

PRESS RELEASE

EFG FINANCIAL PRODUCTS REPORTS FULL-YEAR 2012 RESULTS

Zurich, February 21, 2013

EFG Financial Products Holding AG (SIX:FPHN), the Zurich-based integrated structured investment service provider, recorded total operating income of CHF 127.8 million on increased turnover of CHF 12.1 billion for the twelve months ended December 31, 2012. Group net profit reached CHF 20.5 million in 2012, representing a 56 % increase year-on-year. In 2012 the company also made significant progress in the implementation of its strategy, including the addition of a new white-labeling partner in June 2012 and its successful IPO in October 2012. The board of directors of EFG Financial Products will propose a shareholder distribution, in line with its dividend policy, of CHF 1 per share at its annual general meeting in April 2013. The company had a good start in 2013 and expects to further strengthen its profitability this year. Outstanding volume of structured investment products issued under EFG Financial Products' stand-alone credit risk reached approx. CHF 1 billion by early February, 2013.

CHF million, year ended December 31	2012	2011 ⁽¹⁾	Change in %
Turnover (CHF billion)	12.1	10.4	16 %
Net fee income	120.9	87.3	38 %
Net trading income	7.0	15.0	(53 %)
Other operating income	(0.1)	2.2	NA
Total operating income	127.8	104.5	22 %
<i>As bps of turnover</i>	<i>106</i>	<i>100</i>	<i>6 %</i>
Personnel expenses	(60.8)	(54.0)	13 %
Depreciation and amortization	(9.3)	(6.1)	52 %
Other operating expenses	(35.8)	(30.0)	19 %
Total operating expenses	(105.9)	(90.1)	18 %
<i>Cost income ratio</i>	<i>83 %</i>	<i>86 %</i>	<i>(3 pp)</i>
Profit before taxes	21.9	14.4	52 %
Income tax expense	(1.4)	(1.3)	8 %
Group net profit	20.5	13.1	56 %

Against the backdrop of an uncertain economic environment, continued low interest rates and subdued client confidence in the financial markets, EFG Financial Products showed a strong business performance in 2012. Results in the second half of 2012 were largely in line with developments in the first six months of the year, as indicated at the time of the IPO.

⁽¹⁾ Income statement and balance sheet figures for 2011 have been restated to reflect the adoption of IAS 19 (revised 2009), *Employee Benefits*.



As of December 31, 2012, EFG Financial Products served 580 clients, compared to 442 clients as of December 31, 2011 (up 31 %). Client retention rate increased from 67 % in 2011 to 74 % in 2012. Turnover rose by 16 % to CHF 12.1 billion in 2012, from CHF 10.4 billion in 2011. Average margin on turnover climbed from 100 basis points in 2011 to 106 basis points in 2012. The number of large ticket transactions ⁽²⁾ increased by 13 to 21 in 2012. Based on these main revenue drivers, total operating income increased 22 % from CHF 104.5 million in 2011 to CHF 127.8 million in 2012.

Since the conversion of EFG International (EFGI) into a white-labeling partner in the context of the IPO, EFG Financial Products generates white-labeling service fee income on EFGI-guaranteed products, while trading income earned on funding from those products is now recognized at EFG International. As a result, EFG Financial Products posted a 38 % increase in net fee income to CHF 120.9 million in 2012, reflecting this change and in particular strong business development in both of its divisions. Net trading income declined by 53 % to CHF 7.0 million in 2012, reflecting the aforementioned reduction as well as lower volatility than in 2011.

Total operating expenses went up by 18 % from CHF 90.1 million in 2011 to CHF 105.9 million in 2012. Reflecting new hires, personnel expenses increased 13 % to CHF 60.8 million. Other operating expenses rose 19 % to CHF 35.8 million, as a result of the growth of the business as well as ongoing investments into the company's platform and infrastructure. Cost-income-ratio improved to 83 %, from 86 % in 2011.

Profit before taxes increased 52 % from CHF 14.4 million in 2011 to CHF 21.9 million in 2012, and Group net profit rose 56 % from CHF 13.1 million in 2011 to CHF 20.5 million in 2012. The board of directors of EFG Financial Products will propose a dividend of CHF 1 per share – in the form of a shareholder distribution against capital reserves which is not subject to Swiss withholding tax – at its annual general meeting in April 2013. This is slightly in excess of the 30 % target payout ratio indicated at the time of the IPO.

DIVISIONAL DEVELOPMENT – INCREASED CONTRIBUTION FROM STRUCTURED ASSET MANAGEMENT & PENSIONS SOLUTIONS

EFG Financial Products' Structured Solutions division increased total operating income by 14 % and posted pre-tax profit of CHF 23.0 million (up 24 %) in 2012. The Structured Asset Management & Pensions Solutions division showed 371 % income growth in 2012, now contributing 13 % (2011: 3 %) to the company's total operating income. The division's profit before taxes went up from CHF - 1.4 million in 2011 to CHF 6.9 million in 2012.

REGIONAL DEVELOPMENT – STRONG GROWTH IN ASIA

Following the successful opening of a new presence in Singapore ⁽³⁾, total operating income from EFG Financial Products' Asia region rose 45 % in 2012, while the EU region stayed slightly below expectations with 23 % income growth year-on-year. The latter increased profit before taxes from CHF 0.2 million in 2011 to CHF 1.2 million in 2012, and Asia posted a pre-tax loss of CHF - 3.9 million in 2012, slightly higher than in 2011 due to the build-up of the business. The company's core region – which includes its initial and principal entities in Switzerland, Monaco and Guernsey – increased total operating income by 11 % and profit before taxes rose 24 % to CHF 25.7 million. In 2013, EFG Financial Products will focus on consolidating and strengthening the profitability of its international presence and does not plan to open any new locations.

CAPITAL DEVELOPMENT – CHARACTERIZED BY IPO

EFG Financial Products' total eligible capital stood at CHF 118.6 million as of December 31, 2012, including net proceeds from the IPO of CHF 67.1 million. The revision of employee benefit accounting (IAS 19 revised 2009) in 2012 resulted in a negative implementation impact of CHF 4.5 million to the company's total eligible capital. BIS total capital ratio stood at 18.0 % at year-end 2012. Average value-at-risk (VaR) remained stable at CHF 1.2 million in 2012.

WHITE-LABELING STRATEGY – FURTHER PROGRESS ACHIEVED

After the launch of a new white-labeling cooperation in June 2012 and the conversion of EFG International into a white-labeling partner in October 2012, EFG Financial Products now provides structured investment products and services for three white-labeling partners in the banking sector and two in the insurance industry. Thanks to its more independent setup achieved through the IPO, and due to the scalability of its platform – as illustrated by the reduction of its cost per issued product of 44 % since 2010 – EFG Financial Products sees considerable further potential to extend its network of white-labeling partners both in Switzerland and internationally over the coming years. The company is currently in discussion with certain potential candidates and is confident to reach an agreement with one additional partner in the first half of 2013.

⁽²⁾ Defined as single primary or secondary market transactions on a single product with a single client and a margin earned equal to or larger than CHF 0.5 million.

⁽³⁾ The sales team of EFG Financial Products in Singapore operates under the license of EFG Bank AG, Singapore branch, until the local subsidiary obtains a full capital markets license.



OUTLOOK AND PRIORITIES – FOCUS ON COSTS, PROFITABILITY AND RISK

EFG Financial Products had a good start in 2013 and expects to achieve further progress this year. The company will further increase its focus on scalable automated investment products, whereas one-off special transactions – which can generate higher yields but are more volatile by nature and hence difficult to project – will be pursued on a more opportunistic basis. While potentially dampening income growth perspectives for the current year, this adjustment is set to further secure stable, reliable income streams in addition to benefitting the company's cost-income ratio. Cost containment, profitability and strict risk management will remain key priorities of EFG Financial Products.

As envisaged at the time of the IPO, EFG Financial Products has recently started to build up an investment portfolio for hedging purposes, in line with an increase in the issuance of structured investment products under its own name. Outstanding volume of these products reached approx. CHF 1 billion by early February, 2013, whereby the majority of the products was issued with EFG Financial Products credit risk (non-COSI) and had durations of more than one year, underlining clients' trust in the company. As current credit-spreads are lower than estimated at the time of the IPO, operating income from funding is expected to come in below previous guidance for 2013. Due to this, and given the faster than expected development of own product issuances, BIS total capital ratio may decrease to below 16 % on a temporary basis.

Jan Schoch, CEO of EFG Financial Products: "We are very pleased with the strategic and financial progress we achieved in 2012, despite the challenging environment. We are confident with regard to the future development of our business, but we are taking a realistic approach to growth. We remain committed to further investing in our market-leading platform, the services we provide, and our team, while keeping costs under control and creating value for our shareholders and clients."

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ABOUT EFG FINANCIAL PRODUCTS

EFG Financial Products is an integrated structured investment service provider with a leading position in Switzerland and an international presence through offices in Zurich, Geneva, Monaco, Guernsey, Frankfurt, Paris, Madrid, London, Singapore and Hong Kong. EFG Financial Products combines a modern and integrated structured investment service platform designed for flexibility, innovation, customer service and transparency with a highly experienced team of specialists. EFG Financial Products' registered shares (FPHN) are listed on the SIX Swiss Exchange. www.efgfp.com

EFG FINANCIAL PRODUCTS FULL-YEAR 2012 RESULTS PRESS CONFERENCE TODAY

A press conference with Jan Schoch, CEO, and Michael Hartweg, CFO, will take place as follows:
Thursday, 21 February 2013, 09.30 am CET, SIX Swiss Exchange, Convention Point, Selnaustrasse 30, 8021 Zurich.

Should you wish to participate by telephone, please use the following dial-in details:

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

Please call 10-15 minutes before the start of the presentation and ask for "EFG Financial Products full-year 2012 results".

The press release and the presentation are available on www.efgfp.com.

A digital playback of the telephone conference will be available approx. 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 access code 18412 followed by the #sign.

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