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Media Release

EFG International reports full-year 2016 results

Zurich, 15 March 2017

- Full-year 2016 results reflect acquisition of BSI as a transformational step, making EFG one of the largest Swiss private banks with almost CHF 145 billion of Assets under Management at end-2016

- IFRS net profit of CHF 339.3 million, positively impacted by acquisition of BSI; EFG standalone underlying net profit (excluding BSI, non-recurring items and life insurance) of CHF 91.1 million, in line with 2015

- Strong capital and liquidity position, with Swiss GAAP Common Equity Ratio (CET1) of 18.2%, Total Capital Ratio of 20.0% and Liquidity Coverage Ratio of 210% at end-2016

- Exceeded targets of standalone cost reduction programme, with underlying cost base of CHF 264.3 million in the second half 2016, down 11% compared to the prior-year period; CHF 9.7 million below the target level communicated with first-half 2016 results

- Standalone net new assets of CHF (0.5) billion for the year, reflecting market pressures in Asia and the Americas in the second half 2016, continued strong performance in the UK and robust development in Continental Europe; improved momentum in standalone net new asset generation towards end-2016; BSI had net new assets of CHF (4.9) billion in November and December 2016

- BSI integration process well on track; renewed brand positioning and design for combined business planned for roll-out from second quarter 2017

- Proposed dividend of CHF 0.25 per share, unchanged from last year

Joachim H. Straehle, CEO of EFG International: “With the acquisition of BSI, EFG reached an important milestone in its history in 2016. While focusing on the completion of the transaction and on driving forward the integration process, we maintained our underlying profitability in a challenging market environment due, in particular, to the disciplined execution of our cost reduction programme. Our priority for the coming years is to fully realize the potential of this transformational business combination for the benefit of our clients, shareholders and employees.”

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Overview of 2016 key results
(12 months EFG, 2 months BSI*)

	2016	2015
Underlying recurring net profit**, CHF m	82.3	91.1
IFRS net profit, CHF m	339.3	57.1
Operating income, CHF m	722.0	696.7
Underlying operating income**, CHF m	762.7	696.3
Underlying revenue margin**, in bps	84	85
Net new assets, CHF bn	(5.4)	2.4
Net new asset growth	-6%	3%
Revenue-generating AuM, CHF bn	144.5	83.3
Underlying operating expenses**, CHF m	(643.7)	(588.0)
Underlying cost/income ratio**	83.8%	83.8%
Client Relationship Officers (CROs)	697	462
Number of employees (FTEs)	3,572	2,137
Total capital ratio***	20.0%	16.1%
CET1 capital ratio***	18.2%	12.5%
Return on shareholders' equity**	7.7%	8.1%
Return on tangible equity**	9.1%	10.7%
Dividend per share (DPS), in CHF	0.25	0.25

** As from 31 October 2016, closing of the transaction*

*** Underlying – excluding impact of non-recurring items and contribution from life insurance*

**** Swiss GAAP fully applied*

BSI integration process well on track

The closing of the BSI acquisition announced on 1 November 2016 has created one of the largest Swiss private banks with a broad international presence in major financial centres and growth markets. The integration process is well on track, and a number of important milestones have already been reached. Most recently, in March 2017, BSI in Hong Kong was fully integrated into EFG. The integration of BSI in Singapore was completed in November 2016, so that the integration in Asia, one of the combined bank's key regions, is now complete. It is planned that the integration of BSI's Swiss business will take place in the course of April, and the remaining BSI entities are also expected to be integrated in the second quarter of 2017, earlier than anticipated. As a final step, the migration of BSI to EFG's IT platform is due to be completed by end-2017.

As previously announced, the combined group is targeting annual pre-tax cost synergies of approximately CHF 240 million, which should be fully realized in 2019. CHF 30 million of synergies were already achieved in 2016, earlier than anticipated, mainly due to the accelerated timetable in the integration rollout.

The key pillars of the combined group's growth strategy include:

- Focus on the current competitive strengths in the HNWI core private banking segment;
- Strengthen existing locations as part of the enhanced global network;
- Offer an extensive range of wealth management products and services through a flexible open architecture platform and increased penetration of investment solutions;
- Achieve differentiation through the entrepreneurial spirit of the business and the high level of experience and continuity among CROs;
- Maintain a strong capital position and a low risk profile.

A renewed brand positioning and design for the combined business have been developed since the closing of the transaction. It is planned that they will be rolled out in the course of the integration of BSI's Swiss business in the second quarter of 2017. As previously announced, the combined business will follow a single brand strategy globally by building on the existing EFG name and combining the corporate values and visual identity of both banks to create a renewed and contemporary design.

2016 performance reflects BSI acquisition and challenging markets

In 2016, the financial industry faced volatile market conditions and a climate of heightened economic and political uncertainty. In this challenging environment, EFG posted underlying operating income on a standalone basis (excluding BSI, non-recurring items and life insurance) of CHF 677.8 million, compared to CHF 696.6 million in 2015. This decline primarily reflects a decrease in underlying net commission due to lower levels of client activity than in previous years, as well as the GBP depreciation (affecting 15% of total commissions) following the Brexit vote. EFG standalone underlying revenue margin was 84 bps, compared to 85 bps in 2015.

EFG standalone underlying operating expenses decreased to CHF (556.8) million in 2016 from CHF (588.0) million in the previous year, as EFG exceeded the targets of its cost reduction programme initiated in 2015. EFG standalone underlying personnel expenses were down 6% year on year, while underlying other operating expenses declined by 4%. EFG standalone underlying cost/income ratio improved to 82.7% in 2016 from 83.8% in 2015.

EFG standalone underlying net profit was CHF 91.1 million in 2016, in line with the previous year. This figure excludes the following non-recurring items:

- CHF 530.8 million contribution from "IFRS bargain gain" on the BSI acquisition, subject to the final purchase price adjustment process
- CHF (170.5) million post-tax EFG intangible impairment charge relating to past acquisitions
- CHF (35.8) million of costs relating to the acquisition and integration of BSI

- CHF (21.9) million negative contribution from life insurance
- CHF (18.0) million of exceptional legal charges in connection with previously disclosed and other matters
- CHF (19.7) million of one-off Tier 2 amortization costs
- CHF (6.9) million of costs related to EFG's standalone cost savings programme
- CHF (1.0) million other costs

Including the BSI IFRS net loss of CHF (8.8) million for November and December 2016, EFG IFRS net profit was CHF 339.3 million in 2016, compared to CHF 57.1 million in 2015.

EFG's capital position further improved in connection with the BSI acquisition, with a Swiss GAAP Common Equity Ratio (CET1) of 18.2% and a Total Capital Ratio of 20.0% at end-2016. EFG has a strong and liquid balance sheet, with a Liquidity Coverage Ratio of 210% and a Loan/Deposit Ratio of 51.6% at end-2016.

BSI purchase price

The purchase price is subject to a final adjustment process provided for in the BSI Sale Purchase Agreement (SPA) signed on 21 February 2016. Under this process, EFG International and BTG Pactual determine the final valuation of the assets and liabilities and other price adjustments related to the relevant period. This process is not yet complete. EFG submitted a formal valuation to BTG on 2 February 2017, upon which it expects a downward price adjustment of CHF 277.5 million against the estimated purchase price of CHF 1,060 million announced on 1 November 2016. EFG's valuation is subject to BTG's expected objection and, if necessary, verification by an independent expert as required under the SPA, which could lead to a change of the purchase price adjustment. Based on presently available information and assessments, EFG does not expect any material impact on the group's regulatory capital.

EFG exceeds targets of standalone cost reduction programme

In 2016, EFG continued to focus on implementing the cost reduction programme it initiated in 2015 and exceeded its targets. EFG's standalone underlying cost base in the second half of 2016 was CHF (264.3) million, down CHF 32.7 million or 11% compared to the prior-year period, and CHF 9.7 million below the target level communicated with the first-half 2016 results.

The number of employees (full-time equivalents, FTEs) at EFG on a standalone basis was 1,959 at end-2016, down 10% versus the peak in September 2015, when the cost-reduction programme started, and below the previously communicated end-2016 target of 1,990. Including BSI, the total number of EFG FTEs was 3,572 at end-2016.

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CRO development

The number of EFG standalone Client Relationship Officers (CROs) declined from 462 at end-2015 to 389[1] at end-2016 due to ongoing performance management and cost control measures. Average Assets under Management per EFG standalone CRO stood at CHF 224 million (excluding CROs newly hired during 2016), compared to CHF 180 million in the previous year. Including BSI, the number of CROs totalled 697 at 31 December 2016.

EFG standalone net new assets reflect challenging conditions in Asia and continued strong performance in UK – combined total Assets under Management of almost CHF 145 billion

EFG standalone net new assets totalled CHF (0.5) billion in 2016, compared to CHF 2.4 billion in the previous year. Net new asset generation was impacted in particular by challenging conditions in Asia, where net asset outflows stood at CHF (1.8) billion over the year, mainly driven by client deleveraging and regularization. In 2016, Asia nevertheless achieved record pre-provision profit, with an increase of 55% year on year. The UK continued to deliver strong net new asset growth of 8% with net asset inflows of CHF 1.6 billion, and it further increased pre-provision profit by 4%. Net new asset generation remained robust in Continental Europe at CHF 0.6 billion and was flat in Switzerland. The Americas region recorded net asset outflows of CHF (0.7) billion in 2016, driven by continued difficult market conditions and tax amnesty programmes during the period, while pre-provision profit increased by 10%.

EFG standalone revenue-generating Assets under Management were CHF 82.2 billion at end-2016, versus CHF 83.3 billion at end-2015. This decrease reflects a negative net effect from acquisitions and disposals of CHF (0.4) billion, negative currency effects of CHF (1.3) billion, market effects of CHF 1.2 billion and net asset outflows of CHF (0.5) billion.

BSI revenue-generating Assets under Management were CHF 62.3 billion at end-2016, versus CHF 67.0 billion at closing on 31 October 2016. This decrease primarily reflects net new asset attrition of CHF (3.4) billion driven by business decisions to exit certain clients and locations as well as year-end regularization, and net outflows of CHF (1.5) billion due to other business reasons.

Overall, EFG revenue-generating Assets under Management totalled CHF 144.5 billion at end-2016.

Update on life insurance

With regard to the previously announced premium increases relating to policies that are part of EFG International's held-to-maturity life insurance portfolio, the bank – in addition to the claims it has already brought against AXA and Transamerica – has filed a complaint in a US court against Lincoln to challenge the implementation of the premium increases.

[1] Includes decrease of 11 CROs due to the deconsolidation of the UK IFA business in September 2016.

Ordinary dividend

The payment of a dividend of CHF 0.25 per share (free of withholding tax) will be proposed to the Annual General Meeting of 28 April 2017. This is unchanged from the dividend distributed in the previous year.

Outlook

In 2017, EFG International's main focus will be on successfully completing the integration of BSI while, at the same time, stabilizing and giving new impetus to the acquired business. EFG will also seek to capitalize on its attractive franchise and renewed brand by selectively hiring high-quality CROs and teams.

Following the completion of the integration process, the ambition of the combined group is to further improve its competitive position as a top-tier Swiss private bank, to capture the significant potential for economies of scale, and to deliver sustainable growth.

Confirmation of medium-term targets

EFG International is confirming the previously communicated medium-term targets for the enlarged business, which will apply after completion of the BSI integration.

- Net new assets: continually grow revenue-generating Assets under Management with a target annualized growth rate averaging 3% to 6% (excluding the effects of market and FX movements);

- Cost/income ratio: target a cost/income ratio of below 70% (excluding integration and restructuring costs relating to the acquisition);

- Revenue margin: achieve an annual revenue margin of at least 85 bps.

Annual Report 2016

This press release, the results presentation and the Annual Report 2016 are available at: www.efginternational.com

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About EFG International

EFG International is a global private banking group offering private banking and asset management services and is headquartered in Zurich. EFG International's group of private banking businesses, including Lugano-based BSI, operates in around 40 locations worldwide. Its registered shares (EFGN) are listed on the SIX Swiss Exchange.

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Nothing contained herein is, or shall be relied on as, a promise or representation as to the future performance of EFG and its subsidiaries, including BSI group. EFG and BSI as a combined group may not realise the full benefits of the contemplated transaction, including the expected synergies, cost savings or growth opportunities within the anticipated time frame or at all.

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Presentation of full-year 2016 results

Wednesday, 15 March 2017, 9.30 a.m. CET
Widder Saal at the Widder Hotel (entrance: Augustinergasse 24, 8001 Zurich)

Joachim H. Straehle, Chief Executive Officer, and Giorgio Pradelli, Deputy Chief Executive Officer & Chief Financial Officer, of EFG International will present the results at a meeting for analysts, investors and media representatives.

You can join us on site, via telephone conference or by webcast.

Telephone conference dial-in numbers

Switzerland: +41 58 310 50 00
UK: +44 203 059 58 62

Please dial in before the start of the presentation and ask for 'EFG International full-year 2016 results'.

Webcast

A results webcast will be available from 9.30 a.m. CET at: www.efginternational.com

2016 results documentation

The presentation slides, press release and Annual Report will be available from 7.00 a.m. CET on Wednesday, 15 March 2017 at: www.efginternational.com (Investor Relations / Investor Presentations).

Playback of telephone conference

A digital playback of the telephone conference will be available one hour after the end of the conference call and can be accessed for 48 hours on the following numbers:

Switzerland: +41 91 612 43 30
UK: +44 207 108 62 33

Please enter the conference ID 15553 followed by the # sign.

Playback of results webcast

A playback of the results webcast will be available around three hours after the event at: www.efginternational.com

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Financials

Key figures as at 31 December 2016

(in CHF million unless otherwise stated)	31 December 2016	31 December 2015	Change vs. 31 December 2015
Clients Assets under management (AUM)	**144,514**	84,133	72%
AUM excluding shares of EFG International	**144,514**	83,304	73%
Assets under administration	**9,036**	9,605	-6%
Number of Client Relationship Officers	**697**	462	51%
Number of Employees (FTE's)	**3,572**	2,137	67%

Consolidated Income Statement as at 31 December 2016

(in CHF millions)	Year ended 31 December 2016	Year ended 31 December 2015
Interest and discount income	437.2	413.6
Interest expense	(240.3)	(213.0)
Net interest income	**196.9**	**200.6**
Banking fee and commission income	479.6	452.2
Banking fee and commission expense	(84.2)	(76.9)
Net banking fee and commission income	**395.4**	**375.3**
Dividend income	1.9	6.5
Net trading income and foreign exchange gains less losses	128.2	104.3
Net loss from financial instruments measured at fair value	(8.1)	(6.4)
Gains less losses on disposal of available-for-sale investment securities	1.7	14.2
Other operating income	6.0	2.2
Net other income	**129.7**	**120.8**
Operating income	**722.0**	**696.7**
Operating expenses	(690.4)	(604.3)
Bargain gain on business acquisition	530.8	
Impairment on goodwill and other intangibles	(199.5)	
Other provisions	(20.3)	(20.0)
(Impairment)/Reversal of impairment on loans and advances to customers	(3.8)	0.1
Profit before tax	338.8	72.5
Income tax gain/ (expense)	3.2	(13.1)
Net profit for the year	**342.0**	**59.4**
Net profit for the year attributable to:		
Net profit attributable to equity holders of the Group	339.3	57.1
Net profit attributable to non-controlling interests	2.7	2.3
	342.0	**59.4**

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Financials (cont.)

Consolidated Balance Sheet as at 31 December 2016

(in CHF millions)	**31 December 2016**	**31 December 2015**	**Variation**
ASSETS			
Cash and balances with central banks	8,887.5	4,862.0	83%
Treasury bills and other eligible bills	1,945.6	757.1	157%
Due from other banks	2,923.8	2,168.5	35%
Loans and advances to customers	18,878.3	12,061.6	57%
Derivative financial instruments	831.2	735.4	13%
Financial assets at fair value :			
- Trading assets	734.3	58.6	1153%
- Designated at inception	456.0	305.0	50%
Investment securities :			
- Available-for-sale	5,437.3	4,243.8	28%
- Held-to-maturity	1,198.3	1,162.2	3%
Intangible assets	191.7	271.7	-29%
Property, plant and equipment	253.7	21.6	1075%
Deferred income tax assets	33.8	35.0	-3%
Other assets	547.1	113.9	380%
	42,318.6	**26,796.4**	**58%**
LIABILITIES			
Due to other banks	427.6	503.2	-15%
Due to customers	32,746.9	19,863.5	65%
Derivative financial instruments	777.1	714.1	9%
Financial liabilities designated at fair value	654.4	353.1	85%
Other financial liabilities	3,828.5	3,237.9	18%
Subordinated loans	265.3	242.8	9%
Debt issued	334.4	392.0	-15%
Current income tax liabilities	19.2	4.9	292%
Deferred income tax liabilities	10.8	35.1	-69%
Provisions	199.3	7.7	2488%
Other liabilities	798.6	313.1	155%
	40,062.1	**25,667.4**	**56%**
EQUITY			
Share capital	143.9	76.1	89%
Share premium	1,910.8	1,245.9	53%
Other reserves	(96.9)	(153.4)	-37%
Retained earnings	244.9	(59.1)	-514%
	2,202.7	1,109.5	99%
Additional equity components	31.2		
Non-controlling interests	22.6	19.5	16%
Total equity	**2,256.5**	**1,129.0**	100%