



Zurich, 29 February 2016

## **First update on the combination of EFG and BSI**

Following the announcement of 22 February 2016 of the combination of EFG and BSI, EFG would like to inform investors and analysts about the planned next communication steps regarding the transaction.

EFG will hold an analyst and investor call on Tuesday, 22 March 2016, to update the market on the preparation of the integration plan, provide more details on the expected synergies and present the team that will be responsible for the preparation of the integration of EFG and BSI. In addition, a presentation with more details on BSI and its operations will be provided.

In response to questions from investors and analysts, EFG would also like to explain certain information regarding deal certainty. As described in the 22 February 2016 announcement, pending shareholder approval at EFG's Annual General Meeting scheduled for 29 April 2016, EFG intends to raise capital through a CHF 500 million rights offering, as well as in the form of CHF 250 million Additional Tier 1 instruments. EFG Group has committed to invest at least CHF 125 million in the intended rights offering. In addition, EFG has obtained commitments for a volume underwriting of CHF 375 million from international investment banks. The remaining purchase price will be paid by EFG to BTG Pactual by way of issuance of 52.6 million new EFG shares to BTG Pactual (subject to dilution adjustment) and through available cash.

As stated in that announcement, if market conditions prevented access to the capital markets, BTG Pactual would receive, in addition to the above mentioned 52.6 million EFG shares, further parts of its consideration in the form of additional new EFG shares for an amount of up to CHF 250 million at an issue price of CHF 6.80 per new share and would subscribe to new EFG AT1 capital instruments for an amount of at least CHF 125 million. However, the number of additional new EFG shares to BTG Pactual will be capped at a 30% stake with the excess invested in additional AT1 capital instruments (in addition to the CHF 125 million commitment described above). In addition, EFG Group has committed to subscribe for new EFG shares in an amount of CHF 125 million. In such case, the issue price for these shares would be CHF 6.12 per share.

Therefore, deal certainty is assured and in the scenario in which no rights issue occurs and in order to ensure that BTG Pactual's stake in the combined group will not exceed 30%, BTG Pactual would thus, in addition to the 52.6 million base consideration shares, receive as additional consideration shares 21.1 million new EFG shares and CHF 257 million of AT1

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capital instruments. EFG Group would subscribe to 20.4 million new EFG shares and its stake would reduce from 54% to 42%. In this scenario, EFG's total capital ratio (Basel III fully loaded) would be expected to remain above 15% in 2016 and the cash payment to BTG Pactual would be limited to CHF 600 million, subject to changes in tangible book value and net new money.

A graphic presentation reflecting the above is on pages 32 and 33 of the updated investor presentation on EFG's website.

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This communication contains side-by-side and combined financials of EFG and BSI SA ("**BSI**") which are presented for illustration purposes only and have not been adjusted for accounting differences or purchase accounting.

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