

## EFG International comments on business performance

**Zurich, 23 November 2015.**

- **Net new asset growth for the period July - October equivalent to 8% on an annualised basis.**
- **Client Relationship Officers at 462 at end-October, up from 444 at end-June; major investment in 53 new CROs in July to October (89 year-to-date).**
- **Economic and market uncertainty, and investment in growth, continue to impact business; underlying net profit in the second half will be lower than in the first; capital ratios remain stable.**
- **Costs to be reduced by CHF 30 million, including a reduction in headcount of 200 employees.**

Net new asset growth was a healthy 8% on an annualised basis during the period July to October 2015. Asia has recovered after net outflows in the first half (due to adjustments to its loan book), and the turn-around in Switzerland was evidenced by net new assets at the top end of EFG International's target range of 5-10%. With the exception of the Americas (a reflection of the regional macro-economic situation), all business regions generated net new assets. Lending remains subdued as EFG International continues to adopt a selective approach to new loans. Revenue-generating Assets under Management were CHF 83.4 billion at end-October, up from CHF 80.2 billion at end-June 2015.

The number of Client Relationship Officers (CROs) stood at 462 at end-October, up from 444 at end-June 2015, and the pipeline remains strong. A total of 53 new CROs joined in July - October (compared with 36 during the first half) representing a major investment in growth, partially offset by departures as a result of the ongoing performance management process.

The current year has been a year of major investment in new CROs and associated support staff, now forming teams with scope to deliver a substantial increase in assets under management over the medium term.

Business performance during the four months July to October continued to be adversely impacted by economic and market uncertainty, with concerns relating to emerging markets having a pronounced impact in September. In addition, income derived from asset and liability management continues to be constrained by the prevailing low interest rate environment. Operating income and the revenue margin therefore remain below expectations, as in the first half of 2015. When combined with significant investments in growth, profit continues to be depressed, with the weak end to the second quarter continuing into the second half of the year to date. As a result, underlying net profit will be lower than the level attained in the first half. EFG International's capital ratios nonetheless remain stable.

EFG International recognises the need to fundamentally improve profitability. The cost review announced in July 2015 has identified measures including efficiency improvements, a reduction of marginal offices, and a reduction in headcount of 200 employees. These measures represent a reduction of circa 5% or CHF 30 million, with associated one-off restructuring charges of up to 50% of this amount. These savings to be realised in full by the end of 2016 will reset the cost base and finance growth initiatives.

EFG International remains hopeful that a settlement in relation to the US Tax Programme will be reached by the end of the year.

The life insurance re-underwriting project mentioned at the time of the half-year results is virtually complete, and EFG International does not expect the fair value to be lower than indicated in its half-year report, although income recognition will be lower going forward.

EFG International continues to benefit from its clear focus on private banking, a geographically well diversified business model and a strong and loyal client base. Capitalising on this solid foundation, the priority now is to execute EFG International's growth and cost plans and to make substantial progress towards achieving its medium-term targets.

EFG International will report its annual results on 24 February 2016 when it will provide more detail on both cost savings and growth initiatives.

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## **About EFG International**

EFG International is a global private banking group offering private banking and asset management services, headquartered in Zurich. EFG International's group of private banking businesses operates in around 30 locations worldwide, with circa 2,200 employees. EFG International's registered shares (EFGN) are listed on the SIX Swiss Exchange.

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