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BSI – Financial results as at 30 June 2015

**PRESS
RELEASE**

Earnings up sharply: gross profit at CHF 130.7 million (+20.8%) and net profit at CHF 78.1 million (+24.7%)

- Consolidated gross profit grew by 20.8% to CHF 130.7 million compared with CHF 108.2 million in the first half of 2014, and benefited from a solid operating performance and the operational excellence programme launched in 2014. Net profit grew by 24.7% to CHF 78.1 million.
- Assets under Management (AuM) were CHF 81.8 billion compared with CHF 92.3 billion at the end of 2014 mainly due to the significant appreciation of the Swiss franc. Net New Money was negative at CHF 2.8 billion, mainly owing to the departure of institutional clients and the gradual transformation of the client base. On the other hand, Assets under Custody (AuC) reached CHF 5.1 billion.
- BSI again proved that it is a solid and well-capitalised bank, with a total capital ratio at 18.8%
- Two important appointments to the Group Executive Board: Reto Kunz is the new Chief Risk Officer since August 1st and Yves Bonzon will be the new Chief Investment Officer since January 2016. The Bank is thereby strengthening its expertise in line with its ambitious growth plans
- Following FINMA's approval in June, the closing of the acquisition of BSI by BTG Pactual is expected in the coming weeks.

Stefano Coduri, Group CEO of BSI commented: "We are satisfied with the operational and financial performance, which confirms that the strategic decisions we took were effective in another six months that were extremely challenging, marked particularly in the first quarter of the year by the negative impact resulting from the appreciation of the Swiss franc and negative interest rates. The performance was in particular boosted by the operational excellence programme launched last year, which is having tangible results, although its effects will only be fully felt from 2016. Following FINMA's approval, we expect to be able to complete the definitive handover of ownership to the BTG Pactual Group in the near future. We are convinced that with the support of BTG Pactual, we will be able to grow significantly and offer our clients new investment opportunities of the quality and service that we have always provided".

At 30 June 2015, **consolidated gross profit** for the BSI Group was up by 20.8% to CHF 130.7 million, compared with CHF 108.2 million in the first half of 2014. This result was boosted by stable revenues and a significant reduction in operating costs. **Operating income** stood at CHF 433.9 million (30 June 2014: CHF 437.6 million), and mainly benefited from the positive performance of trading activity; revenues in this business grew by 35.7% to CHF 98.0 million (compared with CHF 72.2 million in the first six months of 2014), on the back of the increased volatility of markets and currencies. Despite low interest rates and even negative ones in Switzerland, interest income fell by only 2.1% to CHF 93.4 million, while income from commission and service fee contracted by 9.8% following the decline in assets under management due to the sharp appreciation of the Swiss franc that followed the Central Bank's decision to abandon the floor with the euro on January 15th.

The operational excellence programme is having significant results, although the impact of these measures will be fully felt from 2016. **Operating costs** thereby fell by 8% to CHF 303.2 million, from CHF 329.4 million in the first half of 2014, leading to an improvement in the **cost/income ratio** to 69.9%, from 75.3% in the first half of 2014. The objective is to continue on this path of improvement, with a further reduction in the cost/income ratio.

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Following positive operating performances, **net profit** increased by 24.7% to CHF 78.1 million, compared with CHF 62.6 million in the first half of 2014. Overall, substantial growth in earnings in the first six months of 2015 was due to significant efforts to limit the costs sustained by the Bank.

At 30 June 2015, **Assets under Management** totaled CHF 81.8 billion (31 December 2014: CHF 92.3 billion). This result was affected mainly by the Forex effect resulting from the strengthening of the Swiss franc following the Central Bank's decision to abandon the floor with the euro. **Net New Money** was negative at CHF 2.8 billion, mainly owing to the departure of institutional clients and the gradual transformation of the client base. On the other hand, **Assets under Custody** (AuC) reached CHF 5.1 billion.

The **total capital ratio** of the BSI Group was 18.8%, above the end-2014 figure (17.1%), further confirming BSI's solidity even in adverse market conditions. At 30 June 2015, **total assets** were CHF 22.1 billion (31 December 2014: CHF 24 billion).

Two new important appointments to the Group Executive Board: Reto Kunz is the new Chief Risk Officer and Yves Bonzon the new Chief Investment Officer

As part of the Bank's strategy to grow and position itself within the new global competitive environment, and in light of the increased complexity of the context in which the Bank operates, BSI has strengthened itself with two new appointments: Reto Kunz is the new Chief Risk Officer since August 1st, and Yves Bonzon will be Chief Investment Officer from January 1st, 2016. Both will also be members of the Group Executive Board, and will report directly to Group CEO Stefano Coduri.

In his role as Chief Risk Officer, Reto Kunz will oversee the effective governance of risks, in line with the BSI Group's greater size and international presence. Reto Kunz has accrued over 30 years' experience in the financial sector, at leading banks both in Switzerland and abroad. He held positions of responsibility in Risk management and Control at Credit Suisse, UBS and LLB. Thereafter, Reto Kunz launched his own independent risk management consultancy business.

As Chief Investment Officer, Yves Bonzon will be responsible for guiding and strengthening the investment strategy, with the objective of further developing asset management within the BSI Group, in line with the Bank's ambitious growth objectives in international wealth management, and responding more effectively to the requests of its increasingly demanding customers. Yves Bonzon has a considerable proven track record and experience in the Swiss banking sector gained in Pictet, where he has worked in various roles from 1989, before becoming CIO of Pictet Wealth Management.

FINMA approval to acquisition of BSI by BTG Pactual

Following FINMA's approval to the acquisition of BSI by BTG Pactual in June, the handover of ownership is nearing completion, pending a number of authorisations on other markets in which BSI operates, as well as other standard conditions relating to the closing. Upon completion of the operation, BSI will become the international wealth management platform of the BTG Pactual group, and will continue to operate under the BSI brand, based in Lugano. With the strong support of a dedicated shareholder like BTG Pactual, BSI will be able to further consolidate and expand its offer, with significant advantages for the Bank's customers and employees.

BSI

Established in Lugano (Switzerland) in 1873, BSI Ltd is one of the oldest banks in Switzerland and specialises in private wealth management. With assets under management of CHF 81.8 billion (at 30 June 2015) and around 1,900 employees (FTE) in 20 locations around the world, BSI is one of the leading private banking groups. The bank places great emphasis on establishing and maintaining ongoing personal relationships with clients, while at the same time offering global asset management services with world-class products. It is present in the major financial markets worldwide, in Europe, Latin America, the Middle East and Asia. www.bsibank.com