

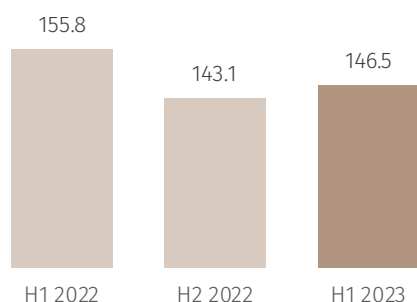
Half-Year  
Report

2023

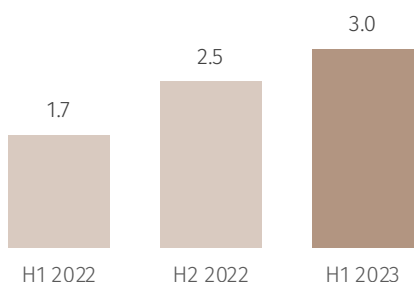


# Key figures

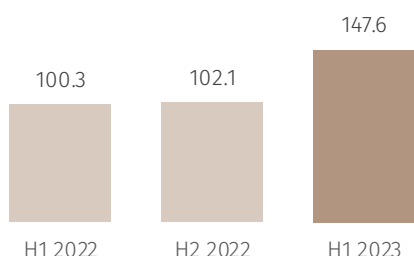
## Assets under Management in CHF billion



## Net new assets in CHF billion



## IFRS net profit in CHF million



	Half-year ended 30 June 2023 Unaudited	Half-year ended 31 December 2022 Audited	Half-year ended 30 June 2022 Unaudited
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### EFG International

Operating income, in CHF million	724.8	666.1	603.9
Operating expense, in CHF million	527.7	497.9	477.1
IFRS net profit, in CHF million	147.6	102.1	100.3
Cost/income ratio, in %	72.1	74.0	78.1

### Balance Sheet

Total assets, in CHF billion	40.9	43.5	43.9
Shareholders' equity, in CHF billion	1.8	1.7	1.7
LCR, in %	203	205	172

### Capital

Regulatory capital, in CHF billion	1.9	1.7	1.8
CET1 Ratio, in %	17.3	14.7	14.8
Total Capital Ratio, in %	21.2	18.6	18.5

### Assets under Management and Net new assets

Assets under Management, in CHF billion	146.5	143.1	155.8
Assets under Administration, in CHF billion	27.3	29.7	32.3
Net new assets, in CHF billion	3.0	2.5	1.7
Net new assets growth rate, annualised in %	4.2	3.2	2.0

### Employees (full-time equivalents)

Number of employees	2,882	2,828	3,003
Number of Client Relationship Officers	638	654	652

### Share information

Shares outstanding, in millions	311.9	309.5	308.1
Market capitalisation, in CHF million	2,767	2,672	2,163
Dividend per share, in CHF		0.45	
Earnings per share, in CHF (basic)	0.45	0.30	0.30

### Rating

Moody's	Long term: A3
Fitch	Long term: A

# About EFG

EFG International is a global private banking group offering private banking and asset management services, headquartered in Zurich. The registered shares (EFGN) are listed on the SIX Swiss Exchange.

As a leading Swiss private bank, EFG International has a presence in major financial centres and growth markets. It has strong roots in Switzerland, with Zurich, Geneva and Lugano serving as hubs for clients as well as the governance and operation of the bank. EFG International operates in around 40 locations worldwide, with a network spanning Europe, Asia Pacific, the Americas and the Middle East.

An entrepreneurial spirit shapes our bank, enabling us to provide comprehensive advice, develop hands-on solutions and to build trusted, long-lasting client relationships. We are a financial partner who offers security, financial stability and reliability.

As of 30 June 2023 EFG's largest shareholders are EFG Bank European Financial Group SA (45.0%) and BTG Pactual (19.6%).

# Content

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# Chair and CEO message

## Dear shareholders,

EFG International delivered a record operating performance in the first half of 2023 with net profit of CHF 148 million, corresponding to a 47% increase compared to the first half of 2022.

The first half of 2023 also marked the ninth consecutive semester of net new asset growth. After a subdued start to the year, we saw strong business development momentum in the second quarter of 2023 with net inflows of CHF 3.0 billion. This corresponds to an annualised growth rate of 4.2% for the first half of 2023, within our annual target range of 4-6%. Assets under Management grew by 2.3% to CHF 146.5 billion at end-June 2023, driven by positive market performance and net asset inflows, partially offset by foreign exchange impacts.

Revenues in the first half of 2023 benefitted from rising interest rates across all major currencies, as well as from our clients' increased foreign exchange trading. Lower revenue-generating AuM compared to the prior-year period (mainly driven by the divestment of Asesores y Gestores Financieros S.A. and market movements) had a negative impact on net banking fee and commission income.

The revenue margin increased by 27 basis points to 100 basis points compared to the first half of 2022, driven by higher interest rates, increased foreign exchange trading by clients and the positive contribution from the life insurance portfolio.

We further strengthened our operating leverage and maintained a disciplined approach to cost management. Our cost/income ratio improved to 72.1% in the first half of 2023 from 78.1% in the prior-year period.

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*“ Our 2023-2025 strategic plan is focused on creating value for our clients, investors, employees and other stakeholders.”*

Our CET1 ratio was 17.3% at end-June 2023, compared to 14.7% at the end of 2022. We have a highly liquid balance sheet, with a Liquidity Coverage Ratio of 203% and a loan/deposit ratio of 47% at end-June 2023. This solid capital and liquidity position is the result of our strategic efforts to ensure our financial and operational resilience.

In an environment shaped by elevated market volatility and turmoil in the banking sector, as well as continued economic and geopolitical uncertainty, we successfully and consistently started to deliver against our 2023-2025 strategic plan. We have entered this new strategic cycle from a position of strength, building on our client-centric and well-diversified business model as well as our strong and liquid balance sheet. This allows us to make strategic investments in future growth.

Over the past few months, EFG has successfully attracted new Client Relationship Officers in various

locations as we benefit from the movement of talent across major financial centres. The 75 new Client Relationship Officers joining EFG will help to drive our growth momentum in the second half of the year and beyond.

Digital acceleration is one of the key levers of our 2025 strategic plan. We are making targeted investments to further improve the client experience, continuously improve our risk and compliance monitoring systems and increase operational efficiency.

The first six months of 2023 have clearly shown that EFG International is well equipped to navigate volatile, uncertain and complex environments, always keeping our clients' best interests at heart. Our 2023-2025 strategic plan is focused on creating value for our clients, investors, employees and other stakeholders. We will continue to seize strategic opportunities to accelerate growth, strengthen our competitive market position and further increase brand awareness.

We want to take this opportunity to express our thanks to all our colleagues across the globe. The strong performance of EFG in the first half of 2023 is a testament to their valuable contributions and commitment. We also wish to thank you, our shareholders, for your continued trust and support.

Yours sincerely



**Alexander Classen**  
Chair of the Board



**Giorgio Pradelli**  
Chief Executive Officer



Alexander Classen, Chair (right),  
Giorgio Pradelli, CEO (left)





# Condensed consolidated interim financial statements

EFG International for the six months  
ended 30 June 2023 (unaudited)

# Condensed consolidated interim income statement for the six months ended 30 June 2023

	Note	Half-year ended 30 June 2023 CHF millions	Half-year ended 31 December 2022 CHF millions	Half-year ended 30 June 2022 CHF millions
Interest and discount income		640.5	450.7	227.8
Interest expense		(391.1)	(207.2)	(75.8)
<b>Net interest income</b>	8	<b>249.4</b>	243.5	152.0
Banking fee and commission income		398.1	385.0	475.4
Banking fee and commission expense		(103.9)	(111.4)	(119.5)
<b>Net banking fee and commission income</b>	9	<b>294.2</b>	273.6	355.9
Dividend income	10	2.7	0.4	1.8
Income from foreign exchange activities	11	141.4	121.5	103.2
Fair value gains less losses on financial instruments measured at fair value	12	37.8	33.2	(4.7)
Gains less losses on disposal of investment securities	13	(0.8)	(3.1)	(7.0)
Other operating income/(expense)	14	0.1	(3.0)	2.7
<b>Net other income</b>		<b>181.2</b>	149.0	96.0
<b>Operating income</b>		<b>724.8</b>	666.1	603.9
Operating expenses	16	(527.7)	(497.9)	(477.1)
Impairment of intangible assets	18	(20.8)		
Provisions	22	(5.1)	(46.3)	(8.7)
Loss allowances (expense)/release	15	(1.9)	(3.9)	1.0
<b>Profit before tax</b>		<b>169.3</b>	118.0	119.1
Income tax expense	19	(21.7)	(15.9)	(17.5)
<b>Net profit for the period</b>		<b>147.6</b>	102.1	101.6
<b>Net profit for the period attributable to:</b>				
Net profit attributable to equity holders of the Group		147.6	102.1	100.3
Net profit attributable to non-controlling interests				1.3
		<b>147.6</b>	102.1	101.6

	Note	Half-year ended 30 June 2023 CHF	Half-year ended 31 December 2022 CHF	Half-year ended 30 June 2022 CHF
<b>Earnings per ordinary share</b>				
Basic	29	0.45	0.30	0.30
Diluted	29	0.44	0.29	0.28

The notes on pages 15 to 48 form an integral part of these condensed consolidated interim financial statements.

# Condensed consolidated interim statement of comprehensive income for the six months ended 30 June 2023

	Half-year ended 30 June 2023 CHF millions	Half-year ended 31 December 2022 CHF millions	Half-year ended 30 June 2022 CHF millions
<b>Net profit for the period</b>	<b>147.6</b>	102.1	101.6
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to the income statement:</b>			
Adjustment on reclassification of investments (see Note 3)	166.6		
Tax effect of adjustment on reclassification of investments (see Note 3)	(6.4)		
Foreign exchange gains/(losses) on net investments in foreign operations, with no tax effect	2.0	(3.3)	(4.6)
Currency translation differences, with no tax effect	(16.8)	(32.0)	(18.8)
Currency translation losses transferred to the income statement, with no tax effect		12.2	
Net losses on investments in debt instruments measured at fair value through other comprehensive income		(42.2)	(111.3)
Tax effect on net losses on investments in debt instruments measured at fair value through other comprehensive income		6.8	
Net realised losses on debt instruments measured at fair value through other comprehensive income reclassified to the income statement, with no tax effect		3.1	7.0
Net gains/(losses) on cash flow hedges, with no tax effect	4.2	(1.5)	1.5
Change in loss allowances on debt instruments measured at fair value through other comprehensive income, with no tax effect			0.1
<b>Items that will not be reclassified to the income statement:</b>			
Retirement benefit losses	(3.9)	(16.7)	(22.9)
Tax effect on retirement benefit losses	0.8	3.4	4.5
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>146.5</b>	(70.2)	(144.5)
<b>Total comprehensive income/(loss) for the period</b>	<b>294.1</b>	31.9	(42.9)
<b>Total comprehensive income/(loss) for the period attributable to:</b>			
Equity holders of the Group	294.1	31.8	(42.7)
Non-controlling interests		0.1	(0.2)
	<b>294.1</b>	31.9	(42.9)

The notes on pages 15 to 48 form an integral part of these condensed consolidated interim financial statements.

# Condensed consolidated interim balance sheet at 30 June 2023

	Note	30 June 2023 CHF millions	31 December 2022 CHF millions
<b>Assets</b>			
Cash and balances with central banks		7,049.0	9,487.6
Treasury bills and other eligible bills		1,992.1	3,055.4
Due from other banks		2,313.5	2,095.9
Derivative financial instruments		1,222.9	1,796.2
Financial assets at fair value through profit and loss		1,455.7	1,457.5
Investment securities		8,639.4	7,669.7
Loans and advances to customers	20	16,572.3	16,748.1
Property, plant and equipment		318.3	311.7
Intangible assets		210.6	239.1
Deferred income tax assets		66.0	80.1
Other assets		1,061.2	596.8
<b>Total assets</b>		<b>40,901.0</b>	<b>43,538.1</b>
<b>Liabilities</b>			
Due to other banks		1,038.6	922.8
Due to customers		32,592.3	34,035.4
Derivative financial instruments		1,039.1	1,642.9
Financial liabilities at fair value through profit and loss		174.2	402.0
Financial liabilities at amortised cost		3,101.2	3,684.7
Current income tax liabilities		9.3	19.7
Deferred income tax liabilities		16.3	17.4
Provisions	22	153.8	171.0
Other liabilities		593.1	576.9
<b>Total liabilities</b>		<b>38,717.9</b>	<b>41,472.8</b>
<b>Equity</b>			
Share capital	25	152.4	151.3
Share premium		1,966.0	1,971.4
Other reserves		38.8	(94.9)
Retained earnings		(325.9)	(314.3)
<b>Total shareholders' equity</b>		<b>1,831.3</b>	<b>1,713.5</b>
Additional equity components	26	351.0	351.0
Non-controlling interests		0.8	0.8
<b>Total equity</b>		<b>2,183.1</b>	<b>2,065.3</b>
<b>Total equity and liabilities</b>		<b>40,901.0</b>	<b>43,538.1</b>

The notes on pages 15 to 48 form an integral part of these condensed consolidated interim financial statements.

# Condensed consolidated interim statement of changes in equity for the six months ended 30 June 2023

CHF millions	Attributable to owners of the Group					Total additional equity components	Non-controlling interests	Total equity
	Share capital	Share premium	Other reserves	Retained earnings	Total shareholders' equity			
<b>Balance at 01 January 2022</b>	<b>152.2</b>	<b>2,014.7</b>	<b>138.2</b>	<b>(407.2)</b>	<b>1,897.9</b>	<b>351.0</b>	<b>42.6</b>	<b>2,291.5</b>
Net profit for the period				100.3	100.3		1.3	101.6
Foreign exchange losses on net investments in foreign operations, with no tax effect			(4.6)		(4.6)			(4.6)
Currency translation differences, with no tax effect			(17.3)		(17.3)		(1.5)	(18.8)
Net losses on investments in debt instruments measured at fair value through other comprehensive income, with no tax effect			(111.3)		(111.3)			(111.3)
Net realised losses on debt instruments measured at fair value through other comprehensive income reclassified to the income statement, with no tax effect			7.0		7.0			7.0
Net gains on cash flow hedges, with no tax effect			1.5		1.5			1.5
Change in loss allowances on debt instruments measured at fair value through other comprehensive income, with no tax effect			0.1		0.1			0.1
Retirement benefit losses			(22.9)		(22.9)			(22.9)
Tax effect on retirement benefit losses			4.5		4.5			4.5
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(143.0)</b>	<b>100.3</b>	<b>(42.7)</b>	<b>-</b>	<b>(0.2)</b>	<b>(42.9)</b>
New shares issued	0.8				0.8			0.8
Repurchase of Bons de Participation	(0.2)	0.4	(13.2)		(13.0)			(13.0)
Ordinary shares repurchased	(0.6)	(7.5)			(8.1)			(8.1)
Dividend paid on ordinary shares				(109.7)	(109.7)			(109.7)
Distribution to additional equity components				(20.5)	(20.5)			(20.5)
Equity-settled share-based plan expensed in the income statement			13.1		13.1			13.1
Employee equity incentive plans exercised	1.8	9.1	(30.6)	19.7	-			-
<b>Balance at 30 June 2022</b>	<b>154.0</b>	<b>2,016.7</b>	<b>(35.5)</b>	<b>(417.4)</b>	<b>1,717.8</b>	<b>351.0</b>	<b>42.4</b>	<b>2,111.2</b>

The notes on pages 15 to 48 form an integral part of these condensed consolidated interim financial statements.

# Condensed consolidated interim statement of changes in equity for the six months ended 30 June 2023 continued

CHF millions	Attributable to owners of the Group				Total shareholders' equity	Additional equity components	Non-controlling interests	Total equity
	Share capital	Share premium	Other reserves	Retained earnings				
<b>Balance at 01 July 2022</b>	<b>154.0</b>	<b>2,016.7</b>	<b>(35.5)</b>	<b>(417.4)</b>	<b>1,717.8</b>	<b>351.0</b>	<b>42.4</b>	<b>2,111.2</b>
Net profit for the period				102.1	102.1			102.1
Foreign exchange losses on net investments in foreign operations, with no tax effect			(3.3)		(3.3)			(3.3)
Currency translation differences, with no tax effect			(32.1)		(32.1)		0.1	(32.0)
Net losses on investments in debt instruments measured at fair value through other comprehensive income, with no tax effect			(42.2)		(42.2)			(42.2)
Tax effect on net losses on investments in debt instruments measured at fair value through other comprehensive income			6.8		6.8			6.8
Currency translation losses transferred to the income statement, with no tax effect			12.2		12.2			12.2
Net realised losses on debt instruments measured at fair value through other comprehensive income reclassified to the income statement, with no tax effect			3.1		3.1			3.1
Net losses on cash flow hedges, with no tax effect			(1.5)		(1.5)			(1.5)
Retirement benefit losses			(16.7)		(16.7)			(16.7)
Tax effect on retirement benefit losses			3.4		3.4			3.4
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(70.3)</b>	<b>102.1</b>	<b>31.8</b>	<b>-</b>	<b>0.1</b>	<b>31.9</b>
New shares issued	(0.8)				(0.8)			(0.8)
Repurchase of Bons de Participation			0.3		0.3			0.3
Disposal of subsidiaries							(41.7)	(41.7)
Ordinary shares repurchased	(3.3)	(49.7)			(53.0)			(53.0)
Equity-settled share-based plan expensed in the income statement			17.4		17.4			17.4
Employee equity incentive plans exercised	1.4	4.4	(6.8)	1.0	-			-
<b>Balance at 31 December 2022</b>	<b>151.3</b>	<b>1,971.4</b>	<b>(94.9)</b>	<b>(314.3)</b>	<b>1,713.5</b>	<b>351.0</b>	<b>0.8</b>	<b>2,065.3</b>

The notes on pages 15 to 48 form an integral part of these condensed consolidated interim financial statements.

# Condensed consolidated interim statement of changes in equity for the six months ended 30 June 2023 continued

CHF millions	Attributable to owners of the Group							
	Share capital	Share premium	Other reserves	Retained earnings	Total shareholders' equity	Additional equity components	Non-controlling interests	Total equity
<b>Balance at 01 January 2023</b>	<b>151.3</b>	<b>1,971.4</b>	<b>(94.9)</b>	<b>(314.3)</b>	<b>1,713.5</b>	<b>351.0</b>	<b>0.8</b>	<b>2,065.3</b>
Adjustment on reclassification of investments (see Note 3)			166.6		166.6			166.6
Tax effect of adjustment on reclassification of investments (see Note 3)			(6.4)		(6.4)			(6.4)
Net profit for the period				147.6	147.6			147.6
Foreign exchange losses on net investments in foreign operations, with no tax effect			2.0		2.0			2.0
Currency translation differences, with no tax effect			(16.8)		(16.8)			(16.8)
Net gains on cash flow hedges, with no tax effect			4.2		4.2			4.2
Retirement benefit losses			(3.9)		(3.9)			(3.9)
Tax effect on retirement benefit losses			0.8		0.8			0.8
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>146.5</b>	<b>147.6</b>	<b>294.1</b>	<b>-</b>	<b>-</b>	<b>294.1</b>
Ordinary shares repurchased	(2.2)	(37.5)			(39.7)			(39.7)
Dividend paid on ordinary shares				(136.7)	(136.7)			(136.7)
Distribution to additional equity components				(20.4)	(20.4)			(20.4)
Equity-settled share-based plan expensed in the income statement			20.5		20.5			20.5
Employee equity incentive plans exercised	3.3	32.1	(33.3)	(2.1)	-			-
<b>Balance at 30 June 2023</b>	<b>152.4</b>	<b>1,966.0</b>	<b>38.8</b>	<b>(325.9)</b>	<b>1,831.3</b>	<b>351.0</b>	<b>0.8</b>	<b>2,183.1</b>

The notes on pages 15 to 48 form an integral part of these condensed consolidated interim financial statements.

# Condensed consolidated interim cash flow statement for the six months ended 30 June 2023

	Half-year ended 30 June 2023 CHF millions	Half-year ended 30 June 2022 CHF millions
Cash flows from operating activities	173.7	52.6
Changes in operating assets and liabilities	(1,568.3)	1,184.4
Net cash flows used in investing activities	(922.4)	(341.9)
Net cash flows from financing activities	(210.7)	(357.9)
Effect of exchange rate changes on cash and cash equivalents	(5.7)	(0.5)
<b>Net change in cash and cash equivalents</b>	<b>(2,533.4)</b>	536.7
Cash and cash equivalents at beginning of period	13,086.1	12,654.5
Net change in cash and cash equivalents	(2,533.4)	536.7
<b>Cash and cash equivalents</b>	<b>10,552.7</b>	13,191.2

## Cash and cash equivalents

Cash and cash equivalents comprise the following balances with less than 90 days maturity:

	30 June 2023 CHF millions	30 June 2022 CHF millions
Cash and balances with central banks	7,049.0	10,266.9
Treasury bills and other eligible bills	1,586.4	706.5
Due from other banks – at sight	812.3	833.4
Due from other banks – at term	1,105.0	1,384.4
<b>Cash and cash equivalents</b>	<b>10,552.7</b>	13,191.2

The notes on pages 15 to 48 form an integral part of these condensed consolidated interim financial statements.



# Notes to the condensed consolidated interim financial statements

## 1. General information

EFG International AG and its subsidiaries (hereinafter collectively referred to as “EFG International Group” or “The Group”) are a leading global private banking group, offering private banking, wealth management and asset management services. EFG International AG is a limited liability company and is incorporated and domiciled in Switzerland. The Group is listed on the SIX Swiss Exchange.

These unaudited consolidated interim financial statements were approved for issue by the Board of Directors on 25 July 2023.

## 2. Accounting policies and valuation principles

EFG International’s consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and are presented in Swiss francs (CHF).

These condensed consolidated interim financial statements are unaudited and should be read in conjunction with the audited financial statements included in the Group’s consolidated financial statements for the year ended 31 December 2022. The impact of seasonality on these condensed consolidated interim financial statements is not considered as material.

These condensed consolidated interim financial statements are presented in accordance with IAS 34 Interim Financial Reporting. In preparing the interim financial statements, the same accounting policies, methods of computation and presentation have been applied as in the consolidated financial statements for the year ended 31 December 2022, with the exception of 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”, effective 01 January 2023.

The preparation of interim financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The process also requires management to exercise its judgement in the process of applying the Group’s accounting policies. Although these estimates are based on

management’s best knowledge of current events and actions, actual results ultimately may differ from those estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key estimates were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

A summary of any standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group are included in note 2 of the consolidated financial statements for the year ended 31 December 2022.

Where necessary, comparative information has been adjusted to conform to changes in presentation in the current year.

These condensed consolidated interim financial statements are available in English only.

## 3. Change in accounting policies

No new accounting standards and interpretations have been published for the reporting period that impact the Group in the current or future reporting periods and on foreseeable future transactions.

On 22 December 2022 the Group announced an accounting change related to its holdings of fixed income securities in connection with the new capital management framework that it presented in October 2022. As a result of this change, the Group reclassified a portfolio of financial assets from “financial assets measured at fair value through other comprehensive income” to “other financial assets measured at amortised cost”, effective 01 January 2023. This reclassification helps to reduce volatility in the Group’s regulatory capital and has no impact on its income statement.

The Group has continuously strengthened its liquidity position in recent years and has a highly liquid balance sheet which does not require it to hold the same high levels of available-for-sale investment securities. To reduce volatility in its CET1 capital ratio (management floor of 12%, reduced from 14% previously), the Group decided to change its treasury business model for the management of its holdings of fixed income securities to align it with the new

# Notes to the condensed consolidated interim financial statements

capital management framework and liquidity funding model.

In line with the principles of IFRS 9, that require a reclassification when an entity changes its business model for managing financial instruments, the Group has reclassified a portfolio of high quality liquid financial assets with a fair value of CHF 5.2 billion from “financial assets measured at fair value through other comprehensive income” to “other financial assets measured at amortised cost”, effective 01 January 2023. Prior to the reclassification of the portfolio, the Group recognised cumulative unrealised losses of CHF 166.6 million in Other comprehensive income has been cancelled on 01 January 2023. The Group has recognised a net increase of CHF 160.2 million of shareholders’ equity. The portfolio of financial assets carrying value has increased by CHF 166.6 million and the related deferred tax assets decreased by CHF 6.4 million.

## 4. Financial risk assessment and management

EFG International offers private banking and asset management services as well as financial products with a focus on high-net-worth individuals. In pursuing its business objectives, it is exposed to risks, which may have an impact on its financial, business, social or other objectives.

A strong risk management framework is fundamental in the sustainable management of its business. EFG International is committed to actively managing and mitigating risks specific to its private banking and institutional clients, being

particularly alert to compliance and operational risks, including financial crime risks, fraud risks and conduct risks.

EFG International monitors legacy risks in connection with its nostro life insurance investment portfolio and litigation cases relating to discontinued businesses.

EFG International is committed to maintaining a strong risk management framework in the day-to-day business activities and decision making processes across the organisation.

A summary of the Group’s approach to risk management, risk governance, and risk appetite are included in the note 5 of the 2022 Annual Report. There have been no significant changes in the Group’s financial risk management objectives and policies in the six months ended 30 June 2023.

## 5. Credit risk

The Group’s primary credit exposures relate to loans collateralised by securities portfolios and by mortgages, and to highly rated financial institutions, sovereigns and corporates.

There were no purchased credit impaired balances during the reporting period, nor were the terms of contracts modified.

The table below summarises the carrying values and expected credit losses by stage of those financial assets that were measured at amortised cost (or at fair value through other comprehensive income) as of 30 June 2023.

	Total carrying value CHF millions	ECL staging			ECL allowance CHF millions
		Stage 1 CHF millions	Stage 2 CHF millions	Stage 3 CHF millions	
<b>30 June 2023</b>					
Cash and balances with central banks	7,049.0				
Treasury bills and other eligible bills	1,992.1	0.1			0.1
Due from other banks	2,313.5				
Mortgage loans	5,717.4	0.9	0.4	6.0	7.3
Lombard and other loans	10,854.9	1.7	0.2	4.9	6.8
Investment securities	8,639.4	0.2			0.2
<b>Total on-balance sheet assets as at</b>					
<b>30 June 2023</b>	<b>36,566.3</b>	<b>2.9</b>	<b>0.6</b>	<b>10.9</b>	<b>14.4</b>
Loan commitments	251.4				
Financial guarantees	234.3		0.4		0.4
<b>Total</b>	<b>37,052.0</b>	<b>2.9</b>	<b>1.0</b>	<b>10.9</b>	<b>14.8</b>

# Notes to the condensed consolidated interim financial statements

The table below summarises the carrying values and expected credit loss allowances by stage of those financial assets that were measured at amortised cost (or at fair value through other comprehensive income) as of 31 December 2022:

	Total carrying value CHF millions	ECL staging			ECL allowance included in carrying values CHF millions
		Stage 1 CHF millions	Stage 2 CHF millions	Stage 3 CHF millions	
<b>31 December 2022</b>					
Cash and balances with central banks	9,487.6				
Treasury bills and other eligible bills	3,055.4	0.1			0.1
Due from other banks	2,095.9				
Mortgage loans	5,660.3	0.5	0.3	5.2	6.0
Lombard and other loans	11,087.8	1.9	0.3	6.0	8.2
Investment securities	7,669.7	0.5			0.5
<b>Total on-balance sheet assets as at 31 December 2022</b>	<b>39,056.7</b>	<b>3.0</b>	<b>0.6</b>	<b>11.2</b>	<b>14.8</b>
Loan commitments	164.8				
Financial guarantees	231.8	0.1	0.4		0.5
<b>Total</b>	<b>39,453.3</b>	<b>3.1</b>	<b>1.0</b>	<b>11.2</b>	<b>15.3</b>

Loans and advances to customers comprise the following:

		30 June 2023	31 December 2022
		CHF millions	CHF millions
(i) Mortgage loans	Gross	5,724.7	5,666.3
	Loss allowances	(7.3)	(6.0)
(ii) Lombard loans	Gross	10,728.5	10,941.9
	Loss allowances	(2.6)	(3.2)
(iii) Other loans	Gross	133.2	154.1
	Loss allowances	(4.2)	(5.0)
<b>Total loans and advances to customers</b>		<b>16,572.3</b>	<b>16,748.1</b>

## 5.1 Mortgage loans

The tables below present the aggregate changes in gross carrying values and loss allowances for mortgage loans:

Gross carrying value of mortgage loans	Stage 1 CHF millions	Stage 2 CHF millions	Stage 3 CHF millions	CHF millions
<b>Gross carrying value as at 01 January 2023</b>	<b>5,059.1</b>	<b>384.0</b>	<b>223.2</b>	<b>5,666.3</b>
Transfers:				
Transfer from Stage 1 to Stage 2	(153.9)	153.9		-
Transfer from Stage 1 to Stage 3	(22.8)		22.8	-
Transfer from Stage 2 to Stage 1	73.2	(73.2)		-
Transfer from Stage 2 to Stage 3		(51.8)	51.8	-
Transfer from Stage 3 to Stage 2		44.1	(44.1)	-
Financial assets derecognised during the period other than write-offs	(382.0)	(73.5)	(18.4)	<b>(473.9)</b>
New financial assets originated	405.0			<b>405.0</b>
Net change of exposure at default	70.3	13.3	14.9	<b>98.5</b>
Write-offs			(1.1)	<b>(1.1)</b>
FX and other movements	26.3	2.3	1.3	<b>29.9</b>
<b>Gross carrying value as at 30 June 2023</b>	<b>5,075.2</b>	<b>399.1</b>	<b>250.4</b>	<b>5,724.7</b>

Loss allowances on mortgage loans	Stage 1 12-month ECL CHF millions	Stage 2 lifetime ECL CHF millions	Stage 3 lifetime ECL CHF millions	Total CHF millions
<b>Loss allowances as at 01 January 2023</b>	<b>0.5</b>	<b>0.3</b>	<b>5.2</b>	<b>6.0</b>
<b>Movements with P&amp;L impact</b>				
Transfers:				
Transfer from Stage 2 to Stage 1	0.1	(0.1)		-
Transfer from Stage 3 to Stage 2		0.1	(0.1)	-
New financial assets originated or purchased	0.1			<b>0.1</b>
Changes in PD/LGDs/EADs	0.2	0.1	2.0	<b>2.3</b>
FX and other movements				-
<b>Total net P&amp;L charge during the period</b>	<b>0.4</b>	<b>0.1</b>	<b>1.9</b>	<b>2.4</b>
<b>Other movements with no P&amp;L impact</b>				
Write-offs			(1.1)	<b>(1.1)</b>
<b>Loss allowances as at 30 June 2023</b>	<b>0.9</b>	<b>0.4</b>	<b>6.0</b>	<b>7.3</b>

There were no purchased credit impaired balances during the reporting period, nor were the terms of contracts modified. In addition, no amounts were written off in the period.

# Notes to the condensed consolidated interim financial statements

## 5.2 Lombard loans

The table below presents the aggregate changes in gross carrying values and loss allowances for lombard loans:

<b>Gross carrying value of lombard loans</b>	<b>Stage 1 CHF millions</b>	<b>Stage 2 CHF millions</b>	<b>Stage 3 CHF millions</b>	<b>CHF millions</b>
<b>Gross carrying value as at</b>				
<b>01 January 2023</b>	<b>10,891.6</b>	<b>34.5</b>	<b>15.8</b>	<b>10,941.9</b>
Transfers:				
Transfer from Stage 1 to Stage 2	(5.9)	5.9		-
Transfer from Stage 2 to Stage 1	5.5	(5.5)		-
Financial assets derecognised during the period other than write-offs	(1,013.2)	(0.1)	(13.0)	<b>(1,026.3)</b>
New financial assets originated or purchased	1,128.6			<b>1,128.6</b>
Net change of exposure at default	(213.6)	(1.3)	0.3	<b>(214.6)</b>
Write-offs		(0.1)	(0.5)	<b>(0.6)</b>
FX and other movements	(100.5)			<b>(100.5)</b>
<b>Gross carrying value as at 30 June 2023</b>	<b>10,692.5</b>	<b>33.4</b>	<b>2.6</b>	<b>10,728.5</b>
<b>Loss allowances on lombard loans</b>	<b>Stage 1 12-month ECL CHF millions</b>	<b>Stage 2 lifetime ECL CHF millions</b>	<b>Stage 3 lifetime ECL CHF millions</b>	<b>Total CHF millions</b>
<b>Loss allowances as at 01 January 2023</b>	<b>0.1</b>	<b>0.3</b>	<b>2.8</b>	<b>3.2</b>
<b>Movements with P&amp;L impact</b>				
Transfers:				
Transfer from Stage 2 to Stage 1	0.1	(0.1)		-
New financial assets originated or purchased				-
Financial assets derecognised during the period		(0.1)		<b>(0.1)</b>
Changes in PD/LGDs/EADs	(0.1)	0.1		-
FX and other movements				-
<b>Total net P&amp;L charge during the period</b>	<b>-</b>	<b>(0.1)</b>	<b>-</b>	<b>(0.1)</b>
<b>Other movements with no P&amp;L impact</b>				
Write-offs			(0.5)	<b>(0.5)</b>
<b>Loss allowances as at 30 June 2023</b>	<b>0.1</b>	<b>0.2</b>	<b>2.3</b>	<b>2.6</b>

There were no purchased credit impaired balances during the reporting period, nor were the terms of contracts modified.

### 5.3 Other loans

The following table presents the aggregate changes in gross carrying values and loss allowances for other loans (which include commercial loans, loans to public entities, unsecured overdrafts):

<b>Gross carrying value of other loans</b>	<b>Stage 1 CHF millions</b>	<b>Stage 2 CHF millions</b>	<b>Stage 3 CHF millions</b>	<b>CHF millions</b>
<b>Gross carrying value as at 01 January 2023</b>	<b>142.4</b>	<b>1.0</b>	<b>10.7</b>	<b>154.1</b>
Transfers:				
Transfer from Stage 1 to Stage 3	(0.1)		0.1	–
Transfer from Stage 2 to Stage 3		(0.6)	0.6	–
Financial assets derecognised during the period other than write-offs	(16.6)		(3.1)	<b>(19.7)</b>
New financial assets originated or purchased	8.4			<b>8.4</b>
Net change of exposure at default	(8.5)	0.1	(0.1)	<b>(8.5)</b>
Write-offs			(0.3)	<b>(0.3)</b>
FX and other movements	(0.6)	(0.1)	(0.1)	<b>(0.8)</b>
<b>Gross carrying value as at 30 June 2023</b>	<b>125.0</b>	<b>0.4</b>	<b>7.8</b>	<b>133.2</b>

<b>Loss allowances on other loans</b>	<b>Stage 1 12-month ECL CHF millions</b>	<b>Stage 2 lifetime ECL CHF millions</b>	<b>Stage 3 lifetime ECL CHF millions</b>	<b>Total CHF millions</b>
<b>Loss allowances as at 01 January 2023</b>	<b>1.8</b>	<b>–</b>	<b>3.2</b>	<b>5.0</b>
<b>Movements with P&amp;L impact</b>				
Financial assets derecognised during the period			(0.4)	<b>(0.4)</b>
Changes in PD/LGDs/EADs	(0.2)		0.1	<b>(0.1)</b>
<b>Total net P&amp;L charge during the period</b>	<b>(0.2)</b>	<b>–</b>	<b>(0.3)</b>	<b>(0.5)</b>
<b>Other movements with no P&amp;L impact</b>				
Write-offs	–	–	(0.3)	<b>(0.3)</b>
<b>Loss allowances as at 30 June 2023</b>	<b>1.6</b>	<b>–</b>	<b>2.6</b>	<b>4.2</b>

There were no purchased credit impaired balances during the reporting period, nor were the terms of any contracts modified.

# Notes to the condensed consolidated interim financial statements

## 6. Valuation of financial assets and liabilities

### 6.1 Financial assets and liabilities measured at fair value

#### (a) Fair value hierarchy

IFRS 13 requires classification of financial instruments at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as price) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no transfers between levels in the current period.

	30 June 2023			
	Level 1 CHF millions	Level 2 CHF millions	Level 3 CHF millions	Total CHF millions
Derivative financial instruments (assets):				
Currency derivatives		519.7		519.7
Interest rate derivatives		206.9		206.9
Equity derivatives		451.3		451.3
Other derivatives		15.4		15.4
Life insurance related			29.6	29.6
<b>Total derivatives assets</b>	<b>–</b>	<b>1,193.3</b>	<b>29.6</b>	<b>1,222.9</b>
Financial assets at fair value through profit and loss:				
Debt	284.4	436.3		720.7
Equity	0.1		97.4	97.5
Life insurance related			615.7	615.7
Investment funds		21.8		21.8
<b>Total financial assets at fair value through profit and loss</b>	<b>284.5</b>	<b>458.1</b>	<b>713.1</b>	<b>1,455.7</b>
<b>Total assets measured at fair value through profit and loss</b>	<b>284.5</b>	<b>1,651.4</b>	<b>742.7</b>	<b>2,678.6</b>
<b>Total assets measured at fair value</b>	<b>284.5</b>	<b>1,651.4</b>	<b>742.7</b>	<b>2,678.6</b>



30 June 2023

	Level 1 CHF millions	Level 2 CHF millions	Level 3 CHF millions	Total CHF millions
Derivative financial instruments (liabilities):				
Currency derivatives		(503.5)		(503.5)
Interest rate derivatives		(27.5)		(27.5)
Equity derivatives		(490.2)		(490.2)
Other derivatives		(17.9)		(17.9)
<b>Total derivatives liabilities</b>	<b>-</b>	<b>(1,039.1)</b>	<b>-</b>	<b>(1,039.1)</b>
Financial liabilities designated at fair value:				
Equity	(0.4)	(0.4)		(0.8)
Debt	(24.1)	(8.8)		(32.9)
Structured products				-
Life insurance related			(140.5)	(140.5)
<b>Total financial liabilities designated at fair value</b>	<b>(24.5)</b>	<b>(9.2)</b>	<b>(140.5)</b>	<b>(174.2)</b>
<b>Total liabilities measured at fair value</b>	<b>(24.5)</b>	<b>(1,048.3)</b>	<b>(140.5)</b>	<b>(1,213.3)</b>
<b>Assets less liabilities measured at fair value</b>	<b>260.0</b>	<b>603.1</b>	<b>602.2</b>	<b>1,465.3</b>

# Notes to the condensed consolidated interim financial statements

## Movement in Level 3 instruments

	Assets in Level 3		
	Derivative financial instruments CHF millions	Financial assets measured at fair value through profit and loss CHF millions	Total assets in Level 3 CHF millions
At 01 January 2023	31.8	788.7	820.5
Total gains or losses in the income statement –			
Net gains/(losses) from changes in fair value	0.1	(31.1)	(31.0)
Purchases/premiums paid	1.3	56.7	58.0
Disposals/premiums received	(2.8)	(84.6)	(87.4)
Exchange differences	(0.8)	(16.6)	(17.4)
<b>At 30 June 2023</b>	<b>29.6</b>	<b>713.1</b>	<b>742.7</b>
Change in unrealised gains or losses for the period included in the income statement for assets held at the end of the reporting period	0.1	(31.1)	(31.0)

	Liabilities in Level 3	
	Financial liabilities designated at fair value CHF millions	Total liabilities in Level 3 CHF millions
At 01 January 2023	145.9	145.9
Total gains or losses in the income statement –		
Net gains from change in fair value	(1.8)	(1.8)
Purchases/premiums paid	6.4	6.4
Disposals/premiums received	(6.5)	(6.5)
Exchange differences	(3.5)	(3.5)
<b>At 30 June 2023</b>	<b>140.5</b>	<b>140.5</b>
Change in unrealised gains or losses for the period included in the income statement for liabilities held at the end of the reporting period	(1.8)	(1.8)

### (b) Fair value methodology used for Level 3 instruments – valuation technique

#### Valuation governance

The Group's model governance is outlined in a model vetting policy, which describes the Group's model risk governance framework, model validation approach and the model validation process.

A significant part of the independent price verification process is the estimation of the accuracy of modelling methods and input assumptions, which return fair value estimates derived from valuation techniques. As part of the model governance framework, the benchmarking of fair value estimates is performed against external sources and recalibration performed on a continuous basis against changes in fair value versus expectations. Fair value measurements are compared with observed prices and

market levels, for the specific instrument to be valued whenever possible.

As a result of the above and in order to align with independent market information and accounting standards, valuation adjustments may be made to the business's fair value estimate.

### Valuation techniques

If the market for a financial instrument is not active, the Group establishes fair value by using one of the following valuation techniques:

- Recent arm's-length market transactions between knowledgeable, willing parties (if available)
- Reference to the current fair value of another instrument (that is substantially the same)
- Discounted cash flow analysis
- Option pricing model
- Net asset value

<b>Valuation techniques</b>		<b>30 June 2023</b>	31 December 2022
		<b>CHF millions</b>	CHF millions
<b>Discounted cash flow analysis</b>	<b>Products</b>		
Financial assets at fair value through profit and loss	Equities	97.4	98.6
<hr/>			
<b>Discounted cash flow analysis and life expectancies (non-market observable inputs)</b>	<b>Products</b>		
Derivatives	Synthetic life insurance policies	29.6	31.8
Financial assets at fair value through profit and loss	Physical life insurance policies	615.7	690.1
Financial liabilities designated at fair value	Synthetic life insurance policies	(140.5)	(145.9)
<b>Total</b>		<b>602.2</b>	<b>674.6</b>

The Group values certain financial instruments at fair value, using models which rely on inputs to the models that are not based on observable market data (unobservable inputs). These financial instruments are classified as Level 3. Below is a summary of the valuation techniques and unobservable inputs to the valuations of these Level 3 financial instruments that significantly affect the value, and describe the interrelationship between observable inputs and how they affect the valuation.

#### (i) Life insurance policies

The Group uses a discounted cash flow valuation technique for the valuation of physical and synthetic life settlement policies and related financial instruments. The approach makes use of market-observable and non-market-observable inputs. See note 32 of the 2022 Annual Report for further details.

#### (ii) Equities

Equities comprise primarily the holding in SIX Group for CHF 72.6 million (2022: CHF 74.1 million).

The participation in SIX Group is based on a valuation, using the expected net asset value of SIX Group at the end of

June 2023, which the Group understands would be the basis for any sale or purchase between SIX Group shareholders. As SIX Group has not yet published its financial statements for June 2023 at the time of preparing these financial statements, the Group has made an estimate of the net asset value. To determine the net asset value as of 30 June 2023, the Group uses published SIX Group year-end net asset value and adds a projected profit for the period to June 2023, net of dividends paid. EFG International Group has recorded a loss of CHF (1.5) million (2022: loss of CHF (5.6) million for the full-year), as a result of a decrease of SIX Group net asset value during the second half of 2022 and the distribution of dividend in May 2023, partially compensated by the estimated net result of SIX Group at end of June 2023.

The sensitivity to the valuation of this asset is primarily linked to the changes in the net asset value of SIX Group, and the gain/loss taken through profit and loss for a 10% higher and 10% lower net profits would be a CHF 0.1 million gain or CHF (0.1) million loss on this position classified as fair value through profit and loss.

# Notes to the condensed consolidated interim financial statements

## (c) Life insurance related assets fair value

The Group holds the following life-insurance-related financial assets and liabilities:

Classification		30 June 2023 Number of insureds	30 June 2023 Average age Years	30 June 2023 Average life expectancy Years	30 June 2023 Net death benefits CHF millions	30 June 2023 Fair value CHF millions
Financial assets at fair value through profit and loss	Physical policies	175	93.1	3.7	1,109.3	615.7
Derivative financial instruments	Synthetic policies	56	91.9	4.4	56.7	29.6
Financial liabilities designated at fair value	Synthetic policies	(45)	(90.5)	(4.3)	(220.4)	(140.5)
<b>Total</b>		<b>186</b>			<b>945.6</b>	<b>504.8</b>

These life insurance policies are issued by US life insurance companies. The Group pays a periodic premium to the life insurance company to keep the policy in good standing and, upon the insured individual (US-based) having deceased, the life insurance company pays a lump sum death benefit to the Group. Should the Group not pay the necessary periodic premium, the insurance policy would lapse, and this would imply a full write-down of the life insurance policy.

The key risks that the Group is exposed to (and which impact the fair value) include the following:

- Longevity
- Change in premium streams (cost of insurance)
- Counterparty credit risk
- Interest rate risk

The Group values these financial assets and liabilities at fair value using models. As the market for life settlement policies is private and fragmented, the models rely on inputs to the models that are not based on observable market data (unobservable inputs), and assumptions are made in determining relevant risk adjustments. These financial instruments are classified as Level 3.

The fair value is calculated using cash flows market participants would expect, based on management judgement that is based on information provided by independent parties specialised in calculating future cost of insurance charges for life insurance policies and adjusted to account for uncertainties.

The determination of the fair value for this portfolio is a critical process, and therefore the Group reviews these estimates on a periodic basis and relies on expert actuaries and legal advisors in order to minimise risks surrounding the assumptions related to the life expectancy and cost of insurance estimates.

The determination of the fair value of these financial assets and liabilities requires management judgement on the below valuation inputs:

### (i) Longevity assumptions

The assumptions on life expectancy are based on the Valuation Basic Table (VBT) last published by the Society of Actuaries in 2015 and adjusted by external life settlement underwriters and actuaries to reflect the individual medical characteristics of the referenced insureds. Premium estimates are based on cost of insurance estimates, which are provided by independent parties specialised and experienced in the field of premium calculations for life settlement policies. The Group conducts a regular in-depth review of such providers to ensure high-quality standards and reliability of the forecasts.

### (ii) Premium streams and cost of insurance

The determination of the best estimate cash flows included in the valuation of the life insurance for the fair value estimate of these assets under IFRS 13 is considered to be a critical accounting judgement for the Group, due to the lack of observable readily available information and the complexity of the determination of these assumptions.

The Group uses management's best estimate (considering historic information and relying on specialised opinions) and information from external service providers about trends and market developments. Management also considers that the outcome of disputes involving significant increases in premiums observed in the US market will affect the expected premiums payable.

The determination of the appropriate level of increase of cost of insurance in the underlying policies is one of the most important assumptions applied by management in the valuation model. Increases in cost of insurance consider the aging of the insured persons and increases in pricing levels of premiums imposed by certain carriers that issued these policies. The majority of life insurance policies have increasing annual premiums payable. In certain instances, additional increases have been announced by insurance companies. The Group considers these increases in cost of insurance to be unjustified and has challenged their implementation in US courts.

The outcome of disputes involving significant increases in premiums observed in the US market affecting the life insurance policies in the portfolio are taken into account. In these cases, management has, in line with market participants, set their own best estimates taking into account the factors outlined above and the relevant contracts. As the ultimate resolution of these legal actions is significant for the Group, it relies on actuaries to set the cost of insurance assumptions.

The Group will also take legal actions against other carriers that have indicated that they will increase premiums. The Group believes that it will prevail in these claims, however legal proceedings are inherently unpredictable, and the actual future outcome might materially differ from the Group's expectations.

(iii) Counterparty credit risk

This is the risk of default of the insurance carrier. Credit risk is taken into account through applying a notching-based probability of default approach that takes the credit rating assigned by a recognised agency into consideration as starting point. The Group is of the view that US life insurance carriers are operating in a highly regulated environment, which would ensure that the rights of the beneficiary under a life insurance policy remain protected and claims under such policies rank among the most senior liabilities.

(iv) Interest rate risk

The risk-adjusted cash flows have been discounted at the term matching linearly interpolated market swap curve.

# Notes to the condensed consolidated interim financial statements

## Sensitivities

The sensitivity to the fair value of the Group's life-insurance-related assets and liabilities held at fair value are included below:

	<b>Discount factor</b>		<b>Longevity</b>		<b>Premium estimates</b>				
	-1% CHF millions	+1% CHF millions	-3 months CHF millions	+3 months CHF millions	-5% CHF millions	+5% CHF millions			
<b>Life settlement sensitivities</b>									
Financial assets at fair value			Physical policies	30.4	(27.9)	22.3	(21.5)	15.5	(15.5)
Derivative financial instruments			Synthetic policies	1.0	(1.0)	0.3	(0.3)		
Financial liabilities designated at fair value			Synthetic policies	(6.0)	5.5	(4.2)	4.2		
<b>Profit and loss sensitivity</b>				<b>25.4</b>	<b>(23.4)</b>	<b>18.4</b>	<b>(17.6)</b>	<b>15.5</b>	<b>(15.5)</b>

The assumptions related to premiums and cost of insurance take the market participants' view on the merits of the ongoing legal cases of the Group and other plaintiffs into account. The impact of an adverse development and ultimate resolution of these proceedings would be a decrease on the Group's fair value assumptions by CHF 74.2 million (31 December 2022: CHF 77.2 million) with related loss recognised through the profit and loss.

The impact of counterparty credit risk for a two-notch downgrade would be a CHF 1.8 million (31 December 2022: CHF 3.2 million) decrease in fair value.

#### (d) Offsetting

The following financial assets and financial liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts of recognised financial assets CHF millions	Gross amounts of recognised financial liabilities set off in the balance sheet CHF millions	Net amounts of recognised financial assets presented in the balance sheet CHF millions	Related amounts not set off in the balance sheet		Net exposure CHF millions
				Financial assets subject to netting agreements CHF millions	Cash collateral CHF millions	
Cash and balances with central banks	1,300.0		1,300.0	(1,300.0)		
Due from other banks	791.6		791.6	(791.6)		
Derivatives	1,222.9		1,222.9	(780.0)	(422.9)	20.0
FVTPL – Life insurance policies	130.9		130.9	(130.9)		
<b>Total financial assets</b>	<b>3,445.4</b>	<b>–</b>	<b>3,445.4</b>	<b>(3,002.5)</b>	<b>(422.9)</b>	<b>20.0</b>

	Gross amounts of recognised financial liabilities CHF millions	Gross amounts of recognised financial assets set off in the balance sheet CHF millions	Net amounts of recognised financial liabilities presented in the balance sheet CHF millions	Related amounts not set off in the balance sheet		Net exposure CHF millions
				Financial liabilities subject to netting agreements CHF millions	Cash collateral CHF millions	
Derivatives	1,039.1		1,039.1	(655.0)	(382.7)	1.4
FVTPL – Synthetic life insurance	140.5		140.5	(140.5)		
<b>Total financial liabilities</b>	<b>1,179.6</b>	<b>–</b>	<b>1,179.6</b>	<b>(795.5)</b>	<b>(382.7)</b>	<b>1.4</b>

# Notes to the condensed consolidated interim financial statements

## 6.2 Financial assets and liabilities measured at amortised cost

The following table summarises the carrying values and fair values of those financial assets and liabilities that were measured at amortised cost as of 30 June 2023:

	Note	Carrying value CHF millions	Fair value CHF millions	Difference CHF millions
<b>At 30 June 2023</b>				
<b>Financial assets</b>				
Due from other banks	(i)	2,313.5	2,313.6	0.1
Loans and advances to customers	(ii)	16,572.3	16,574.2	1.9
Investment securities	(iii)	8,639.4	8,393.9	(245.5)
		<b>27,525.2</b>	<b>27,281.7</b>	<b>(243.5)</b>
<b>Financial liabilities</b>				
Due to other banks	(iv)	(1,038.6)	(1,038.6)	-
Due to customers	(iv)	(32,592.3)	(32,594.3)	(2.0)
Financial liabilities at amortised cost	(v)	(3,101.2)	(3,101.2)	-
		<b>(36,732.1)</b>	<b>(36,734.1)</b>	<b>(2.0)</b>
<b>Net assets and liabilities not measured at fair value</b>		<b>(9,206.9)</b>	<b>(9,452.4)</b>	<b>(245.5)</b>

### (i) Due from other banks

Due from other banks includes interbank placements and items in the course of collection. The fair value of floating rate placements, overnight deposits and term deposits with a maturity of less than 90 days is assumed to be their carrying amount, as the effect of discounting is not significant. The fair values are within Level 2 of the fair value hierarchy.

### (ii) Loans and advances to customers

Loans and advances are net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received up to the next interest reset date. Expected cash flows are discounted at current market rates to determine fair value. Determined fair values are within Level 2 of the fair value hierarchy.

### (iii) Investment securities

Investment securities held to maturity are reflected on an amortised cost basis. The fair value of the investment securities is based on the quoted market price of the

instrument. The fair values are within Level 1 of the fair value hierarchy.

### (iv) Due to other banks and customers

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. Expected cash flows are discounted at current market rates to determine fair value. Determined fair values are within Level 2 of the fair value hierarchy.

### (v) Financial liabilities at amortised cost

The value of structured products sold to clients is reflected on an accrual basis for the debt host (and on a fair value for the embedded derivative). The fair value of the debt host is based on the discounted amount of estimated future cash flows expected to be paid up to the date of maturity of the instrument. Expected cash flows are discounted at current market rates to determine fair value. The fair values are within Level 2 of the fair value hierarchy.



## 7. Assets under Management and Assets under Administration

	<b>30 June 2023</b> CHF millions	31 December 2022 CHF millions	30 June 2022 CHF millions
<b>Character of client assets</b>			
Equities	45,171	44,868	51,170
Deposits	32,673	33,928	35,829
Bonds	32,222	28,983	30,132
Loans	16,995	17,332	18,490
Structured notes	4,745	4,221	5,094
Hedge funds/Fund of hedge funds	3,070	3,169	3,430
Fiduciary deposits	2,625	1,948	920
Other	8,981	8,686	10,699
<b>Total Revenue-Generating Assets under Management</b>	<b>146,482</b>	143,135	155,764
<b>Total Assets under Administration</b>	<b>27,329</b>	29,654	32,307
<b>Total Assets under Management and Administration</b>	<b>173,811</b>	172,789	188,071

Assets under Administration are trust assets administered by the Group. The Group has CHF 6,770 million (2022: CHF 7,801 million) of Assets under Custody not included in the above.

The Group calculates Total Revenue-Generating Assets under Management (AUM) as the total market value of the assets and liabilities that the Group manages on behalf of clients. AUM include all assets and liabilities managed by or deposited with the Group on which the Group earns revenue. Assets under Custody excluded from AUM, are assets deposited with the Group held solely for safekeeping/custody purposes, and for which the Group does not offer advice on how the assets should be invested. AUM include lombard loans and mortgages, though does not include the real estate that is security for the mortgage.

When AUM are subject to more than one level of asset management services, double counting arises within the total AUM. Each such separate discretionary or advisory service provides additional benefits to the respective client and generates additional revenue to the Group. Double counts primarily include the self-managed collective investment schemes and structured products issued by Group companies which are also included in customer portfolios and already included in AUM.

On an annual basis, the Group discloses in its Annual Report Assets under Management according to the Guidelines of the Swiss Financial Market Supervisory Authority (FINMA) governing financial statement reporting

# Notes to the condensed consolidated interim financial statements

## 8. Net interest income

	Half-year ended 30 June 2023 CHF millions	Half-year ended 31 December 2022 CHF millions	Half-year ended 30 June 2022 CHF millions
Banks and customers	516.5	351.3	187.7
Investment securities	85.7	69.8	35.0
Treasury bills and other eligible bills	38.3	29.6	5.1
<b>Total interest and discount income</b>	<b>640.5</b>	450.7	227.8
Banks and customers	(336.0)	(174.0)	(60.2)
Financial liabilities at amortised cost	(53.3)	(31.4)	(11.7)
Lease liabilities	(1.8)	(1.6)	(1.6)
Subordinated loans	(0.2)	(0.2)	(2.3)
<b>Total interest expense</b>	<b>(391.1)</b>	(207.2)	(75.8)
<b>Net interest income</b>	<b>249.4</b>	243.5	152.0

Interest expense on banks and customers includes negative interest on Swiss francs and Euro deposits placed by the Group at the Swiss National Bank and the European Central

Bank. For the half-year ended 30 June 2023, this amounted to nil (CHF 1.0 million and CHF 18.3 million for the half-year ended December 2022 and June 2022, respectively).

## 9. Net banking fee and commission income

	Half-year ended 30 June 2023 CHF millions	Half-year ended 31 December 2022* CHF millions	Half-year ended 30 June 2022* CHF millions
Advisory and management fees	198.4	195.3	232.7
Brokerage fees	126.6	120.7	160.4
Commission and fee income on other services	73.1	69.0	82.3
<b>Banking fee and commission income</b>	<b>398.1</b>	385.0	475.4
Commission and fee expenses on other services	(103.9)	(111.4)	(119.5)
<b>Banking fee and commission expense</b>	<b>(103.9)</b>	(111.4)	(119.5)
<b>Net banking fee and commission income</b>	<b>294.2</b>	273.6	355.9

\* The comparative information has been restated, the Group reclassified "Brokerage fees" that were previously reported under "Commission and fee income on other services".

## 10. Dividend income

	Half-year ended 30 June 2023 CHF millions	Half-year ended 31 December 2022 CHF millions	Half-year ended 30 June 2022 CHF millions
Financial assets at fair value through profit and loss	2.7	0.4	1.8
<b>Dividend income</b>	<b>2.7</b>	0.4	1.8

## 11. Income from foreign exchange activities

	Half-year ended 30 June 2023 CHF millions	Half-year ended 31 December 2022* CHF millions	Half-year ended 30 June 2022* CHF millions
Clients revenue from currency and metals transactions	63.7	48.6	51.8
Currency, precious metals operations	80.0	78.5	55.0
Other	(2.3)	(5.6)	(3.6)
<b>Income from foreign exchange activities</b>	<b>141.4</b>	121.5	103.2

\* The comparative information has been restated, the Group reclassified client currency revenues that were previously reported under "Currency, precious metals operations" to "Clients revenue from currency and metals transactions".

## 12. Fair value gains less losses on financial instruments measured at fair value

	Half-year ended 30 June 2023 CHF millions	Half-year ended 31 December 2022 CHF millions	Half-year ended 30 June 2022 CHF millions
<b>Financial instruments measured at fair value</b>			
Equity securities	(0.7)	(1.9)	(4.0)
Life insurance securities	34.7	15.7	4.1
Other	3.8	19.4	(4.8)
<b>Fair value gains less losses on financial instruments measured at fair value</b>	<b>37.8</b>	33.2	(4.7)

# Notes to the condensed consolidated interim financial statements

## 13. Gains less losses on disposal of investment securities

	Half-year ended 30 June 2023 CHF millions	Half-year ended 31 December 2022 CHF millions	Half-year ended 30 June 2022 CHF millions
Debt securities	(0.8)	(3.1)	(7.0)
<b>Gains less losses on disposal of investment securities</b>	<b>(0.8)</b>	<b>(3.1)</b>	<b>(7.0)</b>

## 14. Other operating income/(expenses)

	Half-year ended 30 June 2023 CHF millions	Half-year ended 31 December 2022 CHF millions	Half-year ended 30 June 2022 CHF millions
Other losses	(3.8)	(3.6)	(1.2)
Other profits	3.9	5.2	3.9
Gain on disposal of subsidiary		7.6	
Currency translation losses recycled to the income statement on disposal of subsidiary		(12.2)	
<b>Other operating income</b>	<b>0.1</b>	<b>(3.0)</b>	<b>2.7</b>

## 15. Loss allowances (expense)/release

Loss allowances expense includes all expected credit loss movements with an income statement impact:

	Half-year ended 30 June 2023 CHF millions	Half-year ended 31 December 2022 CHF millions	Half-year ended 30 June 2022 CHF millions
Change in loss allowance on due from other banks	(0.1)	0.2	(0.1)
Change in loss allowance on lombard loans	0.1		0.4
Change in loss allowance on other loans	0.5	(5.0)	0.5
Change in loss allowance on mortgages	(2.4)	1.4	
Change in loss allowance on Treasury bills		(0.1)	
Change in loss allowance on investment securities (at amortised cost)	(0.1)	(0.1)	
Change in loss allowance on investment securities (at fair value)		(0.2)	0.1
Change in loss allowance on off-balance sheet items	0.1	(0.1)	0.1
<b>Total loss allowances (expense)/release</b>	<b>(1.9)</b>	<b>(3.9)</b>	<b>1.0</b>

## 16. Operating expenses

	Note	Half-year ended 30 June 2023 CHF millions	Half-year ended 31 December 2022 CHF millions	Half-year ended 30 June 2022 CHF millions
Staff costs	17	(381.6)	(354.5)	(334.2)
Professional services		(22.7)	(22.0)	(13.0)
Advertising and marketing		(6.1)	(5.8)	(5.6)
Administrative expenses		(40.4)	(36.9)	(43.3)
Depreciation of property, plant and equipment		(5.7)	(5.7)	(5.9)
Depreciation of right-of-use assets		(16.4)	(16.7)	(20.3)
Amortisation of intangible assets:				
Computer software and licences		(12.9)	(13.0)	(10.8)
Other intangible assets		(4.9)	(5.0)	(5.3)
Legal and litigation expenses		(13.5)	(19.3)	(13.4)
Other		(23.5)	(19.0)	(25.3)
<b>Operating expenses</b>		<b>(527.7)</b>	<b>(497.9)</b>	<b>(477.1)</b>

## 17. Staff costs

	Half-year ended 30 June 2023 CHF millions	Half-year ended 31 December 2022 CHF millions	Half-year ended 30 June 2022 CHF millions
Wages, salaries and staff bonuses	(305.0)	(288.1)	(265.1)
Social security costs	(28.0)	(25.4)	(27.4)
Pension costs			
Retirement benefits	(12.0)	(9.6)	(5.8)
Other net pension costs	(7.7)	(5.8)	(7.1)
Employee equity incentive plans	(20.5)	(17.4)	(13.1)
Other	(8.4)	(8.2)	(15.7)
<b>Staff costs</b>	<b>(381.6)</b>	<b>(354.5)</b>	<b>(334.2)</b>

As at 30 June 2023, the number of full-time equivalent employees (FTEs) of the Group was 2,882 (2,828 and 3,003 for December 2022 and June 2022, respectively). The average for the period was 2,855 (2,927 and 3,015 for December 2022 and June 2022, respectively).

# Notes to the condensed consolidated interim financial statements

## 18. Impairment of intangible assets

	Half-year ended 30 June 2023 CHF millions	Half-year ended 31 December 2022 CHF millions	Half-year ended 30 June 2022 CHF millions
Computer software, licenses and others	(20.8)		
<b>Impairment of intangible assets</b>	<b>(20.8)</b>	-	-

Total impairment of intangible assets amounts to CHF 20.8 million in the half-year ended 30 June 2023 (half-year ended December 2022 and June 2022: nil). The charge arises primarily from the decision to implement a new e-banking solution, the carrying value of the existing e-banking solution has been written down with no remaining recoverable amount (CHF 16.2 million write-off). The asset previously belonged to the Corporate segment.

## 19. Income tax expense

	Half-year ended 30 June 2023 CHF millions	Half-year ended 31 December 2022 CHF millions	Half-year ended 30 June 2022 CHF millions
Current tax expense	(13.8)	(16.7)	(24.0)
Deferred income tax	(7.9)	0.8	6.5
<b>Income tax expense</b>	<b>(21.7)</b>	<b>(15.9)</b>	<b>(17.5)</b>

## 20. Loans and advances to customers

	Note	30 June 2023 CHF millions	31 December 2022 CHF millions
Mortgages		5,724.7	5,666.3
Lombard loans		10,728.5	10,941.9
Other loans		133.2	154.1
<b>Gross loans and advances</b>		<b>16,586.4</b>	<b>16,762.3</b>
Less: Loss allowances	21	(14.1)	(14.2)
<b>Loans and advances to customers</b>		<b>16,572.3</b>	<b>16,748.1</b>

## 21. Loss allowances on loans and advances to customers

	Half-year end 30 June 2023 CHF millions	Half-year end 31 December 2022 CHF millions	Half-year end 30 June 2022 CHF millions
<b>At beginning of period</b>	<b>(14.2)</b>	(15.1)	(16.9)
Loss allowances (expense)/release through profit and loss	(1.9)	(3.9)	1.0
Utilisation of provision	0.4	5.1	0.3
Exchange differences	1.6	(0.4)	0.6
<b>At end of period</b>	<b>(14.1)</b>	(14.3)	(15.0)

## 22. Provisions

	Provision for litigation risks CHF millions	Other provisions CHF millions	Total CHF millions
<b>At 01 January 2023</b>	<b>129.8</b>	<b>41.2</b>	<b>171.0</b>
Increase in provisions recognised in the income statement	6.8	1.3	8.1
Release of provisions recognised in the income statement		(3.0)	(3.0)
Provisions used during the period	(14.8)	(6.2)	(21.0)
Reclassification and other movements	1.0	(1.4)	(0.4)
Exchange differences	(0.5)	(0.4)	(0.9)
<b>At 30 June 2023</b>	<b>122.3</b>	<b>31.5</b>	<b>153.8</b>
Expected payment within 1 year	10.2	12.3	22.5
Expected payment between 1 year and 3 years	112.0	12.9	124.9
Expected payment thereafter	0.1	6.3	6.4
<b>At 30 June 2023</b>	<b>122.3</b>	<b>31.5</b>	<b>153.8</b>

### Provision for litigation risks

The provision for litigation risks decreased by CHF 7.5 million; primarily due to the utilisation of CHF 9.2 million of the provision against an escrow account (see (i) below).

- (i) A provision of CHF 100.7 million (2022: CHF 110.3 million) relates to the terms of a settlement agreement resolving all outstanding litigation between the Group and the rehabilitator of a Taiwanese insurance company. The settlement resolved a dispute concerning a secured loan facility granted in 2007 to an affiliate of the Taiwanese insurance company, which was placed into receivership in 2014. Under the terms of the settlement, EFG has paid USD 140 million into an escrow account, and as part of the agreement, EFG currently expects to recover in excess of USD 30 million over the next years.
- (ii) Other provisions of CHF 21.6 million remain for various litigation cases.

### Other provisions

Other provisions decreased by CHF 9.7 million, primarily due to a CHF 2.9 million profit and loss write-back following the successful resolution of one of the three litigation disputes described in (i) below, and a decrease in the provision for restructuring costs described in (iii) below which have been utilised for CHF 3.4 million.

# Notes to the condensed consolidated interim financial statements

- (i) The Group has a provision of CHF 9.4 million (2022: CHF 13.8 million) for success fees payable if the Group succeeds in recovering excess life insurance premiums from insurers who increased premiums. The overall position is likely to be resolved between one and three years.
- (ii) A provision of CHF 7.5 million (2022: CHF 5.6 million) has been made for claims arising from fraudulent activity by an ex-CRO. The overall position is likely to be resolved within one year.
- (iii) The Group has a provision of CHF 2.9 million (2022: CHF 9.2 million) for restructuring costs primarily relating to businesses being closed, which are likely to be utilised within a year.
- (vi) The Group has a provision of CHF 0.4 million (2022: CHF 0.5 million) for credit default risks. This relates to the expected credit losses under IFRS 9. The Group calculates expected credit losses on off-balance-sheet positions primarily related to guarantees. These losses are not expected to arise in the next 12 months. The profit and loss impact is reflected in the loss allowances expense, while for all other provision movements, the profit and loss impact is reflected in the provision expense line of the profit and loss.
- (v) Other provisions of CHF 11.3 million remain for various other potential cash outflows.

## 23. Contingent liabilities

EFG International Group is involved in various legal and arbitration proceedings in the normal course of its business operations. The Group establishes provisions (see note 22) for current and threatened pending legal proceedings if management is of the opinion that the Group is more likely than not to face payments or losses and if the amount of such payments or losses can be reliably estimated.

The Group discloses contingent liabilities that the management considers to be material, or to be significant due to potential financial, reputational and other effects.

The Group has differentiated the contingent liabilities into four categories as follows:

- a) Group does not expect a material cash outflow
- b) Group cannot reliably measure the obligation
- c) Group cannot reliably measure the obligation, however, any obligation arising would be offset by indemnification received
- d) Group does not expect a material cash outflow, and any obligation arising would be offset by indemnification received.

### (a) Group does not expect a material cash outflow

The Group is engaged in certain litigation proceedings mentioned below and is vigorously defending the cases. The Group believes it has strong defences to the claims. The Group does not expect the ultimate resolution of any of the below-mentioned proceedings to which the Group is party to have a significantly adverse effect on its financial position.

- (i) Certain investors and the liquidator of an investment fund regulated in Guernsey have commenced legal proceedings in the Guernsey courts. The lawsuit alleges damages in an amount ranging up to approximately GBP 73.0 million arising out of the fund's performance and alleges that the fund directors and the Group, as fund administrator, misled investors and acted in breach of their statutory duties. The Group believes it has strong defences to the allegations and maintains its vigorous defence.
- (ii) Certain investors and the liquidator of a fund filed claims against the Group in the Bahamian courts in 2014. The claims allege damages, estimated at approximately USD 17 million, arising out of the fund's performance and allege misleading statements and fund mismanagement. The Group believes it has strong defences to the allegations and maintains its vigorous defence.
- (iii) The Group has been named as a defendant in a lawsuit filed in Illinois, USA, by a former BSI client. The former client's allegations arise out of wrongdoing by an external asset manager who had a relationship with the former client. The external asset manager was sentenced by the Swiss criminal courts. The former client's civil lawsuit against the Group alleges that a BSI client relationship officer aided and abetted the alleged unauthorised transactions in the 2004 to 2007 time period. The Group believes it has strong defences to the claims and will vigorously defend the lawsuit.

### (b) Group cannot reliably measure the obligation

The following contingent liabilities that management is aware of could have a material effect on the Group. However, based on presently available information and assessments, the Group is not able to reliably measure the possible obligation.

- (i) The Group had certain accounts in the name of an institutional client which was designated by the Office of Foreign Assets Control (OFAC) of the US Department of the Treasury as Specially Designated Nationals on account of assisting drug-trafficking groups in money laundering. When an issue was raised as to whether the Group violated OFAC sanctions after the client's OFAC designation because of subsequent transactions and interactions between US persons at the Group and the institutional client, the Group promptly initiated an



internal investigation of this and other potential OFAC violations, which covered all the Group's booking centres. The investigation has concluded, and the Group is cooperating with OFAC on the matter.

- (ii) The Group is engaged in litigation proceedings initiated in 2012 by a client claiming that he has been misled insofar as he thought that his investments were capital-protected, that the agreed investment strategy has not been followed, and that unauthorised transactions were performed. The damages claimed are approximately EUR 49 million plus interest since 2008 (including a claim for the reimbursement of retrocessions). Although the Group is vigorously defending the case and believes it has strong defences to the claims, there is no reliable estimate of what losses might be sustained on the claims.
- (iii) In 2019, the Group was named as a defendant in a claim brought against over 30 defendants in the Commercial Court in London by the Public Institution for Social Security (PIFSS) of Kuwait. The allegations centre on the former Director General of PIFSS, who is alleged to have been paid secret commissions, and to have been an account holder at EFG beginning in 2008. The claim against the Group in the amount of USD 368.1 million (excluding interest) centres on allegations that, between 1995 and 2012, the former Director General of PIFSS procured into EFG accounts the payment to another defendant of approximately USD 332.1 million of secret commissions, as well as USD 44.6 million in other payments representing proceeds of other schemes alleged in the claim. Although the Group is vigorously defending the case and believes it has strong defences to the claims, there is no reliable estimate of what losses might be sustained on the claims.
- (iv) The Trustee of Bernard L. Madoff Investment Securities LLC (BLMIS) has filed a complaint asserting that payments totalling approximately USD 377 million allegedly received by the Group on behalf of clients should be returned to BLMIS. This action includes the transfers claimed by the Fairfield liquidators (see next paragraph), as the BLMIS Trustee is purporting to seek to recover all transfers received by the Group from the Fairfield funds during the relevant period. Although the Group is vigorously defending the case and believes it has strong defences to the claims, there is no reliable estimate of what losses might be sustained on the claims.
- (v) The Group has been named as a defendant in lawsuits filed by the liquidators of Fairfield Sentry Ltd. and Fairfield Sigma Ltd. asserting that redemption payments received by the Group on behalf of clients from the Fairfield funds should be returned. The amount claimed

is uncertain, but the Group believes the amount claimed is approximately USD 222 million and is subsumed by the amount sought by the BLMIS Trustee (see previous paragraph), as the BLMIS Trustee is purporting to seek to recover all transfers received by the Group from the Fairfield funds during the relevant period. Although the Group is vigorously defending the case and believes it has strong defences to the claims, there is no reliable estimate of what losses might be sustained on the claims.

**(c) Group cannot reliably measure the obligation, however any obligation arising would be offset by indemnification received**

The following contingent liabilities (that arose through the acquisition of BSI), that management is aware of, could have a material effect on the Group. However, based on presently available information and assessments, the Group is not able to reliably measure the possible obligation. The Group is entitled to indemnification against losses that may arise from these matters listed below from the seller of the former BSI Group.

- (i) The Swiss Federal Prosecutor is currently conducting criminal investigations against BSI into money laundering allegations involving 1Malaysia Development Berhad (1MDB), a sovereign wealth fund owned by the government of Malaysia. Certain 1MDB-related accounts were opened and maintained by the BSI Group pre-acquisition by the EFG International Group. In late February 2022, the Federal Prosecutor informed BSI that SRC International (Malaysia) Ltd. (a former indirect, wholly owned subsidiary of 1MDB) filed a complaint with the Swiss Federal Prosecutor alleging to have suffered financial losses in the amount of USD 864.5 million between 2011 and 2015 through its banking relationship with BSI. The Federal Prosecutor decreed that the complaint would be merged into the existing criminal proceeding. In October 2022, 1MDB and five affiliated companies filed an additional criminal complaint with the Federal Prosecutor against BSI SA and eight other (undisclosed) entities, alleging losses in the amount of USD 5.24 billion. The Federal Prosecutor has joined this new criminal complaint with the pending investigation.
- (ii) The US Attorney's Office for the Eastern District of New York initiated criminal investigations into bribery and money laundering allegations involving officials of Fédération Internationale de Football Association (FIFA) and its member associations and related parties. Certain FIFA-related accounts were opened and maintained by the Group and they are currently under review. The US Department of Justice has issued requests for assistance

# Notes to the condensed consolidated interim financial statements

to the Swiss authorities in obtaining information for some of the FIFA-related accounts. The US authorities are also investigating whether the Group complied with their anti-money laundering obligations in connection with the FIFA-related accounts. The Group is cooperating with the US authorities in the ongoing investigations.

- (iii) The Group (through the acquisition of BSI) is the defendant in two civil proceedings in Italy commenced in 2015), arising from its role as a Trustee of certain trusts associated with three families who owned an Italian shipping company which was declared bankrupt in 2012, allegedly causing aggregate losses to approximately 13,000 bondholders through the issuance of approximately EUR 1 billion of bonds that did not comply with applicable laws. In 2014, members of the families involved were convicted for embezzlement and fraud in Italy. In the civil proceedings pursued by the liquidator of the bankrupt issuer, the seizure of trust assets is sought, as well as damages based on allegations of trust mismanagement. The Group is vigorously defending and believes it has strong defences to the claims.

**(d) Group does not expect a material cash outflow, however any obligation arising would be offset by indemnification received**

The following contingent liability is not expected to have a significant adverse effect on the Group's financial position and the Group is entitled to indemnification against losses that may arise from this matter from the seller of the former BSI Group.

- (i) In August 2019, the Chilean tax authority made a tax liability determination arising out of BSI's September 2015 sale of shares in a Chilean subsidiary to a third party. In its tax return filed in 2016, BSI requested a tax refund on the grounds that the sale of the shares had generated a tax loss. The Chilean tax authority, however, disputed the appropriate fair market value of the disposed shares, as well as the appropriate tax rate applicable to the transaction. The total outstanding tax liability as determined by the Chilean tax authority amounts to CHF 24.0 million. In April 2020, the Group commenced legal proceedings challenging the tax authority's assessment, and believes it has strong defences to the tax assessment.
- (ii) A former group of clients commenced legal proceedings in the Swiss courts alleging investment mismanagement claims in the 2010 to 2016 period and seeks approximately USD 52 million plus interest since various dates during the period. In a June 2023 judgement, the Geneva Court of First Instance has admitted these claims in full. The Group disagrees with the Court of

First Instance and has appealed the judgement and believes it has strong arguments on appeal. Enforcement of the Judgment is suspended pending appeals.

## 24. Held-for-sale

Held-for-sale assets mainly reflect a building in the process of being sold. The building with a carrying value of CHF 56.4 million is included in Held-for-sale assets since 2020. The Group remains committed to its plan to sell the asset.

## 25. Share capital

At 30 June 2023, the share capital amounts to CHF 152,349,566 and is composed of:

- issued nominal ordinary share capital of EFG International AG which amounts to CHF 155,937,280, comprising of 311,874,559 registered shares,
- less 7,175,427 treasury shares with a nominal value of CHF 0.50 each.

In the period, share capital increased by a net 2,116,684 shares arising from:

- 2,389,564 shares issued following the exercise of equity incentive plans from conditional share capital,
- 4,167,242 treasury shares granted to employees following the exercise of equity incentive plans,
- less 4,440,122 ordinary shares repurchased.

## 26. Additional equity components

	Weighted average distribution rate %	Due dates	30 June 2023 CHF millions	31 December 2022 CHF millions
<b>Additional equity components – issuers</b>				
EFG International AG –		First optional call date		
USD 400,000,000	5.5% p.a.	of 25 January 2028	351.0	351.0
<b>Total additional equity components</b>			<b>351.0</b>	<b>351.0</b>

In January 2021, the Group placed USD 400.0 million of perpetual unsecured, deeply subordinated notes, qualifying as Additional Tier 1 capital, with a 5.5% per annum fixed distribution amount until the first optional call date of 25 January 2028 and thereafter the aggregate of the five years USD CMT Rate plus 4.659% per annum with a reset every five years. The repayment of this instrument is subject to conditions, including the prior approval of the regulator.

The perpetual Additional Tier 1 Notes (the Notes) may be written off partially or in full, on a permanent basis, under several circumstances described in more detail in the prospectus, among which, if the Tier 1 common equity falls below 7.0%.

Based on the contractual terms of the perpetual Additional Tier 1 Notes, the Group may, at its sole discretion, elect to cancel in accordance with the terms and conditions all or part of any payment of interest. Any interest not paid shall

not accumulate or be payable at any time thereafter. The non-payment of interest will not constitute an event of default by the Group. If payment of interest is not made in full, the Group's Board of Directors shall not directly or indirectly recommend that any distribution be paid or made on any other shares issued by EFG International AG. The Notes are perpetual securities and have no fixed final redemption date. The issuer may elect in its sole discretion to redeem the Notes. The Notes will not be redeemable at any time at the option of the holders. On this basis, the Notes have been classified as equity instruments in these consolidated financial statements.

Issuance fees of USD 4.0 million are deducted from the proceeds.

The Group made a distribution of CHF 20.4 million in March 2023 (2022: CHF 20.5 million) in relation to these perpetual Additional Tier 1 Notes.

# Notes to the condensed consolidated interim financial statements

## 27. Employee equity incentive plans

In the period, related to the 2023 incentive plan, the Group granted the following:

- 5,101,631 restricted stock units, which have a vesting period of one, two and three years. They are automatically exercised at the end of the vesting period.
- 1,318,982 shares, where the ownership of the shares has been directly transferred to employees at the grant date with blocking periods that restrict the employee from selling the shares. The blocking periods for the shares granted are either after the end of a three-year period or pro rata annually over three years. The participants receiving these shares will be eligible to receive dividends from the grant date onwards, despite the shares being blocked. In addition, the participants have signed a call option, allowing EFG in case of grave

misconduct or in case an employee leaves, to buy back the blocked shares from the participant at a price of CHF 0.01, which is effectively equal to forfeiture.

A long-term incentive plan (LTIP) has been implemented in the period, covering a three-year performance period starting in 2023 and rewarding senior management's achievement based on financial and business targets. In the base case scenario, 9,000,000 shares of EFG International will be awarded to senior management. The award will be distributed in two allocations over the three year cycle of the LTIP. 5,079,167 shares have been allocated at the start of the LTIP in June 2023 and have a vesting period of three, four and five years. They are automatically exercised at the end of the vesting period. The balance will be allocated at the end of the LTIP in 2026 via restricted stock units or shares.

## 28. Dividends

	Half-year ended 30 June 2023 CHF millions	Half-year ended 31 December 2022 CHF millions	Half-year ended 30 June 2022 CHF millions
<b>Dividends on ordinary shares</b>			
CHF 0.36 per share related to 2021 paid on 6 May 2022			109.7
CHF 0.45 per share related to 2022 paid on 27 April 2023	136.7		
<b>Total dividends on ordinary shares</b>	<b>136.7</b>	–	109.7
<b>Distribution on additional equity components</b>			
For the period 25 March 2021 to 24 March 2022 at 5.50%			20.5
For the period 25 March 2022 to 24 March 2023 at 5.50%	20.4		
<b>Total distribution on additional equity components</b>	<b>20.4</b>	–	<b>20.5</b>

## 29. Basic and diluted earnings per ordinary share

	Half-year ended 30 June 2023 CHF millions	Half-year ended 31 December 2022 CHF millions	Half-year ended 30 June 2022 CHF millions
Net profit for the period attributable to equity holders of the Group	147.6	102.1	100.3
Estimated distribution on additional equity components	(10.2)	(10.3)	(10.2)
<b>Net profit for the period attributable to ordinary shareholders</b>	<b>137.4</b>	<b>91.8</b>	<b>90.1</b>
Weighted average number of ordinary shares (000s of shares)	303,153	305,165	304,831
<b>Basic earnings per ordinary share (CHF)</b>	<b>0.45</b>	<b>0.30</b>	<b>0.30</b>
Diluted-weighted average number of ordinary shares (000s of shares)	315,176	318,081	316,369
<b>Diluted earnings per ordinary share (CHF)</b>	<b>0.44</b>	<b>0.29</b>	<b>0.28</b>

Basic earnings per ordinary share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares owned by the Group amounting to 7,154,188 (31 December 2022: 2,078,944).

For the purpose of the calculation of earnings per ordinary share, net profit for the period attributable to ordinary shareholders has been adjusted by an estimated accrued coupon of 5.5% p.a. on the additional equity components.

Diluted earnings per ordinary share is calculated by adjusting the weighted average number of ordinary shares outstanding for the dilutive impact of 13.6 million ordinary shares projected to be issued related to the employee equity incentive plan (2022: 12.9 million shares). The restricted stock units as part of the employee equity incentive plan have the effect to increase the diluted-weighted average number of ordinary shares of the Group in periods when the Group has profits attributable to ordinary shareholders.

## 30. Segmental reporting

The Group's segmental reporting is based on how the Executive Committee reviews the performance of the Group's operations.

The primary split is between the Private Banking and Wealth Management business, the Investment & Wealth Solutions business, Global Markets & Treasury, and an aggregation of other activity. The Private Banking and Wealth Management business is managed on a regional basis and is split into:

- Switzerland & Italy
- Continental Europe & Middle East
- Americas
- United Kingdom
- Asia Pacific

The expense allocation between segments follows a basis using a combination of directly attributable costs, and allocated costs using appropriate allocation keys (Assets under Management, FTEs, Client Relationship Officers, revenues or other drivers as applicable).

# Notes to the condensed consolidated interim financial statements

CHF millions	Private Banking and Wealth Management			
	Switzerland & Italy	Continental Europe & Middle East	Americas	United Kingdom
<b>Half-year ended 30 June 2023</b>				
Segment revenue	237.2	127.4	68.5	87.2
Segment expenses	(127.4)	(81.0)	(54.8)	(64.7)
Tangible assets and software depreciation	(6.0)	(3.4)	(1.7)	(2.2)
<b>Total operating margin</b>	<b>103.8</b>	<b>43.0</b>	<b>12.0</b>	<b>20.3</b>
Cost to acquire intangible assets and impairment of intangible assets		(0.1)		
Provisions		0.1		
Loss allowances (expense)/release	(0.3)	(1.8)	0.1	(0.2)
<b>Segment profit/(loss) before tax</b>	<b>103.5</b>	<b>41.2</b>	<b>12.1</b>	<b>20.1</b>
Income tax (expense)/gain	(11.4)	(4.5)	(1.3)	(2.2)
<b>Profit for the period</b>	<b>92.1</b>	<b>36.7</b>	<b>10.8</b>	<b>17.9</b>
Assets under Management	41,333	26,660	16,954	21,200
Employees (FTEs)	320	214	157	187

CHF millions	Private Banking and Wealth Management			
	Switzerland & Italy	Continental Europe & Middle East	Americas	United Kingdom
<b>Half-year ended 31 December 2022</b>				
Segment revenue	193.7	92.5	60.0	78.5
Segment expenses	(129.2)	(71.8)	(53.0)	(56.7)
Tangible assets and software depreciation	(4.8)	(2.4)	(1.5)	(2.0)
<b>Total operating margin</b>	<b>59.7</b>	<b>18.3</b>	<b>5.5</b>	<b>19.8</b>
Cost to acquire intangible assets and impairment of intangible assets		(0.1)		
Provisions	(0.7)	(1.4)	(1.0)	(0.5)
Loss allowances (expense)/release	(5.3)	0.2	(0.1)	0.8
<b>Segment profit/(loss) before tax</b>	<b>53.7</b>	<b>17.0</b>	<b>4.4</b>	<b>20.1</b>
Income tax (expense)/gain	(6.3)	(2.1)	(0.6)	(2.3)
<b>Profit for the period</b>	<b>47.4</b>	<b>14.9</b>	<b>3.8</b>	<b>17.8</b>
Assets under Management	42,325	24,471	16,102	20,117
Employees (FTEs)	329	204	146	180

		Investment & Wealth Solutions	Global Markets & Treasury	Corporate	Eliminations	Total
Asia Pacific	Total					
		85.0	61.7	40.8	17.0	724.8
		(73.2)	(54.6)	(24.0)	(24.5)	(504.2)
		(2.6)	(1.6)	(1.1)		(18.6)
		<b>9.2</b>	<b>5.5</b>	<b>(7.5)</b>	<b>-</b>	<b>202.0</b>
		(0.1)			(25.5)	(25.7)
					(5.2)	(5.1)
		(0.3)		(0.3)	0.9	(1.9)
		<b>8.8</b>	<b>5.5</b>	<b>15.4</b>	<b>(37.3)</b>	<b>-</b>
		(1.0)	(0.6)	(1.7)	1.0	(21.7)
		<b>7.8</b>	<b>4.9</b>	<b>(36.3)</b>	<b>-</b>	<b>147.6</b>
		29,829	47,982		(37,476)	146,482
		298	288	91		2,882

		Investment & Wealth Solutions	Global Markets & Treasury	Corporate	Eliminations	Total
Asia Pacific	Total					
		81.6	67.4	99.4	(7.0)	666.1
		(64.9)	(59.1)	(29.3)	(10.3)	(474.3)
		(2.5)	(1.7)	(2.5)	(1.2)	(18.6)
		<b>14.2</b>	<b>6.6</b>	<b>67.6</b>	<b>(18.5)</b>	<b>-</b>
		(0.1)			(4.8)	(5.0)
				(0.2)	(42.5)	(46.3)
				(0.1)	0.6	(3.9)
		<b>14.1</b>	<b>6.6</b>	<b>67.3</b>	<b>(65.2)</b>	<b>-</b>
		(1.6)	(0.8)	(7.9)	5.7	(15.9)
		<b>12.5</b>	<b>5.8</b>	<b>59.4</b>	<b>(59.5)</b>	<b>-</b>
		30,153	46,936		(36,969)	143,135
		304	284	90		2,828

# Notes to the condensed consolidated interim financial statements

CHF millions	Private Banking and Wealth Management			
	Switzerland & Italy	Continental Europe & Middle East	Americas	United Kingdom
<b>Half-year ended 30 June 2022</b>				
Segment revenue	165.6	101.7	42.3	76.1
Segment expenses	(114.4)	(89.6)	(42.3)	(57.5)
Tangible assets and software depreciation	(4.3)	(3.9)	(1.1)	(2.0)
<b>Total operating margin</b>	<b>46.9</b>	<b>8.2</b>	<b>(1.1)</b>	<b>16.6</b>
Cost to acquire intangible assets and impairment of intangible assets		(0.3)		
Provisions	0.2			
Loss allowances release/(expense)	1.0		(0.3)	(0.6)
<b>Segment profit/(loss) before tax</b>	<b>48.1</b>	<b>7.9</b>	<b>(1.4)</b>	<b>16.0</b>
Income tax (expense)/gain	(6.2)	(1.0)	0.2	(2.1)
<b>Profit for the period</b>	<b>41.9</b>	<b>6.9</b>	<b>(1.2)</b>	<b>13.9</b>
Assets under Management	41,697	34,522	16,493	22,089
Employees (FTEs)	323	388	144	183



		Investment & Wealth Solutions	Global Markets & Treasury	Corporate	Eliminations	Total
Asia Pacific	Total					
85.0	470.7	72.2	74.1	(13.1)		603.9
(70.0)	(373.8)	(50.1)	(20.5)	(10.7)		(455.1)
(2.7)	(14.0)	(1.9)	(1.9)	1.1		(16.7)
<b>12.3</b>	<b>82.9</b>	<b>20.2</b>	<b>51.7</b>	<b>(22.7)</b>	-	<b>132.1</b>
(0.1)	(0.4)			(4.9)		(5.3)
	0.2			(8.9)		(8.7)
	0.1	0.5	0.1	0.3		1.0
<b>12.2</b>	<b>82.8</b>	<b>20.7</b>	<b>51.8</b>	<b>(36.2)</b>	-	<b>119.1</b>
(1.6)	(10.7)	(2.6)	(6.8)	2.6		(17.5)
<b>10.6</b>	<b>72.1</b>	<b>18.1</b>	<b>45.0</b>	<b>(33.6)</b>	-	<b>101.6</b>
30,724	145,525	46,691			(36,452)	155,764
298	1,336	289	90	1,288		3,003

# Notes to the condensed consolidated interim financial statements

## 31. Off-balance sheet items

	30 June 2023 CHF millions	31 December 2022 CHF millions
Guarantees issued in favour of third parties	234.3	231.8
Irrevocable commitments	251.4	164.8
<b>Total</b>	<b>485.7</b>	<b>396.6</b>

## 32. Related party transactions

A number of banking transactions are entered into with related parties. These include loans, deposits, derivative transactions and provision of services. Total asset with related parties amounted to CHF 12.8 million at the end of June 2023 (December 2022: CHF 13.2 million).

The total revenue received from related parties amounted to CHF 4.4 million in the period (CHF 4.4 million and CHF 3.7 million for the half-year ended December 2022 and June 2022, respectively) and expenses of CHF 2.9 million in the period (CHF 1.3 million and CHF 1.0 million for the half-year ended December 2022 and June 2022, respectively).

No provisions have been recognised in respect of loans given to related parties (2022: nil).

## 33. Significant events

See note 18 on impairment of intangible assets.

## 34. Post balance sheet events

None.

# Alternative performance measures

# Alternative performance measures

## Assets under Management

Total revenue-generating Assets under Management is the total market value of the assets and liabilities that EFG manages on behalf of clients. Assets under Management include all assets and liabilities managed by or deposited with EFG on which it earns revenues. Assets under Custody, excluded from Assets under Management, are assets deposited with EFG held solely for safekeeping/custody purposes, and for which EFG does not offer advice on how the assets should be invested. Assets under Management includes lombard loans and mortgages, but does not include the real estate that is security for the mortgage.

When Assets under Management is subject to more than one level of asset management service, double counting arises within total Assets under Management. Each such separate discretionary or advisory service provides additional benefits to the respective client and generates additional revenue for EFG. Double counts primarily include self-managed collective investment schemes and structured products issued by EFG, which are also included in customer portfolios and already included in Assets under Management.

EFG discloses Assets under Management on an annual basis in its Annual Report in accordance with the Guidelines of the Swiss Financial Market Supervisory Authority (FINMA) governing financial statement reporting. See note 66 of the 2022 Annual Report.

## Average Assets under Management

Average Assets under Management is the monthly average of total Assets under Management.

## Net new assets

Net new assets consists of new client acquisitions, client departures and inflows or outflows attributable to existing clients, including new or additional drawdowns of loans and mortgages. Net new assets can be in cash or securities transferred to the bank. Interest and dividend income from Assets under Management, market or currency movements as well as fees and commissions are not included in net new assets. Effects resulting from any acquisition or disposal of EFG's companies are not included in net new assets.

## Net new asset growth rate

Net new asset growth rate is calculated by dividing the net new assets of the period by the total Assets under Management at the beginning of the period.

## Revenue margin

Revenue margin comprises IFRS operating income divided by the average Assets under Management.

## Pre-tax operating profit

Pre-tax operating profit is operating income less operating expenses as disclosed for IFRS purposes.

## Cost/income ratio

Cost/income ratio is operating expenses less acquisition-related intangible asset amortisation divided by operating income. Acquisition-related intangible asset amortisation comprises the total acquisition-related intangible asset amortisation.

## Return on tangible equity

Return on tangible equity is IFRS net profit divided by average tangible equity. Average tangible equity is the monthly average of total equity, less the monthly average of non-controlling interests, less the monthly average of Intangible assets. All these are as defined under IFRS and on the basis as presented in the IFRS balance sheet.

## Return on shareholders' equity

Return on shareholders' equity is IFRS net profit divided by average shareholders' equity. Average shareholders' equity is the monthly average of total equity, less the monthly average of non-controlling interests. All these are as defined under IFRS and on the basis as presented in the IFRS balance sheet.

## Liquidity Coverage Ratio

Liquidity Coverage Ratio is defined by the FINMA as part of the Basel III framework. EFG is required to hold enough high-quality liquid assets such as short-term government debt that can be sold to fund EFG during a 30-day stress scenario designed by regulators. Banks are required to hold high-quality liquid assets equivalent to at least 100% of projected net cash outflows during the stress scenario.

## Loan/deposit ratio

The loan/to deposit ratio is the ratio of loans and advances to customers divided by the total of the sum of 'Due to customers' and financial liabilities at amortised cost on the basis as presented in the IFRS balance sheet.

## Forward-looking statements

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 or purchase or redeem any securities regarding EFG.

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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.

Alternative performance measures: This document contains 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”, “revenue margin”, “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 document, are provided in the section headed "Alternative performance measures" of this document.



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