



Update on BSI transaction

10 August 2016

Practitioners of the craft of private banking

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▪ Completion of ordinary share capital increase – gross proceeds of CHF 295 million



▪ Received approval from FINMA regarding the proposed acquisition of BSI



▪ Completed legal filing across 20+ jurisdictions



▪ Announced future management structure after closing of acquisition of BSI



▪ Organizational structure defined



▪ Agreed terms for EFG Bank's Singapore branch to purchase the business of BSI Bank (Singapore) in accelerated asset deal and started integration



▪ Integration plan completed



▪ Joint committees, work streams and internal communication are in operation



Highlights of BSI 1H 2016

- BSI performance in the first half 2016 reflected the difficult market environment, the negative impact of the regulatory actions in Asia and a high number of exceptional items
- NNM decreased by CHF 9.6 billion in the first half of 2016
 - More than 38% of the outflows presented a RoAuM below 35 bps
 - The outflows are largely related to the regulatory actions in relation to BSI Singapore announced on 24 May
- Revenue margins were marginally up vs. 2H15 at 83bps
- Underlying expenses of CHF 271.7 million down 11% vs. 2H15
- Underlying net profit of CHF 34.4 million in 1H 2016, compared with CHF 36.5 million in 2H 2015
- Reported profit impacted by exceptional items mainly related, among others, to the disgorgement of profit (in relation to BSI Singapore) as imposed by FINMA (CHF 95m), the MAS fine (CHF 10m), the disposal of 49% of B-Source, termination cost related to the change of the IT platform and retention costs*
- Preparations to integrate BSI into EFG ahead of plan, building a leading Swiss private bank with global reach and significant scale to capture long-term opportunities in wealth management

BSI – Financial summary (IFRS)

	1H 2016	vs. 2H 2015	vs. 1H 2015
IFRS net profit	CHF (18.3m)	CHF 28.1m	CHF 100.7m
Underlying net profit	CHF 34.4m	CHF 36.5m	CHF 99.4m
Operating income (underlying)	CHF 341.5m	CHF 373.0m	CHF 449.1m
Revenue margin (underlying)	83 bps	82 bps	94 bps
Net new money ¹	CHF (9.6)bn	CHF (5.6)bn	CHF (0.6)bn
Revenue-generating AuM ²	CHF 76.0bn	CHF 87.7bn	CHF 92.7bn
Operating expenses (underlying)	CHF 271.7m	CHF 305.6m	CHF 316.3m
Cost / income ratio (underlying) ³	80%	82%	70%
CROs	366	398	404
Total FTEs	1,844	1,850	1,850

Source: Un-audited IFRS financials

¹ Excluding impact from businesses exited

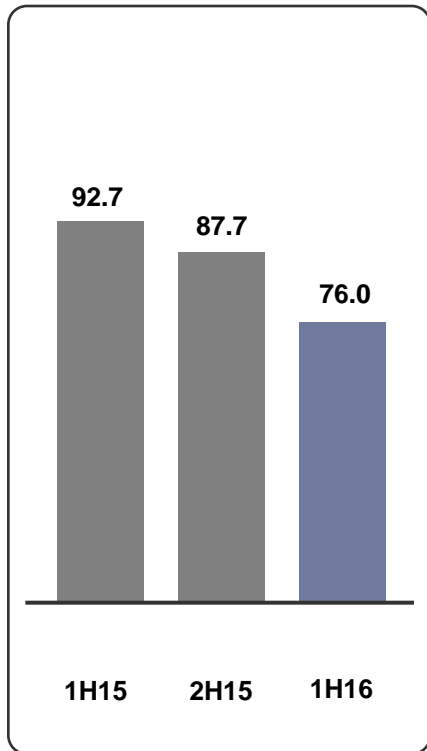
² Including CHF 9.2bn of loans (CHF 11.0bn in 1H15 and CHF 10.4bn in 2H15)

³ Ratio of operating expenses (including depreciation and amortisation) to operating income

1H 2016 Highlights

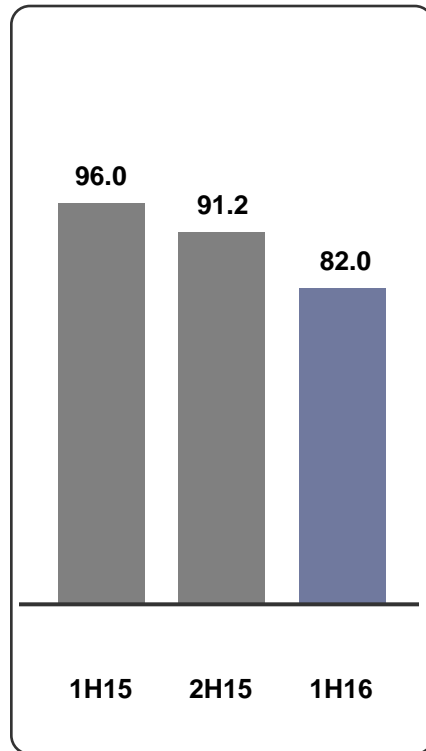
RoAuM marginally up vs. 2H 2015 level; outflows largely related to the regulatory actions in relation to BSI Singapore

Revenue-generating AuM
(in CHFbn)



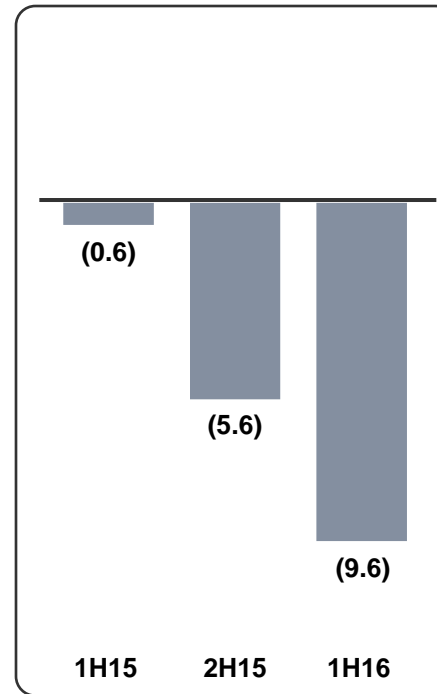
- 1H 2016 AuM impacted by NNA of CHF 9.6bn and credit decline of CHF 1.2bn

Average revenue-generating AuM
(in CHFbn)



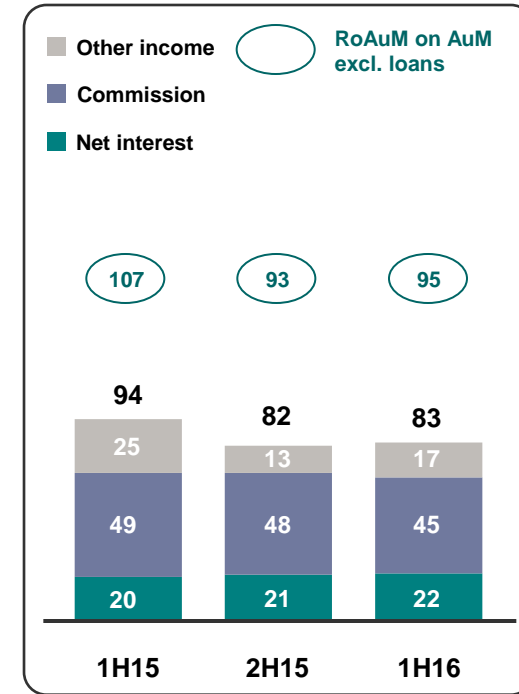
- Average AuM down 15% y-o-y and down 10% vs. 2H 2015

Net new money*
(in CHFbn)



- The outflows are largely related to the regulatory actions in relation to BSI Singapore announced on 24 May

RoAuM (underlying)
(in bps)



- RoAuM marginally up vs. 2H 2015 levels
- 1H15 other income margin benefitted from strong treasury and trading income following the unpepping of CHF

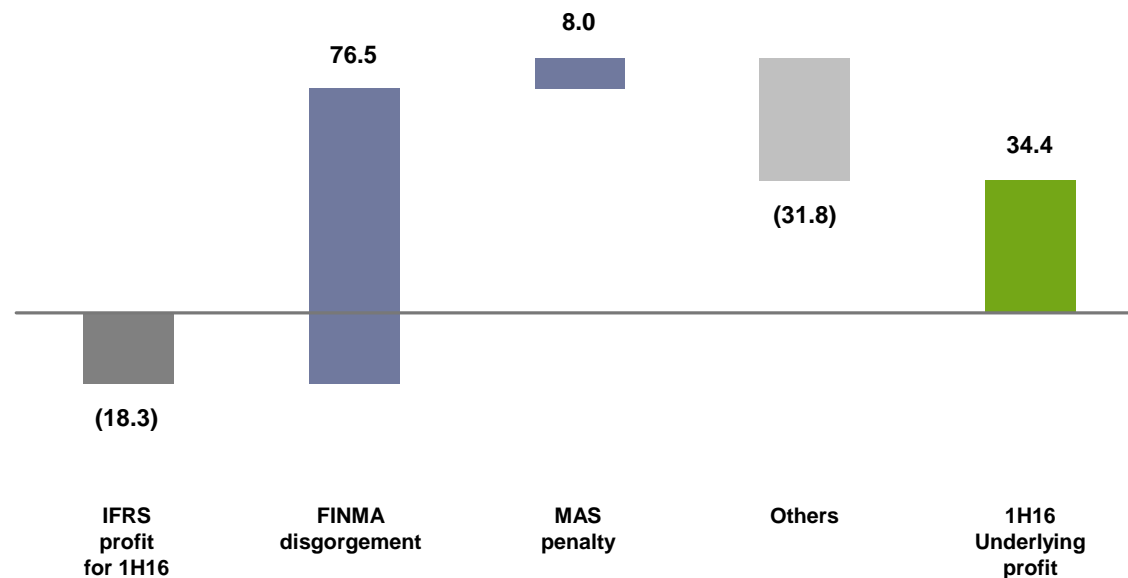
* Excluding impact from businesses exited

Underlying recurring net profit vs IFRS profit

Underlying recurring net profit CHF 34.4m

1H 2016

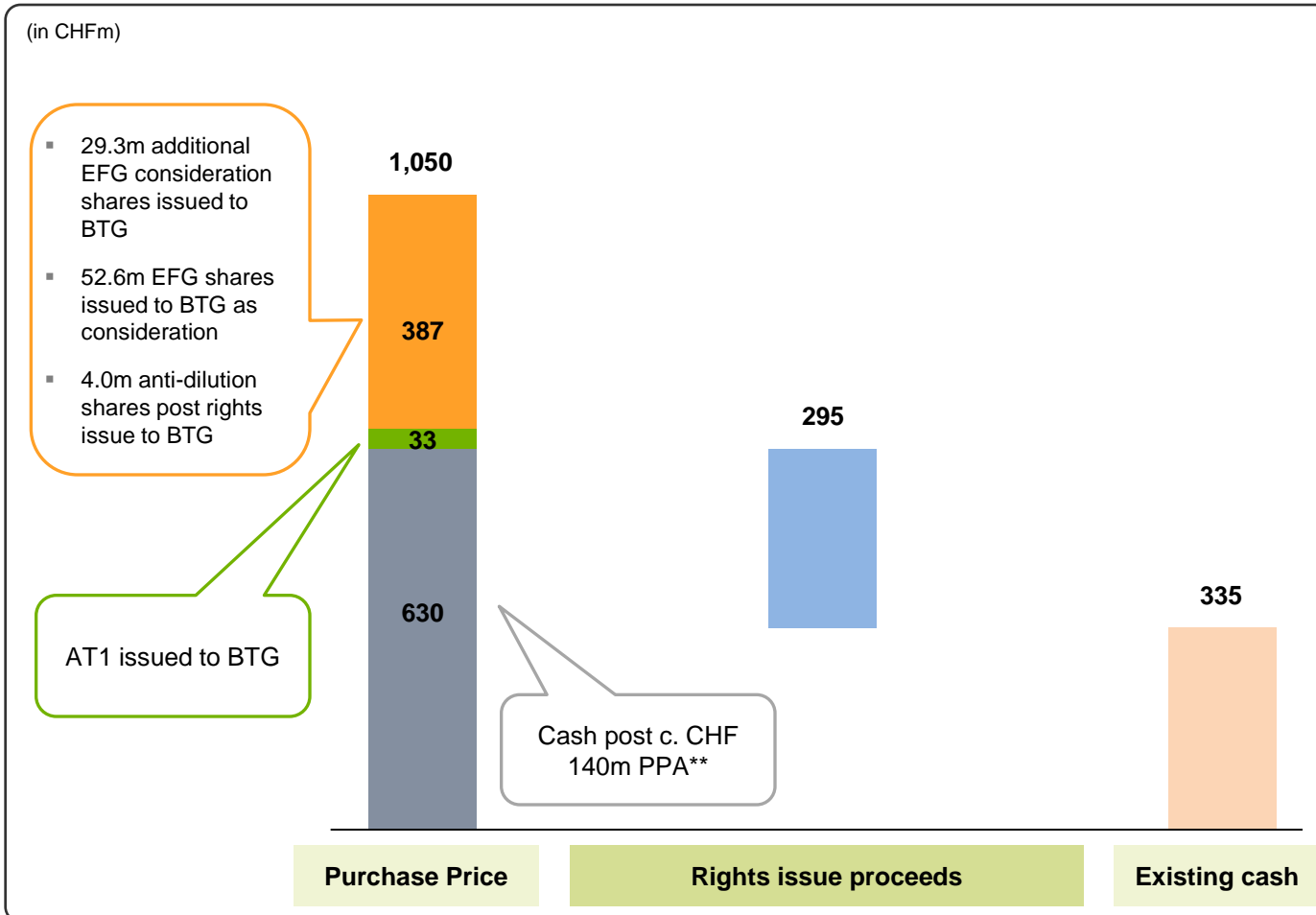
(in CHFm)
All figures on post tax basis



1H 2016 net income was impacted by the following exceptional items:

- FINMA disgorgement of profit : CHF 95m (CHF 76.5m post tax)
- MAS fine : CHF 9.6m (CHF 8.0m post tax)
- Others, including:
 - The disposal of 49% of B-Source
 - Integration effects such as the acceleration of the amortization of IT investments and provisions related to the future change in the IT platform
 - Retention costs

Preliminary purchase price estimated at CHF 1,050m*



As of 1H 2016, the preliminary purchase price estimated at CHF 1,050m

- Preliminary estimated purchase price adjustments of c. CHF 140m**
- Cash consideration reduced to CHF 630m vs. CHF 975m estimated in Feb 2016
 - Purchase price adjustments
 - Partial substitution of cash by additional shares issued to BTG Pactual
- CHF 33m AT1 issued to BTG Pactual (substitution of shares into AT1 to keep BTG stake below 30%)
- 86.0m EFG shares issued to BTG Pactual, of which 29.3m as additional consideration shares

Following reduction in cash consideration, no requirement for market AT1

* Illustrative EFG share price CHF 4.50 ** In addition to previously announced adjustments

- Closing of the BSI transaction expected by 4Q 2016
- Singapore full operating integration by the end of November 2016 at the latest
- Legal integration in Switzerland mid-2017
- Legal integrations in other jurisdictions by 2Q/3Q 2017
- Migration of BSI's business to EFG's IT platform expected to be complete by end-2017

- BSI acquisition is an important milestone for the future of EFG
- Integration on track
- Enhanced offering will increase profitability
- Solid, profitable due to synergies for the integrated, combined bank
- Swiss financial centre: Swiss solution in an environment marked by consolidation, global reach and growth prospects built out of Switzerland

Appendix

De-risking the acquisition (I)

Purchase price adjustment mechanism

- Preliminary purchase price subject to adjustments (up or down) for:
 - Changes in IFRS tangible book value
 - Net new money differences between 30-Nov-2015 and closing, if such difference is higher than CHF 7,696 m multiplied by an agreed multiple (100 to 150 bps)

De-risking the acquisition (II)

Indemnities for BSI legal risks

- BTG has agreed to indemnify EFG against certain damages relating to breaches of:
 - any representations and warranties
 - covenants and obligations
 - other matters related to specific legal cases
- BTG's liability is limited as follows:
 - The final purchase price for breaches of fundamental warranties and special indemnity matters (Malaysia and DoJ matters)
 - Up to CHF 400 m for other claims
 - The disgorgement of CHF 95 million of profits to the FINMA and the fine of CHF 10 million to the MAS will reduce the purchase price but will not impact the negotiated indemnities

Escrow account

- Swiss escrow account in place at closing (90% of consideration shares amounting to 51m shares), with shares locked up for 2 years
- Security for potential indemnification claims by EFG

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