operating expenses increased by 2% to CHF 293.1 million. 2023 also marks the successful upgrade of EFG's Core Banking Platform in all banking booking centres globally. All costs associated with this upgrade have already been accounted for.

Despite hiring a significant number of new talents, the cost/income ratio improved to 73.3% from 76.0% in 2022.

Operating profit grew by 26% to CHF 372.8 million in 2023, reflecting the generation of further operating leverage.

Impairment of intangible assets totalled CHF 23.6 million in 2023, mainly reflecting the write-down related to legacy IT solutions that are being decommissioned and replaced, as already announced in July in connection with the half-year result for 2023.

After other provisions (CHF 9.3 million), loss allowances expense (CHF 6.7 million) and income tax expense (CHF 30.0 million), EFG generated a record net profit¹ of CHF 303.2 million for 2023, up by 50% compared to 2022. Return on tangible equity was 18.2%, compared to 13.4% in 2022, above EFG's target range of 15-18%.

Significant investments to expand talent base and client coverage with 141 new CROs

EFG made significant investments throughout 2023 to expand its talent base and client coverage in order to build scale organically and accelerate its growth momentum. Seizing strategic opportunities in the wealth management market, EFG hired or made offers to hire 141 new CROs across all regions, of whom 104 already joined EFG in 2023 and started to contribute significantly to EFG's net new assets last year. This compares with EFG's ambition to hire an average of 50-70 CROs per year and reflects its attractiveness as an employer.

By end-2023, EFG's total number of CROs worldwide was 693 (excluding Shaw and Partners: 470 CROs), compared to 654 CROs (436) at end-2022.

Strong capital position and highly liquid balance sheet

In 2023, EFG's resilient and capital-light business model generated 420 basis points of gross capital, further improving its already strong capital position. At end-2023, EFG's Common Equity Tier 1 (CET1) Ratio was 17.0%, compared to 14.7% at end-2022. This increase was mainly driven by the reclassification of a portfolio of financial assets³ and EFG's strong capital generation, partially offset by dividend payments and share buybacks. EFG's Total Capital Ratio was 21.0%, compared to 18.6% end-2022.

At end-2023, total assets were CHF 38.6 billion, compared to CHF 43.5 billion at end-2022. The decrease includes adverse foreign exchange translation effects.

The Liquidity Coverage Ratio was 230% compared to 205% at end-2022 and the Loan/Deposit Ratio was 49% at end- 2023 compared to 44% at end-2022.

Proposed 22% increase in dividend to CHF 0.55 per share

Creating value for shareholders is a strategic priority for EFG, which is committed to a progressive dividend policy that is supported by strong organic capital generation.

For the financial year 2023, the payment of an ordinary dividend of CHF 0.55 per share (exempt from Swiss withholding tax) will be proposed to the Annual General Meeting of 22 March 2024. This corresponds to an increase of 22% compared to the previous year.

Outlook

EFG has achieved a very strong start in the delivery of its 2023-2025 strategic cycle, exceeding its initial expectation as further outlined at EFG's Investor Day in October 2022. It already delivered a step change in profitability in 2023, leading to increased confidence about its ability to exceed its 2025 ambition.

EFG anticipates that the successful hiring of a significant number of experienced CROs last year will help to increase its net new asset growth rate. EFG expects its new CROs to gradually contribute to revenues and profitability in the coming months, with the full benefit of these new hires expected to be realised in 2025 and beyond.

EFG has a resilient and well-diversified business model that enables it to generate consistent financial results in all environments. It nevertheless expects operating conditions to become more challenging in 2024. The operating environment is likely to be characterised by a reversal in the global interest rate cycle, ongoing economic uncertainty and elevated geopolitical risks. It is therefore expected that tailwinds from high interest rates will weaken in the coming months, resulting in a declining net interest margin. To compensate for this effect, EFG is shifting its focus further towards higher-value products and investment-led services and also aims to increase mandate penetration to support fee and commission income.

EFG aims to continue generating operating leverage through stronger top-line resilience on the back of higher assets under management and actions to support its revenue margin. Additionally, EFG will continue to focus on further improving operational efficiency through process optimisation, automation and digitalisation. EFG is on track to deliver the previously announced annual cost savings of CHF 60 million by 2025 over a three-year period compared to the cost-base of 2021.

Strengthening EFG's leadership team

EFG is today also announcing that Alain Zimmermann has been appointed as its global Chief Marketing and Branding Officer and a member of the Global Business Committee, effective 01 May 2024.

Alain Zimmermann is a senior executive with more than 20 years of international marketing and branding experience in the luxury goods and private banking sectors. He joins EFG from Digital Luxury Group in Geneva, where he has been Managing Partner since 2020, providing strategic consulting services to leading global brands. Before that, Alain Zimmermann held strategic leadership roles at the luxury goods holding company Richemont, including the position of Chief Executive Officer of Baume et Mercier in Geneva from 2009 to 2018. From 2006 to 2009, he was Managing Director Marketing & Communications at Julius Baer in Zurich. Prior to that, Alain Zimmermann held various senior management roles at IWC, Cartier and L'Oréal Group.

In his new role, Alain Zimmermann will concentrate on elevating EFG's strategic brand equity, capitalising on his vast experience in premium branding management on a global scale, digital transformation, and engagement with discerning audiences.

Full-Year Report 2023 and additional material

This media release, the full-year results presentation 2023 as well as the Full-Year Report are available at www.efginternational.com. They can be accessed directly and downloaded as a PDF via the below links:

[Full-year report 2023](#)

[Full-year 2023 financial results presentation](#)

Financial calendar and note on financial targets

22 March 2024: Annual General Meeting

28 May 2024: 4 months 2024 trading update

24 July 2024: Half-year results 2024

EFG International had previously announced certain financial targets for the 2023-2025 strategic cycle based on alternative performance metrics on an "underlying" profit basis. As announced on [22 February 2023](#), EFG has since ceased reporting on an "underlying" profit basis and all financial target metrics now are valid for IFRS reported metrics (please refer to "Alternative performance measures" in the Full-year Report 2023, which is available at www.efginternational.com/annual-report-2023 for more details).

Contact

Investor Relations
+41 44 212 73 77
investorrelations@efginternational.com

Media Relations
+41 44 226 12 72
mediarelations@efginternational.com

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.

EFG International AG, Bleicherweg 8, 8001 Zurich, Switzerland
www.efginternational.com

Presentation of full-year 2023 results

Wednesday, 21 February 2024, at 09.30 CET
Webcast presentation

EFG's full-year 2023 results will be presented by Giorgio Pradelli, Chief Executive Officer, and Dimitris Politis, Chief Financial Officer & Deputy Chief Executive 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 full-year 2023 results

Please dial in to the telephone conference 15 minutes before the start of the presentation and ask for 'EFG International full-year 2023 results'.

Presentation slides and media release:

The full-year results presentation 2023 and media release will be available from 07.00 CET on Wednesday, 21 February 2024, at: www.efginternational.com/Investors/financial-results.html

- 1 IFRS net profit for 2016 of CHF 339.3 million positively impacted by non-operating effects related to the BSI acquisition, specifically the “Bargain purchase on business acquisition” of CHF 530.8 million. The Bargain purchase on business acquisition reflects the difference between what EFG assessed to be the final purchase price for BSI of CHF 783.9 million, compared to the fair value of the net assets acquired on 31 October 2016 of CHF 1,314.7 million.
- 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, together with reconciliations to the most directly reconcilable IFRS line items, are provided in the section headed “Alternative performance measures” in the Full-year Report 2023 available at www.efginternational.com/annual-report-2023.
- 3 Following the reclassification of a portfolio of financial assets from “financial assets measured at fair value through other comprehensive income” to “other financial assets measured at amortised cost”, which was announced on 22 December 2022, EFG’s CET1 ratio on 01 January 2023 was 16.6% and its total Capital Ratio was 20.5%.

Financials

Key figures as at 31 December 2023

in CHF millions	31 December 2023	31 December 2022	Changes vs 31 December 2022
Revenue-generating Assets under Management (AUM)	142,244	143,135	-0.6%
Assets under Administration (AUA)	24,451	29,654	-17.5%
Number of Client Relationship Officers	693	654	39
Number of employees (FTEs)	3,025	2,828	197

Consolidated Income Statement for the year ended 31 December 2023

	31 December 2023	31 December 2022	Changes vs 31 December 2022
Interest and discount income	1,389.4	678.5	710.9
Interest expense	(877.4)	(283.0)	(594.4)
Net interest income	512.0	395.5	116.5
Banking fee and commission income	793.2	860.4	(67.2)
Banking fee and commission expense	(206.0)	(230.9)	24.9
Net banking fee and commission income	587.2	629.5	(42.3)
Dividend income	2.8	2.2	0.6
Income from foreign exchange activities	254.8	224.7	30.1
Fair value gains less losses on financial instruments measured at fair value	72.8	28.5	44.3
Gains less losses on disposal of investment securities	(0.3)	(10.1)	9.8
Other operating income/(expense)	1.4	(0.3)	1.7
Net other income	331.5	245.0	86.5
Operating income	1,430.7	1,270.0	160.7
Operating expenses	(1,057.9)	(975.0)	(82.9)
Impairment of intangible assets	(23.6)		(23.6)
Provisions	(9.3)	(55.0)	45.7
Loss allowances expense	(6.7)	(2.9)	(3.8)
Profit before tax	333.2	237.1	96.1
Income tax expense	(30.0)	(33.4)	3.4
Net profit for the year	303.2	203.7	99.5
Net profit for the year attributable to:			
Net profit attributable to equity holders of the Group	303.2	202.4	100.8
Net profit attributable to non-controlling interests		1.3	(1.3)
	303.2	203.7	99.5

Consolidated Balance Sheet as at 31 December 2023

	31 December 2023 CHF millions	31 December 2022 CHF millions	Variation %
Assets			
Cash and balances with central banks	4,726.9	9,487.6	-50%
Treasury bills and other eligible bills	2,340.6	3,055.4	-23%
Due from other banks	2,617.6	2,095.9	25%
Derivative financial instruments	1,574.3	1,796.2	-12%
Financial assets at fair value through profit and loss	1,363.6	1,457.5	-6%
Investment securities	8,489.8	7,669.7	11%
Loans and advances to customers	16,019.1	16,748.1	-4%
Property, plant and equipment	299.9	311.7	-4%
Intangible assets	203.5	239.1	-15%
Deferred income tax assets	73.9	80.1	-8%
Other assets	876.7	596.8	47%
Total assets	38,585.9	43,538.1	-11%
Liabilities			
Due to other banks	943.0	922.8	2%
Due to customers	30,056.5	34,035.4	-12%
Derivative financial instruments	1,570.3	1,642.9	-4%
Financial liabilities at fair value through profit and loss	173.9	402.0	-57%
Financial liabilities at amortised cost	2,807.8	3,684.7	-24%
Current income tax liabilities	13.0	19.7	-34%
Deferred income tax liabilities	16.4	17.4	-6%
Provisions	134.4	171.0	-21%
Other liabilities	653.5	576.9	13%
Total liabilities	36,368.8	41,472.8	-12%
Equity			
Share capital	150.9	151.3	-0%
Share premium	1,932.9	1,971.4	-2%
Other reserves	(52.8)	(94.9)	-44%
Retained earnings	(164.9)	(314.3)	-48%
Total shareholders' equity	1,866.1	1,713.5	9%
Additional equity components	351.0	351.0	0%
Non-controlling interests	-	0.8	-100%
Total equity	2,217.1	2,065.3	7%
Total equity and liabilities	38,585.9	43,538.1	-11%

Important Disclaimer

This document has been prepared by EFG International AG (“EFG”) solely for use by you for general information only and does not contain and is not to be taken as containing any securities advice, recommendation, offer or invitation to subscribe for, purchase or redeem any securities regarding EFG.

This release contains specific 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.