EFG International reports full year 2012 results

***Zurich, 27 February 2013* - EFG International made an IFRS net profit of CHF 111.0 million in 2012, compared with CHF (294.1) million a year earlier. Excluding non-recurring expenses, underlying net profit was CHF 142.5 million, up 71%. Operating income was CHF 824.6 million, up 8%, and the revenue margin was 105bps, up from 94 bps. Revenue-generating Assets under Management were CHF 78.7 billion at end-December 2012, up CHF 300 million from a year earlier, notwithstanding the impact of businesses being exited as a result of EFG International's business review. Net new assets for continuing businesses were CHF 3.0 billion (annualised growth of 4%), up from CHF 0.6 billion a year earlier. The number of Client Relationship Officers stood at 477, down from 567 a year earlier, again reflecting the implementation of the business review. The BIS capital ratio stood at 18.1% at end-2012, up from 12.9% at end-2011. Furthermore, the composition of capital has been transformed, with the common equity ratio (CET I) improving from 4.1% to 11.9%. Allowing for Basel III (fully phased in), the BIS capital ratio would still be 15.9% on a pro-forma basis – at the top end of EFG International's target range. Excellent progress has been made in relation to the business review – the resetting phase is complete, and EFG International is on track to deliver anticipated financial benefits. The focus is now on optimising and growing the business, and a number of changes are being made to organisation and leadership to support this. EFG International remains committed to achieving its medium-term objectives.**

Overview of key results	2012	Change vs. 2011
Operating income	**CHF 824.6 m**	up 8%
Operating expenses	**CHF 658.3 m**	down 8%
IFRS net profit	**CHF 111.0 m**	NA
Underlying IFRS net profit*	**CHF 142.5 m**	up 71%
Cost-income ratio	**79.2%**	down from 91.6%
Revenue-generating AuM	**CHF 78.7 bn**	up from CHF 78.4 bn
Net new assets (continuing)	**CHF 3.0 bn**	up from CHF 0.6 bn
Revenue margin (in % of AuM)	**105 bps**	up from 94 bps
BIS capital ratio	**18.1%**	up from 12.9%
Common equity ratio	**11.9%**	up from 4.1%
Return on shareholders' equity	**10.8%**	up from (23.1)%
CROs / ex EFG FP	**477 / 414**	down 16% / down 19%
Total headcount / ex EFG FP	**2,260 / 1,994**	down 11% / down 14%

** Excluding impact of one-off items*

A significant improvement in performance in 2012

EFG International's performance in 2012 was much improved compared to a year earlier on account of the steps taken to reset the business and solid performances from most businesses. EFG International made an IFRS net profit of CHF 111.0 million in 2012 (would have been CHF 2.4 million higher if the stake in EFG Financial Products had not been reduced as part of its IPO), compared with a loss of CHF 294.1 million a year earlier. Underlying IFRS net profit was CHF 142.5 million - after adding back CHF 11.4 million in relation to Greek sovereign exposure and CHF 20.1 million on account of business review measures (a gain of CHF 3.3 million from business disposals, less net closure costs of CHF 9.9 million, and net operating losses of CHF 13.5 million from businesses being exited) - up 71% from CHF 83.5 million in 2011.

Operating income was CHF 824.6 million in 2012, up 8% on a year earlier. The Swiss business was impacted by outflows and subdued client activity, but all other businesses delivered stronger revenues, with specialist business relating to large clients being a feature throughout the year. The revenue margin stood at 105bps, compared with 94bps a year earlier.

Operating expenses were CHF 658.3 million in 2012, down 8% from CHF 713.7 million a year earlier, reflecting cost savings derived from the business review. Underlying cost savings in excess of CHF 40 million were achieved, before costs relating to EFG Financial Products, businesses being exited and bonuses as a result of improved operating performance. The cost-income ratio stood at 79.2%, compared with 91.6% in 2011 (and 101.1% for the second half of 2011).

Revenue-generating Assets under Management were CHF 78.7 billion at end-2012, compared with CHF 78.4 billion a year earlier. There was an outflow of CHF 3.7 billion in relation to exited operations (taking the total, including outflows during H2 2011, to CHF 5.5 billion, with a further CHF 2.2 billion to come - slightly above the AUM impact anticipated in the business review), offset by CHF 1.0 billion from FX and market effects and net new assets of CHF 3.0 billion from continuing businesses.

Capital position transformed

EFG International significantly improved both the level and composition of its capital during 2012. In addition to business profits, this reflected a number of specific initiatives: the conversion exercises in relation to the Bons de Participation; the sale of treasury shares; and the successful IPO of EFG Financial Products. EFG International's BIS capital ratio stood at 18.1% at end-December 2012, up from 12.9% at end-2011. Over the same period, the common equity ratio (CET I) improved from 4.1% to 11.9%. EFG International has already exceeded the upper end of the target range of 14-16% for BIS capital as detailed in its business review in October 2011. Indeed, even factoring in changes as a result of Basel III (fully phased in) and IAS 19 Revised, the BIS capital ratio would still be 15.9% on a pro-forma basis. Further strengthening of EFG International's capital position is envisaged as a result of profit generation.

Successful implementation of business review – resetting phase complete

In addition to improving its capital position, EFG International has also made good progress in relation to the other objectives set out in its business review:

- *Reinforce focus on private banking*. EFG International has now returned to its traditional focus on private banking. Non-private banking businesses have been exited, culminating with the recent agreement to sell OnFinance, its Lugano-based financial services boutique, to its management team. The IPO of EFG Financial Products was successfully concluded in October 2012, and EFG Asset Management is clearly positioned as an integral part of private banking.

- *Address factors that served to obscure the underlying strength of EFG International as a private bank*. Exposure to GIIPS more than halved during 2012 (CHF 138 million at year-end, just 0.6% of total balance sheet assets) and direct exposure to Greece was eliminated. A more conservative treatment of life settlement policies was adopted, and misconceptions relating to Greece were conclusively allayed.

- *Exit loss-making or marginal businesses / locations*. All loss-making businesses have been exited, with the number of locations reduced by 20.

- *Improve productivity*. Unproductive Client Relationship Officers (CROs) have been addressed, with the number of CROs down by 23% and CRO productivity (AUM per CRO) up by 27% since September 2011.

And on track to deliver anticipated financial benefits in full from 2013

Since September 2011, total headcount excluding EFG Financial Products has reduced by 14%, compared with a reduction targeted in the business review of 10-15%. For the same period, the number of private banking CROs was down by 23%, compared with a business review objective of 15%.

In its business review, EFG International targeted a net P&L benefit of CHF 35 million, realised in part in 2012 and in full from 2013, as a result exiting under-performing businesses and employees, as well as measures taken to improve operational efficiency. EFG International has delivered on this, and indeed now expects to realise a net P&L benefit in excess of CHF 40 million as a result of business review measures. However, savings realised in H2 2012 were less than anticipated, on account of some businesses taking longer to close than had been envisaged in mid-2012: specifically, France, Sweden and Gibraltar.

Positive net new assets for continuing businesses, with an improving trend

Net new assets relating to continuing businesses were CHF 3.0 billion (annualised growth of 4%), compared with CHF 0.6 billion in 2011. Excluding EFG Financial Products, net new assets relating to continuing businesses increased from CHF (0.2) billion to CHF 2.6 billion (annualised growth of 4%).

Although net new asset growth was below EFG International's target range of 5-10%, it represented a significant turn-around from the second half of 2011, when continuing businesses experienced outflows due to the time and resources that had to be devoted to resetting the business. Furthermore, the position improved in the second half of 2012 compared to the first, with annualised growth of 5% in H2 versus 3% in H1; and, excluding EFG Financial Products, 4% versus 3%.

With the exception of Switzerland, businesses performing strongly

Three of the four regional private banking businesses delivered strong performances in 2012 compared with a year earlier. The UK and Asia increased their pre-tax profit contributions by more than 50% and achieved net new asset growth within EFG International’s target range of 5-10%. The Americas also delivered an increase in pre-tax profit contribution of more than 50%. EFG Asset Management had a very strong year, achieving a net new asset growth rate of circa 30%. EFG Financial Products (in which EFG International reduced its stake from 56.7% to just over 20% following its IPO) also performed strongly, delivering a net profit of CHF 21.8 million, compared with CHF 15.4 million a year earlier. As a public company, EFG Financial Products now reports its financial results separately – see its annual results announcement, dated 21 February.

The one disappointing area was the Swiss business, which experienced an outflow, only partially offset by inflows from other businesses in Continental Europe. Monaco and Luxembourg both delivered record performances; AyG in Spain increased its contribution notwithstanding a challenging domestic economic backdrop; and all have positive momentum going into 2013. In Switzerland, while costs have been reduced substantially, the focus now is on rediscovering growth, and the business is targeting a significant improvement in profitability in 2013. A number of organisational changes are being made in support of this – see below.

Strong emphasis on CRO productivity; becoming a more active hirer

The total number of CROs stood at 477 at end-2012, compared with 567 a year earlier. The number of CROs (excluding EFG Financial Products) was 414, down from 508 at end-2011 (531 at the time of the business review in October 2011), and from 440 at mid-2012. The reduction in CROs in H2 2012, over and above the 11 CROs identified in EFG International's half-year results, reflected further consolidation in relation to marginal CROs, notably in Asia, where the emphasis in 2012 was on improving profitability. With AUM and revenues proving resilient, it was decided that a final round of rationalisation made commercial sense, so as to enable businesses to approach 2013 with a clear hiring focus. To illustrate EFG International returning to a more proactive approach: there were 24 private banking hires in H2 2012, up from 19 in H1, and it envisages returning to a net hiring mode during 2013.

Focus now fully on delivering controlled, profitable growth

EFG International's business has been simplified, and the challenge now is clear: to deliver controlled, profitable growth. In this respect, the business has a solid platform to build on, having demonstrated that its capacity to generate net new assets from existing resources is intact. Although short of its target range, the trend in net new assets is a positive one, and should benefit from the completion of the resetting phase. In addition, EFG International sees the potential for revenue upside across a number of business drivers:

- The process of rationalising CROs is complete, and the business has returned to hiring mode in all of its private banking businesses, with a clear focus on high quality individuals and, in particular, teams.

- A more systematic approach is being adopted in relation to markets where EFG International has traction and sees scope for significant growth. This encompasses Asia, the Americas and Central and Eastern Europe, as well as the Global Indian segment. In Asia and the Americas in particular, EFG International has well established businesses which are profitable and growing, and it is intent on capitalising on these advantages.

- There is significant scope to broaden and deepen client relationships, as demonstrated by the performance of EFG Asset Management. In relation to the latter, positive momentum seen in 2012 should continue to build, with EFG Asset Management now clearly positioned, for the purposes of private banking, as Investment Solutions. Significant enhancements are planned in terms of practical support for CROs, and additional services are planned for the coming months, particularly on the advisory side. A similar approach is being taken in relation to wealth structuring, with EFG International's various capabilities being brought together as EFG Wealth Solutions.

- UHNWIs have been an important source of new business, and EFG International is committed to upgrading further its ability to cater for this segment, from its offering to hiring additional bankers with a strong UHNWI focus.

At the same time, EFG International is committed to maintaining strong cost discipline. The hiring freeze remains in place, other than to meet industry-wide regulatory and risk management requirements and the selective hiring of high quality CROs.

In relation to regulatory compliance, EFG International is engaging an external party to provide an objective assessment of the effectiveness and efficiency of its current approach. Having a robust approach is now more important than ever: indeed, EFG International is in no doubt that regulatory compliance is a pre-requisite to growth.

Changes to organisation and leadership in keeping with focus on optimising and growing the business

To reinforce the focus on delivering controlled profitable growth, a number of changes will be taken, effective 1 April 2013:

- The executive committees of EFG International and EFG Bank are to be aligned. As well as being EFG International's principal Swiss subsidiary, EFG Bank acts as an operations and IT hub for the entire business. Furthermore, Asia is a separate geographical business but legally part of EFG Bank, and the Americas uses EFG Bank extensively for booking purposes. Individuals with EFG International functional responsibilities will in future have the same responsibilities for EFG Bank, ensuring clarity, efficiency and the removal of duplication.

- Switzerland (plus Liechtenstein) will in future constitute a business in its own right, recognising the industry-wide challenges impacting Switzerland and the scope to improve business performance. This means that Continental Europe will in future comprise Luxembourg, Monaco and Spain.

- Ludovic Chechin-Laurans will be responsible for private banking in Switzerland, and will be taking steps to strengthen management and client relationship teams. Alain Diriberry will continue to be responsible for Continental Europe, and will additionally assume responsibility for developing the group's activities in Central and Eastern European markets.

- The EFG International / EFG Bank executive committees will comprise: John Williamson (CEO); Giorgio Pradelli (CFO); Fred Link (Chief Risk Officer); Mark Bagnall (COO); Henric Immink (Group General Legal Counsel); Jim Lee (Head of Investment Solutions); Keith Gapp (Head of Strategy and Marketing); and Ludovic Chechin-Laurans (Head of Private Banking, Switzerland). The Global Business Committee (which additionally includes CEOs of the regional businesses) will remain unchanged.

Remains committed to delivering medium-term targets

With the resetting of the business complete, EFG International is intent on keeping things relatively simple. The focus is organic growth, with business growth flowing through with minimal dilution to productivity and profits. EFG International would benefit significantly from market and foreign exchange tailwinds, but these are not to be assumed – although 2013 has started encouragingly.

EFG International remains committed to its medium-term objectives:

- Net new assets in the range 5-10% per annum.

- A reduced cost-income ratio - to below 75% by 2014.

- Gross margin to remain broadly at the level prevailing at the time of the business review (circa 94 bps – 84 bps excluding EFG Financial Products).

- As a result, delivering strong double-digit growth in profit and a double-digit return on shareholders' equity. EFG International has a target of achieving an IFRS net profit of CHF 200 million. It had hoped to achieve this in 2014, although this is now challenging on account of industry conditions and net new asset development over the past 18 months. However, this should be achievable in 2015.

John Williamson, Chief Executive Officer, EFG International:

- "EFG International delivered a much improved performance in 2012. We have returned to our traditional focus of private banking; the resetting phase is complete; and our capital position has been transformed. Most businesses delivered strong performances; net new asset growth was significantly better than in 2011 (and the second half was stronger than the first); and we hired more CROs in the second half than the first, and enter 2013 with a clear hiring focus. We see the potential for revenue upside across a number of business drivers, while continuing to bear down on costs, and we are making some changes to organisation and leadership to facilitate this. Our focus is now entirely on delivering controlled, profitable growth."

Ordinary dividend

The payment of a dividend of CHF 0.10 per share (free of withholding tax) will be proposed to the Annual General Meeting scheduled for 26 April 2013.

Annual Report 2012

This release, plus results presentation and Annual Report can be found at EFG International's website, www.efginternational.com

A copy of the Annual Report 2012 can be downloaded here:

http://www.efginternational.com/cms1/files/live/sites/efgi_public_site/files/investors/financial_reporting/2012_FY/EFGI_2012_Full_Year_Report_EN.pdf

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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 2,300 employees. EFG International's registered shares (EFGN) are listed on the SIX Swiss Exchange.

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Practitioners of the craft of private banking

Presentation of full year 2012 results

At 9.30 am CET, management of EFG International will present and discuss the results at a meeting for analysts, investors and media representatives.

EFG International's full-year 2012 results will be presented by:

- John Williamson, Chief Executive Officer (CEO).
- Giorgio Pradelli, Chief Financial Officer (CFO).

You will be able to join us for the presentation at **SIX Swiss Exchange ConventionPoint, Selnaustrasse 30, Zurich,** via **telephone conference** or by **webcast** via the internet.

Telephone conference

Dial-in numbers:

- Switzerland: + 41 91 610 56 00
- UK: + 44 203 059 58 62

Please call before the start of the presentation and ask for "EFG International full-year 2012 Results".

Webcast

A results webcast will be available at www.efginternational.com from 9.30 am (CET).

Presentation slides and press release

The presentation slides and press release will be available from 7.00 am (CET) on Wednesday, February 27, 2013 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 conference call for 48 hours under the following numbers:

- Switzerland: + 41 91 612 4330
- UK: + 44 207 108 6233

Please enter conference ID 11361 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.

Financials

Key figures as at 31 December 2012

(in CHF million unless otherwise stated)	**31 December 2012**	**31 December 2011**
Clients Assets under management (AUM)	**79,469**	**79,033**
AUM excluding shares of EFG International	**78,687**	**78,382**
Assets under administration	**8,295**	**9,162**
Number of Client Relationship Officers	**477**	**567**
Number of Employees	**2,260**	**2,547**

Consolidated Income Statement as at 31 December 2012

(in CHF millions)	**Year ended 31 December 2012**	Year ended 31 December 2011
Interest and discount income	437.9	419.5
Interest expense	(213.0)	(207.8)
Net interest income	**224.9**	211.7
Banking fee and commission income	628.0	561.1
Banking fee and commission expense	(136.3)	(107.2)
Net banking fee and commission income	**491.7**	453.9
Dividend income	24.2	19.3
Net trading income	70.4	83.1
Net gain / (loss) from financial instruments designated at fair value	10.3	(10.8)
Gains less losses from investment securities	(1.9)	5.1
Other operating income	5.0	0.9
Net other income	**108.0**	97.6
Operating income	**824.6**	763.2
Operating expenses	(658.3)	(713.7)
Impairment of intangible assets and goodwill	(1.4)	(244.4)
Impairment on available-for-sale investment securities		(72.5)
Provision for restructuring costs	(11.7)	(10.0)
Currency translation losses transferred from the Statement of Other Comprehensive Income	(3.3)	(10.0)
Loss on disposal of subsidiaries	(1.7)	
Impairment on loans and advances to customers	(4.4)	(1.9)
Profit / (loss) before tax	**143.8**	(289.3)
Income tax expense	(20.1)	(2.1)
Net profit / (loss) for the period	**123.7**	(291.4)
Net profit / (loss) for the period attributable to:		
Net profit / (loss) attributable to owners of the Group	111.0	(294.1)
Net profit attributable to non-controlling interests	12.7	2.7
	123.7	(291.4)

Financials (cont.)

Consolidated Balance Sheet as at 31 December 2012

(in CHF millions)	**31 December 2012**	**31 December 2011**
ASSETS		
Cash and balances with central banks	1,364.4	1,079.3
Treasury bills and other eligible bills	816.8	823.9
Due from other banks	3,393.3	2,206.9
Loans and advances to customers	10,434.1	9,548.2
Derivative financial instruments	563.2	537.5
Financial assets at fair value :		
- Trading assets	1,340.0	813.9
- Designated at inception	381.4	367.2
Investment securities :		
- Available-for-sale	3,297.8	3,984.3
- Held-to-maturity	1,093.6	1,098.3
Intangible assets	294.6	300.6
Property, plant and equipment	33.0	38.2
Deferred income tax assets	32.1	48.6
Other assets	581.6	194.0
Total assets	**23,625.9**	21,040.9
LIABILITIES		
Due to other banks	885.3	779.0
Due to customers	16,084.0	14,398.4
Subordinated loans	57.0	-
Derivative financial instruments	728.6	603.3
Financial liabilities designated at fair value	1,131.3	490.7
Other financial liabilities	2,938.1	3,356.5
Current income tax liabilities	2.1	11.4
Deferred income tax liabilities	40.3	37.6
Provisions	11.5	37.3
Other liabilities	431.3	315.2
Total liabilities	**22,309.5**	20,029.4
EQUITY		
Share capital	77.2	73.1
Share premium	1,239.0	1,154.3
Other reserves	120.9	77.8
Retained earnings	(225.0)	(318.3)
	1,212.1	986.9
Non-controlling interests	104.3	24.6
Total shareholders' equity	**1,316.4**	1,011.5
Total equity and liabilities	**23,625.9**	21,040.9