EFG International reports full year 2013 results

***Zurich, 26 February 2014* – EFG International made an IFRS net profit attributable to ordinary shareholders of CHF 110.9 million in 2013, compared with CHF 103.1 million a year earlier. Excluding non-recurring charges (profit on the sale of EFG Financial Products, as well as legal, regulatory and other expenses), underlying net profit attributable to ordinary shareholders was CHF 111.2 million versus CHF 124.5 million a year earlier. Operating income (excluding EFG Financial Products) was CHF 666.0 million, down 5% from a year earlier - reflecting lower asset and liability management revenues, increased Tier 2 interest costs, and the absence of structuring transactions relating to large clients. After allowing for these factors, mainstream private banking revenues from continuing businesses were up 5% compared with 2012. Revenue-generating Assets under Management were CHF 75.9 billion, compared with CHF 78.7 billion at end-2012, but up 5% after adjusting for exited businesses and reclassifications. Net new assets from continuing businesses were CHF 3.2 billion (annual growth of 4.3%), excluding the outflow of a low-yielding single stock position, compared with CHF 3.0 billion a year earlier. Excluding Switzerland, which experienced a modest outflow in the second half, all other private banking businesses were positive in relation to net new assets. The number of Client Relationship Officers (excluding EFG Financial Products) stood at 435 at end 2013, up from 414 (407 excluding non-continuing businesses) a year earlier; and the pipeline is strong. The Basel III BIS Capital Ratio stood at 18.0% at end 2013, up from 15.9% at end-2012. EFG International reaffirms its medium-term targets and is committed to delivering growth and a step-change in performance. This is evidenced by the number, range and quickening pace of growth-related initiatives.**

Overview of key results	2013	Change vs. 2012
IFRS net profit*	**CHF 111.8 m**	up 1%
IFRS net profit attributable to ordinary shareholders*	**CHF 110.9 m**	up 8%
Underlying IFRS net profit attributable to ordinary shareholders*/**	**CHF 111.2 m**	down 11%
Operating income	**CHF 666.0 m**	down 5%
Operating expenses	**CHF 547.2 m**	down 1%
Cost-income ratio	**81.5%**	up from 78.8%
Revenue-generating AuM	**CHF 75.9 bn**	down 4%
Net new assets (continuing)	**CHF 2.5 / 3.2 ***bn**	compared with CHF 3.0bn
Revenue margin (% of AuM)	**88 bps**	down from 93 bps
BIS capital ratio (Basel III, fully phased in)	**18.0%**	up from 15.9%
Client Relationship Officers (CROs)	**435**	up from 414
Total headcount	**1,989**	down from 1,994

Notes:
** Figures above exclude EFG Financial Products, except where marked with a single asterisk.*
*** Excluding impact of non-recurring items *** Excluding low-yielding single stock position*

An increase in net profit attributable to ordinary shareholders, albeit a reduction in underlying net profit

EFG International made an IFRS net profit of CHF 111.8 million in 2013, compared with CHF 111.2 million a year earlier. Underlying net profit attributable to ordinary shareholders was CHF 111.2 million (CHF 124.5 million in 2012) after excluding the following non-recurring items:

- CHF 36.4 million gain relating to EFG Financial Products. Of this, CHF 33.8 million related to the capital gain on the sale in April 2013 of EFG International's remaining stake of 20.25%.

- CHF 4.0 million of net expenses relating to completion of the business review. Last year, EFG International tied up a number of loose ends from its business review, including the sale of its Canadian business (neutral in P&L terms).

- CHF 8.0 million, representing a provision relating to EFG International's share of the advance payment made by Swiss banks relating to the UK tax agreement, plus a further CHF 15.4 million following an unexpected outcome of a longstanding legal action in the UK to which it was a party.

- CHF 2.8 million of actual legal expenses, plus a provision of CHF 6.5 million to cover future legal expenses, relating to the US Tax Programme. At this time, EFG International has concluded that it is not possible to make a reliable estimate of the final penalty that may be payable. EFG International has always maintained a policy that US clients are not a target market but, as announced in December, it has decided to participate in the US Tax Programme as a Category 2 bank.

- CHF 0.9 million relating to the Bons de Participation dividend.

Excluding EFG Financial Products, operating income was CHF 666.0 million in 2013, compared with CHF 697.1 million a year earlier, due to lower asset and liability management revenues, increased Tier 2 interest costs, and the absence of specialist structuring transactions relating to large clients. The revenue margin stood at 88 bps, compared with 93 bps a year earlier. It improved from 87 bps to 88 bps between the first and second halves of the year, above EFG International's target of 84 bps. Operating expenses were CHF 547.2 million, down from CHF 554.3 million in 2012. The cost-income ratio stood at 81.5%, compared with 78.8% for the same period last year.

Revenue-generating Assets under Management were CHF 75.9 billion, compared with CHF 78.7 billion at end-2012. This reflects a reduction of CHF 6.0 billion relating to disposals (EFG Financial Products and Canada) and exited businesses, plus the redesignation of CHF 1.0 billion as Assets under Administration, offset by FX and market effects of CHF 1.7 billion and net new assets from continuing businesses of CHF 2.5 billion (CHF 3.2 billion excluding the outflow of a low-yielding single stock position). Excluding exited businesses and reclassifications, revenue-generating Assets under Management were up 5%.

An improvement in earnings quality; capital position remains strong

EFG International has been simplified and business risks lessened as a result of the various steps taken as part of its business review. The business is now all about private banking and growing core revenues and profits. While overall performance was constrained by lower asset and liability management revenues (due to the current low yield environment and the reduction in high-yielding GIIPS assets), an increase in Tier 2 interest costs, and the absence of specialist structuring transactions relating to large clients, core private banking operating revenues from continuing businesses increased by 5% during 2013. This would have been more marked but for a particularly challenging third quarter, when market conditions and client caution significantly impacted revenues and margins.

On a Basel III (fully applied) basis, EFG International's BIS Capital Ratio stood at 18.0%, compared with 15.9% at end-2012. The Common Equity Ratio (CET 1) stood at 13.5%, up from 11.7%. This takes into account a proposed increase in the dividend from CHF 0.10 to CHF 0.20 per share, representing a payout ratio of 27% based on the underlying recurring net profit attributable to ordinary shareholders.

Most regional businesses making good progress

The Continental European business delivered double-digit growth in operating income and profits, with Monaco performing particularly strongly. Asia delivered double-digit growth in operating income and maintained its track record of increased profits, in a region where lack of profitability is an industry issue. The UK delivered robust growth in revenues and a strong double-digit increase in profit before legal settlement expenses. Switzerland continued to be impacted by a particularly challenging environment and the absence of significant structuring transactions relating to large clients. The latter factor also impacted the Americas business, which was consequently unable to sustain the strong performance seen in 2012.

Progress in relation to net new assets; second half disappointing but mitigating factors

Net new assets were CHF 3.2 billion (growth of 4.3%), excluding the outflow of a low-yielding CHF 0.6 billion single stock position, compared with CHF 3.0 billion in 2012. Disappointingly, net new asset development was weaker during the second half, reflecting market conditions and substantial outflows due to the exiting of lower value accounts in Hong Kong as a result of regulatory changes relating to affluent clients. Without these transitional effects in Hong Kong, net new asset growth would have been at the lower end of EFG International’s target range of 5-10%. The Continental Europe business generated net new asset growth in excess of this range; the UK performed within the target range; the Swiss private banking business was slightly negative, with encouragingly stronger gross inflows in large measure offsetting outflows relating to legacy businesses; Asia came in slightly below, but would have been comfortably within but for the exiting of lower value accounts; and the Americas, while below, improved markedly during the second half.

EFG International believes that it is well placed to deliver on its net new asset target going forward, particularly given the quickening tempo of initiatives designed to deliver growth (see later).

Notable improvement in CRO hiring

The total number of CROs (excluding EFG Financial Products) stood at 435 at the end of 2013, up from 414 a year earlier (407 excluding non-continuing businesses). Furthermore, EFG International added a net 19 CROs during the second half of 2013.

All regional businesses were up year-on-year, with the exception of Asia. For Asia, this reflects a further tranche of underperforming CROs let go during the first quarter of 2013, with 10 CROs added during the remainder of the year.

An overriding focus on delivering growth; manifold initiatives

With the business review complete, the focus is now all about delivering controlled, profitable growth. This commitment to growth is supported by various initiatives and the tempo of activity will continue to accelerate. Current initiatives include:

- CRO recruitment. The CRO pipeline is strong, with a clear focus on high quality individuals and teams. Central and Eastern Europe has been, and will continue to be, a focal point for hiring, particularly as the region delivered very strong growth in 2013.

- In Switzerland, new Heads of Private Banking are now in place in Zurich and Geneva (Stephan Keiser and Jean-Louis Platteau respectively) and they have an important role in attracting new CROs and driving growth in Switzerland, both domestically and internationally. EFG International has completed the relocation of its Zurich head office to a prestige property at Bleicherweg 8, a clear reflection of its ambition to grow the business significantly.

- In Asia, Alvin Ma joined EFG International on 21 February 2014 as Head of Emerging Wealth, based in Hong Kong. Alvin was formerly a highly successful banker at EFG International, before moving to China CITIC Bank International, where he was responsible for international private banking.

- In Singapore, EFG International has been granted approval for a wholesale banking license, with a view to significantly improving its service offering, including Singapore dollar deposits. It expects to commence operations as a wholesale bank during March 2014.

- To capitalise on the Global Indian opportunity, a new role is being created of Head of Global Indians, and EFG International is in the process of hiring, to be based in Singapore but with an international remit.

- In Spain, AyG has established itself as a force in Spanish private wealth management and is committed to continuing to enhance its offering to clients. Towards this end, it is in the process of applying for a banking license.

- Coverage of the Greek market was recently enhanced by the hiring of a team head in Luxembourg and more hires will follow across a number of centres. EFG International is also evaluating the case for establishing some form of representation in Athens.

- A comprehensive and integrated solutions platform is now in place, encompassing wealth structuring, investment solutions and credit. EFG International will continue to invest in this area, as there is a significant opportunity to broaden and deepen relationships with clients. Strong progress continues to be made in relation to investment solutions, with clients' assets under some form of investment management standing at CHF 8.2 billion at end-2013. This has more than doubled over the past four years and continues to deliver strong, double-digit growth.

- EFG International successfully rebranded during the second half of 2013. It will increasingly project a unified approach under the marketing name, "EFG". In certain regions, the logo will be accompanied by the descriptor, 'Private bankers', reflecting EFG International's sole focus on private banking.

Focus remains on organic growth, but targeted acquisition activity

Delivering on latent potential offers the most significant short-term upside to shareholder value and therefore the short- to medium-term focus remains on organic growth. However, EFG International is open to making acquisitions where there is a shared appreciation of private banking, complementary cultures and capabilities, and scope for meaningful synergies. In January 2014, EFG International and Falcon Private Bank agreed on a referral of the latter's clients in Hong Kong. The two organisations will be working closely together to ensure a smooth introduction of client relationships during the first half of 2014 and a number of CROs will move across. Assets under management of circa CHF 800 million are involved and it is expected that the lion's share will ultimately transfer to EFG.

Organising to deliver growth

As announced in January, John Williamson, CEO of EFG International, will devote more of his time to the development of the five regional private banking businesses, as well as investment and wealth solutions. To facilitate this, Giorgio Pradelli, Chief Financial Officer, is now focused on EFG International's operational and risk platform and has additionally taken on the role of Deputy CEO.

Committed to delivering medium-term targets

The external pressures impacting private banking were much in evidence in 2013, and served to constrain business performance as well as taking up valuable management time. In addition, market conditions continued to act as a brake on profitability, notably in relation to asset and liability management, and client sentiment remains fragile as demonstrated, in particular, during the third quarter.

This said, the private banking opportunity is a significant and growing one, and EFG International is convinced that it is well equipped to capitalise on this, and to deliver strong growth in the future. Over the past 12 months, progress has been made in relation to net new assets (albeit the second half of 2013 was weaker than anticipated), and in particular CRO hiring, which bodes well for the future. The business offers significant upside potential - both in terms of doing more with existing clients as well as obtaining new ones - and there is no shortage of acquisition opportunities although, in this respect, EFG International will not compromise on quality.

There is significant profit upside as and when interest rates start to rise, but EFG International's focus remains resolutely on delivering business growth, flowing through with minimal dilution to productivity and profits. This is reflected in the various enabling steps that have been taken (from organisational changes to compliance as a pre-condition of growth) and the number, range and quickening pace of growth-related initiatives.

While EFG International is capable of delivering strong double-digit growth in profits for the foreseeable future, it is behind where it needs to be in relation to its objective of delivering an IFRS net profit of CHF 200 million in 2015. This is now dependent on delivering net new asset growth at the top of EFG International's target range, as well as assistance from significantly better market conditions and rising interest rates.

However, EFG International is retaining this objective - albeit as a stretch target - given that its focus in 2014 and 2015 is unequivocally about delivering growth and a step-change in business performance.

EFG International reaffirms its other medium-term objectives:

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

- A reduced cost-income ratio - to below 75%, albeit in 2015 rather than 2014.

- Continue to strengthen capital. The business review target of 14-16% for the BIS Capital Ratio has been exceeded, and replaced by an objective of high teens for the Basel III BIS Capital Ratio and low teens for the Common Equity Ratio (CET 1).

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

- As a result, delivering strong double-digit growth in profit and a double-digit return on shareholders' equity.

From a shareholder return standpoint, and as previously announced, EFG International's improved profitability and capital strength will enable it to adopt, as evidenced this year, a more progressive dividend policy going forward.

John Williamson, Chief Executive Officer, EFG International:

- "Private banking is experiencing challenging times, and our results last year were impacted by fragile client sentiment, particularly in the third quarter, and exceptional legal and regulatory expenses. But it is also a market of opportunity, and I am confident that EFG is well placed to capitalise on this. Our resetting phase is complete, and we are getting back onto the front foot, as evidenced by a recent small acquisition. Most of our businesses are well placed, CRO hiring has increased significantly, and the quality of earnings is much improved. We are focused on growth, evidenced by the number, range and quickening pace of growth-related initiatives. We are absolutely committed to delivering a step-change in growth and profits."

Ordinary dividend

The payment of a dividend of CHF 0.20 per share (free of withholding tax) will be proposed to the Annual General Meeting scheduled for 25 April 2014.

Annual Report 2013

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 2013 can be downloaded here:

http://www.efginternational.com/cms1/files/live/sites/efgi_public_site/files/investors/financial_reporting/2013_FY/EFGI_2013_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 2,000 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 2013 results

EFG International will release the financial results for the full-year of 2013 on **Wednesday, February 26, 2014** at 7.00 am CET.

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 2013 results will be presented by:

- John Williamson, Chief Executive Officer (CEO)
- Giorgio Pradelli, Deputy CEO & Chief Financial Officer

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 58 310 50 00
- UK: + 44 203 059 58 62

Please call before the start of the presentation and ask for "EFG International full-year 2013 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 26, 2014 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 19271 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 2013

(in CHF million unless otherwise stated)	**31 December 2013**	**31 December 2012**
Clients Assets under management (AUM)	**76,854**	**79,469**
AUM excluding shares of EFG International	**75,852**	**78,687**
Assets under administration	**8,074**	**8,295**
Number of Client Relationship Officers	**435**	**414**
Number of Employees	**1,989**	**1,994**

Consolidated Income Statement as at 31 December 2013

(in CHF millions)	**Year ended 31 December 2013**	Year ended 31 December 2012
Interest and discount income	417.2	439.4
Interest expense	(204.0)	(215.3)
Net interest income	**213.2**	**224.1**
	-	-
Banking fee and commission income	429.3	435.4
Banking fee and commission expense	(86.0)	(89.8)
Net banking fee and commission income	**343.3**	**345.6**
Dividend income	3.5	1.3
Net trading income	74.5	70.2
Net gain / (loss) from financial instruments designated at fair value	7.8	29.2
Gains less losses from investment securities	10.6	(2.3)
Other operating income	13.1	29.0
Net other income	**109.5**	**127.4**
Operating income	**666.0**	**697.1**
Operating expenses	(547.2)	(554.3)
Other provisions	(33.7)	
Impairment on loans and advances to customers	(1.4)	(4.4)
Gain/(loss) on disposal of subsidiaries	0.5	(1.7)
Impairment of intangible assets and goodwill		(1.4)
Provision for restructuring costs		(11.7)
Currency translation losses transferred from the Statement of Comprehensive Income		(3.3)
Profit before tax	84.2	120.3
Income tax expense	(8.2)	(18.6)
Net profit for the year from continuing operations	76.0	101.7
Discontinued operations		
Profit for the year from discontinued operations	46.7	22.2
Profit for the year	**122.7**	**123.9**
Net profit for the year attributable to:		
Net profit attributable to owners of the Group	111.8	111.2
Net profit attributable to non-controlling interests	0.6	1.0
Net profit attributable to non-controlling interests from discontinued operations	10.3	11.7
	122.7	**123.9**

Financials (cont.)

Consolidated Balance Sheet as at 31 December 2013

(in CHF millions)	31 December 2013	31 December 2012	Variation
ASSETS			
Cash and balances with central banks	848.9	1,364.4	-38%
Treasury bills and other eligible bills	631.2	816.8	-23%
Due from other banks	2,200.2	3,393.3	-35%
Loans and advances to customers	11,561.8	10,434.1	11%
Derivative financial instruments	560.4	563.2	0%
Financial assets at fair value :			
- Trading assets	113.3	1,340.0	-92%
- Designated at inception	349.8	381.4	-8%
Investment securities :			
- Available-for-sale	3,844.5	3,297.8	17%
- Held-to-maturity	1,107.1	1,093.6	1%
Intangible assets	266.9	294.6	-9%
Property, plant and equipment	22.5	33.0	-32%
Deferred income tax assets	36.3	32.1	13%
Other assets	155.7	560.7	-72%
	21,698.6	**23,605.0**	**-8%**
LIABILITIES			
Due to other banks	290.1	885.3	-67%
Due to customers	16,443.8	16,084.0	2%
Subordinated loans	245.1	57.0	330%
Derivative financial instruments	544.9	728.6	-25%
Financial liabilities designated at fair value	310.7	1,131.3	-73%
Other financial liabilities	2,421.5	2,938.1	-18%
Current income tax liabilities	5.0	2.1	138%
Deferred income tax liabilities	34.6	35.0	-1%
Provisions	26.8	11.5	133%
Other liabilities	269.6	455.8	-41%
	20,592.1	**22,328.7**	**-8%**
EQUITY			
Share capital	74.0	77.2	-4%
Share premium	1,238.4	1,239.0	0%
Other reserves	(49.1)	119.9	-141%
Retained earnings	(161.6)	(260.1)	-38%
	1,101.7	1,176.0	-6%
Non-controlling interests	4.8	100.3	-95%
Total shareholders' equity	**1,106.5**	**1,276.3**	-13%