



Zurich/Lugano, 22 February 2016

EFG International and BSI to join forces to form a leading Swiss private bank

- **Combined EFG and BSI to become one of the largest private banks in Switzerland with approx. CHF 170 billion in assets under management¹ (as at 31 December 2015) – gaining a significant competitive position in the growing global wealth management market**
- **Leveraging BSI and EFG’s established businesses and complementary geographic footprints in Switzerland and internationally, the combined business will be a strong, solid private bank of substantial scale, and will provide an even more powerful value proposition to clients and client relationship officers (CROs)**
- **Combined bank will have excellent growth opportunities with currently 860 CROs, strong presence in Switzerland and Europe/UK, and almost double the AuM in Asia and Latin America**
- **Both brands will be retained, with the intention to implement a combined brand in most geographies in the future; Zurich, Geneva and Lugano will all remain important locations for the governance and operation of the combined bank**
- **Significant cost synergies of approx. CHF 185 million before tax targeted by 2019; transaction expected to be EPS-accretive from 2018 onwards**
- **Consideration to be paid in cash and EFG shares – corresponding to approx. CHF 1,328 million applying EFG’s closing price on 19 February 2016; compares with an estimated IFRS tangible book value for BSI of approx. CHF 1,428 million as at year-end 2015**
- **Capital to be raised through a CHF 500 million volume underwritten rights offering and CHF 250 million Additional Tier 1 instruments**
- **BTG Pactual to become EFG shareholder with approx. 20%, while EFG Group will remain largest shareholder with over 35%**
- **Subject to shareholder and regulatory approvals, completion of transaction expected in fourth quarter 2016**
- **Media/analyst conference in Zurich with live webcast in English today at 9:30 am CET**
- **For EFG International’s 2015 financial results, see separate announcement also published today**

¹ Including loans, as per EFG International’s long-standing definition of revenue-generating assets under management; BSI numbers unaudited

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EFG International (SIX:EFGN), the global private banking group based in Zurich, today announced that it is to acquire the Lugano-based private bank BSI, according to an agreement signed on 21 February 2016 with BSI's sole shareholder BTG Pactual.

Joachim H. Straehle, CEO of EFG International: *"By combining the complementary strengths of BSI and EFG, we are forming a leading global private bank with strong roots in all language regions of Switzerland. Building on the great talent at both banks, BSI's long-standing experience and EFG's entrepreneurial spirit, we will provide a powerful value proposition to clients and employees alike. We are offering our shareholders attractive prospects, and the transaction is in the best interest of the Swiss financial center."*

Stefano Coduri, CEO of BSI: *"By joining forces with EFG we will be creating one of the leading Swiss private banks, with greater scale and capabilities that will enhance our competitiveness in the new global private banking landscape. With this combination, we are laying solid foundations for long-term stability and further sustainable growth by leveraging the strong competencies we have in Ticino, Switzerland and globally. This transaction is in the best interest of clients and employees, and we look with great anticipation to the opportunities that the new bank will create for both."*

A strong, sizeable, solid Swiss private bank

The business combination of EFG and BSI is a milestone in the ongoing consolidation in the private banking industry in Switzerland, and underlines the need for scale and stability in a period of intensified market and regulatory challenges.

Founded in Lugano in 1873, BSI is one of the oldest banks in Switzerland, with a strong Swiss private banking heritage. In 2015, BTG Pactual became its sole shareholder. As of 31 December 2015, BSI had approx. CHF 88 billion in assets under management¹, with a focus on Switzerland, Italy and emerging markets. The vast majority of BSI's assets under management originate from clients with assets in excess of CHF 10 million and between CHF 1 and 10 million. BSI's global presence includes booking centers in Switzerland, Milan, Paris, Monaco, Luxemburg, Singapore, Hong Kong, Panama, and an office in Bahrain. BSI caters to private clients, external asset managers and institutional clients with currently 676 front-office staff, whereof 398 are private bankers.

EFG International is a Swiss pure-play private bank. It was founded in Zurich in 1995 by two entrepreneurs with long-standing experience in Swiss private banking, and went public on the SIX Swiss Exchange in 2005. From the outset, EFG's majority shareholder (currently 54%) has been EFG Bank European Financial Group (EFG Group), a Swiss holding bank based in Geneva ultimately controlled by the Latsis family interests. EFG's main booking centers include Switzerland, the UK, Madrid, Monaco, Luxemburg, Hong Kong, Singapore and Miami. As at year-end 2015, EFG had CHF 83.3 billion in assets under management¹, and 462 CROs, who are at the center of EFG's entrepreneurial business model.

As a combined bank with currently 860 CROs globally, BSI and EFG will be able to leverage their private banking and asset management offerings and complementary geographic presence, providing an attractive platform for clients and additional CROs. Compared to EFG's current position, the combined bank will have a much stronger foothold in Switzerland, in the canton of Ticino in particular, and in Italy, as well as benefiting from BSI's presence in the Middle East. BSI will benefit from EFG's very strong position in the UK and established presence in Spain. Both

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banks will enhance their positions in Monaco and Luxemburg. In Asia – where EFG has a strong position in Hong Kong and BSI in Singapore – as well as in Latin America, both banks will almost double their assets under management.

Key financials, significant synergy potential, value enhancement for shareholders

On a combined basis as of 31 December 2015, BSI (unaudited results) and EFG had assets under management¹ of approx. CHF 170 billion, which would imply the position of fifth largest private bank in Switzerland. The table below shows the key financials of both banks.

Financial Year 2015 In CHF million	EFG International	BSI
	IFRS Audited	Swiss GAAP for Banks Unaudited
Operating income	697	817
Operating expenses	(604)	(650)
Reported profit after tax	57	112
Cost-income ratio	86%	80%
Revenue-generating AuM ¹	83 billion	88 billion
Gross margin ¹	85 bps	86 bps
CROs	462	398

Based on optimized infrastructure costs and efficiency gains, EFG and BSI target pre-tax cost synergies of approx. CHF 185 million p.a., or circa 15% of the current combined cost base, which should come into full effect in 2019. More than half of the targeted cost synergies are intended to result from the migration to one common IT platform. Total one-off estimated implementation costs of approx. CHF 200 million are expected to be recognized until year-end 2018. Even assuming a potential attrition rate of around 5-10% of combined assets under management¹ (with an estimated impact on profit before tax of approx. CHF 60-105 million), the transaction is expected to be accretive to earnings per share from 2018 onwards.

Transaction structure, shareholder approval

Consideration for the purchase of BSI has been agreed to be paid in cash for a total of CHF 975 million, and through issuance of 52.6 million EFG shares to BTG Pactual against contribution in kind, subject to certain adjustments in case of dilution. As a result of the share issuance, BTG Pactual will have a stake of approx. 20% in EFG International and representation on its board of directors, subject to shareholder approval. Applying EFG's closing price of CHF 6.70 on 19 February 2016 to the 52.6 million shares, the total purchase price would amount to approx. CHF 1,328 million, including agreed adjustments currently estimated at CHF 25 million. The purchase price will be further adjusted based on net new money between 30 November 2015 and closing,

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as well as for the change in tangible book value between 31 December 2015 and closing. Net profit until closing is therefore for the benefit of BTG Pactual.

The purchase price compares with an estimated IFRS tangible book value for BSI of approx. CHF 1,428 million (Swiss GAAP for Banks: CHF 1,794 million) as at 31 December 2015.

The share purchase agreement with BTG Pactual contains strong representations, warranties and indemnities for the benefit of EFG in relation to known and other risks. In addition, a material escrow account has been agreed.

Pending shareholder approval at EFG International'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.

To the extent the intended rights offering would not be fully subscribed, BTG Pactual and EFG Group have committed to subscribe additional shares or Additional Tier 1 instruments for the purpose of providing deal-financing certainty. Consequently, BTG Pactual's stake in EFG might increase up to a maximum of 30%. EFG Group will remain EFG's largest shareholder with over 35%, and the combined bank will have a well-diversified shareholder base.

Given the funding of the transaction through equity, capital ratios are expected to remain comfortably above regulatory requirements. Total capital ratio (Basel III fully loaded) for 2016 is expected to be above 15%.

Completion of the transaction, integration

Subject to shareholder and regulatory approvals, completion of the transaction is expected in the fourth quarter of 2016.

A new management structure for the combined business will take effect at closing, although BSI will continue to operate in its current form as a subsidiary of EFG International until the merger and the migration to one common IT platform, which are planned for completion by year-end 2017. Zurich, Geneva and Lugano will all remain important locations for the governance and operation of the combined bank.

The integration process will be crucial to realizing the benefits of this combination. EFG looks forward to working alongside BSI to forge the combined bank. The integration process will start after closing.

Both the BSI and the EFG brand will be retained. Following joint evaluation, the intention is to implement a combined brand – reflecting the heritage of both banks – in most geographies in the future, with possible exceptions such as in the canton of Ticino and Italy.

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Indicative timetable

29 April 2016	EFG International Annual General Meeting, shareholder approval
2 nd quarter 2016	Rights offering; offering of Additional Tier 1 capital
3 rd /4 th quarter 2016	Regulatory approvals
4 th quarter 2016	Completion of transaction, issuance of new shares to be subscribed by BTG Pactual, new management structure in place
End-2017	Merger of BSI into EFG International, one common IT platform

Media and analyst conference in Zurich

A media and analyst conference will be held in English today, 22 February 2016, at 9.30 am CET at the SIX Convention Point, Selnaustrasse 30, in Zurich. The conference will be broadcast live by webcast at www.efginternational.com, and via telephone conference under the following dial-in numbers: Switzerland +41 58 262 07 22; UK +44 203 370 57 19. Please enter conference ID 882837 followed by the # sign.

A playback of the webcast will be available around three hours after the event. A playback of the telephone conference will be available one hour after the conference for 48 hours under the following number: +41 58 262 07 00. Please enter conference ID 241334 followed by the # sign.

This press release and the presentation on the EFG and BSI business combination, together with the press release and the presentation on EFG International's 2015 financial results as well as its 2015 Annual Report, can be found on EFG's website.

Contacts EFG International

Investor Relations

+41 44 212 7377

investorrelations@efginternational.com

Media Relations

+41 44 226 1272

mediarelations@efginternational.com

About EFG International

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

EFG International AG, Bleicherweg 8, 8001 Zurich, Switzerland

www.efginternational.com

Practitioners of the craft of private banking

Contacts BSI

Valeria Montesoro, Head of Institutional Communication & Media Relations

Tel. +41 58 809 39 73, valeria.montesoro@bsibank.com

Luciano Crobu, Deputy Head of Media Relations

Tel. +41 58 809 39 81, luciano.crobu@bsibank.com

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About BSI

Established in Lugano in 1873, BSI is one of the oldest Swiss banks and specializes in private wealth management. It provides high net worth individuals, independent asset managers and family offices with a comprehensive range of products and services, from classic to alternative and innovative solutions. Based in Lugano and with a presence in the main financial markets in Europe, Latin America, Middle East and Asia, BSI has a global footprint and is thus in an ideal position to meet the interests and needs of its clients. BSI strives to establish and maintain long-term personal relationships with its clients, offering global asset management services through effective and high-level products as well as customized solutions.

BSI SA, Via Magatti 2, 6900 Lugano, Switzerland
www.bsibank.com

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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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