

Press release

BSI Group – Annual Results 2015

Strong growth of net profit to CHF 112.5 million. Operating result* at CHF 153 million. Total Client Assets at CHF 84.3 billion**

- In a very challenging year, consolidated net profit improved sharply to CHF 112.5 million from CHF 2.2 million in 2014
- Consolidated operating result* amounted to CHF 153 million in 2015, already benefitting from positive effects of the operational excellence program, which will be fully deployed from 2016. As a consequence of the enhanced operational efficiency, Cost/Income Ratio*** improved to 74.7% (2014: 80.4%)
- Positive inflows from some markets were more than offset by the departure of institutional clients, the ongoing transformation of the client base, and the significant appreciation of the Swiss franc. As a consequence, Total Client Assets** decreased to CHF 84.3 billion (2014: CHF 94.0 billion)
- BSI confirmed to be a solid and well capitalised bank. Total Capital Ratio**** of 22.8% as at 31 December 2015 (2014: 17.1%).
- Following the announcement of February 22nd regarding the merger with EFG International, the integration planning process has started. The combination of BSI and EFG will create the fifth largest private bank in Switzerland

Lugano, 13/04/2016 - Stefano Coduri, Group CEO of BSI, comments: "We achieved a strong financial performance despite very challenging conditions, particularly in the fourth quarter of 2015, and the negative impact of both the appreciation of the Swiss franc and the persistent low interest rates, even negative in Switzerland. The sharp growth of net profit reflected the underlying resilient business performance and was sustained by the positive effects of the operational excellence program, which is already having tangible results despite its effects will be fully reached from 2016. 2015 was a challenging year in many respects, which impacted our business and clients' assets. In spite of that, we have been able to keep strong relationships with our clients thanks to our undiminished commitment backed by our solidity and quality of our products and services. Our strong financial performance, coupled with a very solid Total Capital Ratio of 22.8% and very high liquidity, amongst the highest of the market, are a proof of that. On top of that, I'm confident that the announced merger with EFG International, which will make us one of the largest private banks in Switzerland, will further strengthen the confidence in our bank."

At 31 December 2015, **consolidated operating result*** of the BSI Group stood at CHF 153 million. This result was boosted by a strong reduction in operating expenses, which fully compensated a slight decrease of revenues due to lower clients' activity and Asset under Management.

Net result from interest operations* decreased by 10.8% to CHF 173.5 million (2014 restated according to new publication format: CHF 194.5 million) due to the persistent low interest rate environment and negative rates in Switzerland. The **result from commission business and services**

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decreased to CHF 454.8 million, compared to CHF 512.9 million at 31 December 2014, following the reduction of Asset under Management and the lower clients' activity. **The result from trading activities** significantly grew by 15% to CHF 171.6 million (2014: CHF 149.3 million) reflecting the positive performance of trading activities that well exploited the markets' and currencies volatility. **The result from other ordinary activities** increased to CHF 16.6 million (2014: CHF 12.3 million).

The operational efficiency program implemented in 2014 and 2015 is already delivering significant results, although the full impact of these measures will be fully exploited starting from 2016. As a consequence, **total operating expenses** decreased, even more than expected, by 12.7% to CHF 609.7 million from CHF 698.7 million at 31 December 2014. Personnel expenses went down by 9.7% to CHF 385.0 million (2014: CHF 426.4 million), while general and administrative expenses significantly decreased by 17.5% to CHF 224.7 million from CHF 272.3 million in 2014.

Consolidated net profit increased sharply to CHF 112.5 million compared to CHF 2.2 million in 2014 when it was, however, influenced by major extraordinary legacy effects linked to the Bank's participation to the US tax program.

In spite of positive inflows from some emerging markets and the traditional markets where BSI recently invested, **Total Client Assets**** stood at CHF 84.3 billion (2014: CHF 94.0 billion), out of which Assets under Management were CHF 77.2 billion and Assets under Custody amounted to CHF 7.1 billion. The decrease was the result of negative market performance and negative currency impact, driven by the appreciation of the Swiss franc that followed the decision of the Swiss Central Bank to abandon the floor with the euro on January 15th, the departure of institutional clients and the gradual transformation of the client base.

In 2015, BSI confirmed to be a very solid and well capitalised bank. Total Capital Ratio**** was 22.8%, well above the end-2014 figure (17.1%). At 31 December 2015, Total Assets were CHF 21.0 billion (31 December 2014: CHF 24 billion).

BSI SA

Established in Lugano in 1873, BSI is one of the oldest Swiss banks and specialises 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. BSI ranks among Switzerland's leading private banking groups, with CHF 84.3 billion of Asset under Management or Custody (at 31.12.2015) and about 1,900 FTEs across 18 offices throughout the world. Based in Lugano and with a significant 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 customised solutions.

* In compliance with the new FINMA regulations, BSI's 2015 results are presented in Swiss GAAP according to the new Accounting Principles for Swiss Banks (PCB).

** The BSI definition of Clients' Asset is different than the one presented by EFG on February 22nd, 2016, which includes loans as per EFG International's definition of revenue-generating assets under management. As per BSI definition loans of CHF 10.4 billion are excluded and Assets under Custody are added of CHF 7.1 billion.

*** Consistently with past years, the cost income ratio is calculated taking into account the total operating expenses (which includes personnel expenses and general and administrative expenses) and the total of the income side (which includes the net result from interest operations, the result from commission business and services, the result from trading activities and the result from other ordinary activities).

**** BSI regulatory capital reported to FINMA under Swiss GAAP.

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