LEONTEQ SECURITIES AG
(*Incorporated in Switzerland*)

("**Leonteq Securities AG**" or interchangeably the "**Issuer**")

which may also be acting through its Guernsey branch:

LEONTEQ SECURITIES AG, GUERNSEY BRANCH
(*the Guernsey branch of Leonteq Securities AG*)

Registration Document

pursuant to Section 12 (1) Sentence 3 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*)

dated 24 June 2013

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I. RISK FACTORS

The following is a disclosure of risk factors that are material to the specific situation of the Issuer and may affect the Issuer's ability to fulfil its respective obligations as issuer of any issued products.

The Issuer's activities expose it to a variety of financial risks including market risk, credit risk and liquidity risk. These risks primarily arise through the issuance of structured products, the related investment of cash proceeds and the hedging of market risks through the purchase of derivative products.

Financial information of the Issuer should not be relied on as evidence of future results.

As a financial services provider, the business activities of the Issuer are affected by the prevailing market situation. Different risk factors can impair the Issuers ability to implement business strategies and may have a direct, negative impact on earnings. Accordingly, Leonteq Securities AG's revenues and earnings are subject to fluctuations. The revenues and earnings figures from a specific period, thus, are not evidence of results in any future period. They can vary from one year to the next and may affect the Issuer's ability to achieve its strategic objectives. Taking into account that the Issuer has only a short financial history this might be of particular relevance.

The Issuer may not be able to fulfil its obligations due to a deteriorated financial situation. The Issuer may become insolvent.

The financial situation of the Issuer could deteriorate and may prevent the Issuer from fulfilling its obligations. Investors are therefore exposed to the credit risk of the Issuer. The default or insolvency of the Issuer may lead to a partial or total loss of the claims of investors.

The Issuer is exposed to market risks arising from open positions in interest rate, currency and equity products which may adversely affect its results of operations.

Market risk is the risk of loss due to adverse changes in market prices. The Issuer distinguishes between the following types of market risk:

- Equity risk, which is the risk of adverse movements in share prices and related derivatives;
- Interest rate risk, which is the risk of adverse movements in yield curves and the corresponding movements in the valuation of fixed-income based assets;
- Credit spread risk, which is the risk that the change of credit spreads negatively impacts asset prices or related derivative prices. Credit spread risk relates primarily to the investment portfolio;
- Foreign exchange risk (FX risk), which is the risk of adverse movements in currencies and related derivative instruments; and
- Commodity risk, which is the risk of adverse movements in commodity prices and related derivatives.

The Issuer's market risk primarily arises from the issuance of structured products and the related hedging activity. Any Leonteq Securities AG's risk mitigation strategies can expose the firm to remaining sources of risk as the hedge instrument and the position being hedged may not always move in parallel, such residual risks to be managed at a macro level. Interest rate risks and foreign exchange risks may also arise in the normal course of business. The Issuer is also exposed to interest rate risk as a result of its

Pension Solutions business. The Issuer gives guarantees to its insurance cooperation partners on minimum returns, and this exposes the Issuer to risks involving falling interest rates and risks involving the increasing volatility of interest rates. Market risk may adversely affect the results of operations of the Issuer.

The Issuer is exposed to significant and increasing competition which may adversely affect its future results of operations.

All aspects of the Issuer's business are highly competitive and the competitive conditions are expected to continue to intensify. The Issuer's ability to compete depends on many factors, including its reputation, the quality of its services and advice, intellectual capital, product innovation, execution ability, pricing, sales efforts, and the talent of its employees. The significant and increasing competition may adversely affect the Issuer's future results of operations.

The Issuer is exposed to the risks relating to its white labelling business.

The Issuer offers white labelling services to third parties. The Issuer's white labelling business is based on a novel business model that is largely untested and there may not be sufficient demand to enable the Issuer to achieve meaningful operating income or cash flow or profitable operations.

The Issuer is further exposed to reputational and potentially regulatory risks should one of its white labelling partners default which might have a significant impact on the Issuer's operations.

The Issuer is exposed to the credit risk of its counterparties.

Credit risk is the risk of loss should a counterparty fail to fulfil its contractual obligations to the Issuer. Credit risk principally arises from the Issuer's investment portfolio, specifically bonds and term deposits, but also includes other on balance sheet financial assets such as cash and term deposits, settlement accounts, OTC derivative transactions and securities lending and borrowing. Counterparty default risk may also arise from unforeseen events or circumstances.

Credit risk also includes issuer risk. Issuer risk is a measure of the Issuer's exposure to the tradable instruments (bonds and third party issued products) of a single issuer (or issuer group).

Large credit risks are primarily with banks and insurance companies as a result of the Issuer's OTC and securities lending business.

The Issuer's maximum exposure to credit risk on its financial assets is equal to its carrying value in the statement of financial position less any guarantees, collateral and any effects of netting agreements.

The Issuer is exposed to liquidity and funding risk which may adversely affect its ability to operate its business and its future results of operations.

The Issuer hedges its liabilities through the sale or purchase of derivative instruments or other financial assets. The Issuer is therefore exposed to the risk that it will be unable to sell or buy such hedge assets at fair values or at all, as needed in order to cover its liabilities. This risk is referred to as liquidity risk. Measures to mitigate market liquidity risks include:

- issuing financial instruments on reasonably liquid underlying instruments (shares, bonds, freely convertible currencies and commodities) and strictly liquid markets;

- diversification of OTC hedging counterparties; and
- quoting financial products including a sufficient bid-ask spread in order to provide a sufficient buffer for less liquid underlyings. The buffer between the value of the product using current market value of less liquid underlyings and the prices at which the Issuer is willing to trade these products is needed in order to compensate for the possibility that the Issuer may not be able to hedge its liabilities at the current market prices of the less liquid underlyings.

Liquidity risk may therefore realise if the Issuer is not able to implement mitigation measures or if the measures do not prove successful.

Liquidity is managed with respect to legal, regulatory and other requirements. There remains a constant requirement for liquidity for the Issuer's secondary market activities, collateralization and other operational obligations. The Issuer's management of liquidity risk aims to maintain sufficient liquidity at any time to meet liabilities when due whilst maximizing investment returns under both normal and stressed conditions. Liquidity resources are comprised of cash at hand, repurchase agreements, external bilateral secured financing, ability to break deposits at market and credit facilities. If the Issuer does not effectively manage its liquidity, its business could be negatively affected.

The risk factors to which the Issuer is exposed are intensified by risk concentrations.

The Issuer considers that a risk concentration exists when an individual or group of financial instruments is exposed to changes in the same risk factor, and that exposure could result in a significant loss based on plausible adverse future market developments. At 31 December 2012, the Issuer has identified twelve large exposures, whereof the largest included Credit Suisse AG, the Issuer's primary execution broker and custodian of its trading assets, BSI SA and SIX Group AG, the Issuer's settlement clearer.

The Issuer's activities may be adversely affected by operational risks.

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal or outsourced processes, people, infrastructure and technology, or from external events. Operational risks may adversely affect the Issuer's activities and results of operations.

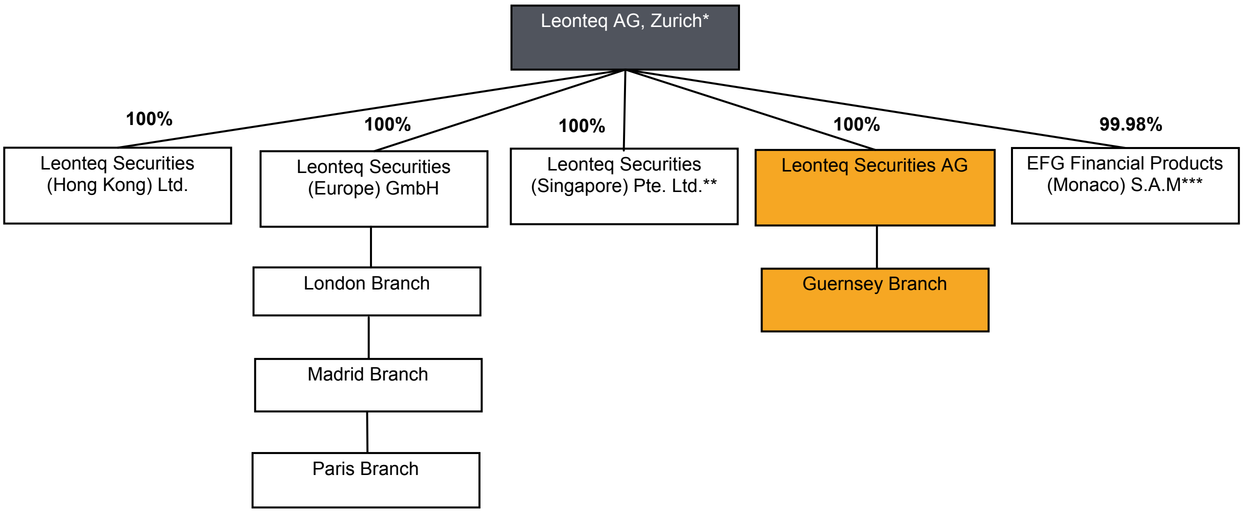
The Issuer may be adversely affected by legal, regulatory, and reputational risks.

Legislation and rules adopted around the world have imposed substantial new or more stringent regulations, internal practices, capital requirements, procedures and controls and disclosure requirements in such areas as financial reporting, corporate governance, auditor independence, equity compensation plans, restrictions on the interaction between equity research analysts and investment banking employees and money laundering. The trend and scope of increased compliance requirements may require the Issuer to invest in additional resources to ensure compliance.

The Issuer's reputation is critical in maintaining its relationships with clients, Investors, regulators and the general public, and is a key focus in its risk management efforts.

II. SUMMARY CORPORATE & SHAREHOLDER STRUCTURE CHART OF THE LEONTEQ GROUP

Leonteq Securities AG, formerly EFG Financial Products AG, which may also be acting through its Guernsey branch Leonteq Securities AG, Guernsey Branch, together with the below depicted group companies, is a fully owned subsidiary of Leonteq AG, formerly EFG Financial Products Holding AG[1] (Leonteq AG together with its subsidiaries the "**Leonteq Group**"). Leonteq AG's shares are listed on the SIX Swiss Exchange and are held amongst others by Notenstein Private Bank AG, members of the management and employees of Leonteq Group entities. The below table provides a summary corporate and shareholder structure chart.



* Listed on the SIX Swiss Exchange (supervised on a consolidated basis by FINMA).

** Capital Markets Services licence application pending with the Monetary Authority of Singapore.

*** Name change in progress

[1] Prior to its IPO Leonteq AG, formerly EFG Financial Products Holding AG, was majority owned by EFG International AG. With the IPO of EFG Financial Products Holding AG in October 2012, EFG International AG reduced its stake in EFG Financial Products Holding AG from previously circa 58% to circa 20%. In March 2013, EFG International AG agreed to sell to Notenstein Private Bank AG (a subsidiary of Raiffeisen Switzerland Cooperative), its remaining stake of 20,25% in EFG Financial Products Holding AG. The transaction was closed on 23 April 2013 and EFG Financial Products Holding AG has been deconsolidated from EFG International AG. Effective as of June 06, 2013, EFG Financial Products Holding AG has been renamed into Leonteq AG.

III. INFORMATION ABOUT THE ISSUER

1. Statutory Auditors

For the financial years ended 31 December 2011 and 31 December 2012, the independent auditors of EFG Financial Products AG were PricewaterhouseCoopers AG, Birchstrasse 160, CH-8050 Zurich ("**PWC**"). PWC have audited the financial statements of EFG Financial Products AG for the financial years ended 31 December 2011 and 31 December 2012. PWC is member of the Swiss Institute of Certified Accountants and Tax Consultants.

2. Selected Financial Information for the Financial Years 2011 and 2012

The following financial information has been extracted from the audited financial statements of Leonteq Securities AG, formerly EFG Financial Products AG, for the financial years 2011 and 2012 as included in pages G-1 to G-54 of Appendix 1 to this Registration Document:

in CHF thousands	**Year ended 31 December 2011***	**Year ended 31 December 2012**
	(audited)	**(audited)**
Income		
Total operating income	76'685	94'016
Profit before taxes	6'297	11'100
	31 December 2011*	**31 December 2012**
	(audited)	**(audited)**
Balance Sheet		
Total assets	1'599'413	3'153'282
Financial liabilities designated at fair value through profit and loss	172'675	745'557
Total shareholders' equity	38'338	75'716

* Restated

3. Information about Leonteq Securities AG

General Information

The Issuer, formerly EFG Financial Products AG, was incorporated and registered in Zurich, Switzerland on 24 September 2007 as a stock corporation under article 620 et seq. of the Swiss Code of Obligations for an unlimited duration. As from that day, it is registered in the Commercial Register of the Canton of Zurich, Switzerland, under the number CH-020.3.031.478-9.

The founders of EFG Financial Products AG were EFG International AG and Messrs Jan Schoch and Sandro Dorigo.

Effective as of 17 June 2013, EFG Financial Products AG has been renamed into Leonteq Securities AG.

The registered office of Leonteq Securities AG is at Brandschenkestrasse 90, 8002 Zurich, Switzerland, and the general telephone number is +41 58 800 1000.

According to Article 2 of the Articles of Association of Leonteq Securities AG dated 25 April 2013 (unofficial translation from the German original):

> *"The purpose of the company is the structuring, issuance, and distribution of financial products such as structured products and derivatives for own account and for the account of third parties and the market making for such financial products, and the commercial dealing in securities for its own account in connection therewith. The company may also commercially distribute collective investment schemes and act as a Swiss representative for foreign collective investment schemes. The company may provide asset management and investment advisory services for third parties, including collective investment schemes, in Switzerland and abroad as well as administrative services in this connection. The company may provide market making services for collective investment schemes. In addition, the company may commercially deal securities for the account of third parties with or without carrying of client accounts with itself or third parties for execution of the securities dealing. Further, the Company may provide all of the services in connection with the above mentioned activities.*
>
> *The company may take interests in all types of businesses in Switzerland and abroad, in particular in the areas of banking, finance, asset management and insurance. The company has the power to establish new businesses, acquire a majority or minority interest in existing businesses and provide related financing.*
>
> *The company has the power to acquire, mortgage and sell real estate properties, both in Switzerland and abroad."*

Leonteq Securities AG, formerly EFG Financial Products AG operates under a securities dealer license granted by the Swiss Financial Market Supervisory Authority ("**FINMA**") on 12 December 2007. Leonteq Securities AG, Guernsey Branch, formerly EFG Financial Products AG, Guernsey Branch is licensed and supervised by the Guernsey Financial Services Commission.

Recent Events

EFG International AG announced on 12 March 2013 that it had agreed to sell to Notenstein Private Bank AG (a subsidiary of Raiffeisen Switzerland Cooperative) its remaining stake of 20,25% in EFG Financial Products Holding AG. The transaction closed on 23 April 2013 and EFG Financial Products Holding AG has been deconsolidated from EFG International AG. With the purchase Notenstein Private Bank AG increased its stake in EFG Financial Products Holding AG to 22.75%.

Following the rebranding of EFG Financial Products Holding AG into Leonteq AG, EFG Financial Products AG has been renamed into Leonteq Securities AG, effective as of 17 June 2013. The name change is currently being implemented within the Leonteq Group.

4. Business Overview

Principal Activities

The business activities of Leonteq Securities AG include the development, structuring, distribution, hedging and settlement as well as the market-making and secondary market servicing of structured products, such as certificates, notes, bonds, warrants and other derivative instruments, services it provides also in the context of white labelling cooperations, the design and investment management of certificates and the investment management in relation with variable annuity products. The Issuer therefore distinguishes between two business segments: the Structured Solutions business and the Structured Asset Management & Pension Solutions business.

Leonteq Securities AG distributes its financial products either directly to institutional investors or indirectly to retail investors through third party financial intermediaries. Leonteq Securities AG also provides structured asset management and pension solution services to third parties in Switzerland and abroad and provides brokerage services to third parties.

Business outlook

Subject to market conditions, the Issuer plans to further extend its existing product range of certificates, notes, leverage products and other structured products. In addition, the Issuer intends to strengthen its tailor-made business, also taking into consideration further possible asset classes / underlyings. The Issuer also plans to further extend its activities in structured asset management and pension solutions. Leonteq Group aims at expanding its business activities via locally licensed offices into selected European and Asian markets (see Section “Principal Markets” below). The Issuer also intends to further expand its white labelling business to other white labelling partners.

Principal Markets

As at the date of the Registration Document, the Issuer’s business activities are mainly focussed on Switzerland. Leonteq Securities AG’s products are publicly offered in Switzerland, Germany and Austria only. The Issuer plans to extend the public offering of its products in other countries within the European Economic Area. Simultaneously Leonteq Securities AG’s products are increasingly offered in Asia.

5. Trend Information

There has been no material adverse change in the prospects of Leonteq Securities AG since the date of its last published audited financial statements for the year ended 31 December 2012.

6. Administrative, Management, and Supervisory bodies; Board practices

Board of Directors

The Board of Directors is responsible for the management of Leonteq Securities AG's business.

Under Swiss company law, the board of directors has the following non-transferable and inalienable duties: (i) overall direction of the company and issuing the necessary directives; (ii) determining the way the company is organized; (iii) appointing and dismissing the persons entrusted with management and representation and determining the method of signature; (iv) ultimate supervision of the persons entrusted with company management; (v) organization of accounting, financial control and financial planning, to the extent that the latter is necessary for management of the company; (vi) drawing up the annual report; (vii) preparing for the general meeting and executing its decisions and (viii) notifying the judiciary should the company become over-indebted.

As at the date of the Registration Document the Board of Directors comprises eight members (including the Chairman) all of whom are non-executive directors:

Name	Position held	Significant outside activities
Peter Forstmoser	Chairman	Partner at Niederer Kraft & Frey AG; Chairman or Member of the Board of Directors of various Swiss Corporations, a.o. Hesta AG (Chairman), PSP Swiss Property, AFIAA Swiss Foundation for International Estate Investments; Chairman of the Board of Directors of Leonteq AG
Jörg Behrens	Director	Managing partner and chairman of the Board of Directors of Fintegral Consulting AG; Director of Fintegral Consulting Ltd and of Fintegral Consulting GmbH; Member of the Board of Directors of Syndex Capital Management AG and Mathfinance AG; Member of the Board of Directors of Leonteq AG
Vince Chandler	Director	Member of the Board of Directors of Dataquest (non-executive chairman);

		Member of the Board of Directors of Leonteq AG
Hans Isler	Director	Consultant of various financial institutions and permanent consultant of the finance commission of MSF Switzerland (*Médecins Sans Frontières*); member of the Geneva Court of Audit; Member of the Board of Directors of Leonteq AG
Lukas Ruflin	Director	Member of the Board of Leonteq AG
Patrick De Figueiredo	Director	Member of the Executive Committee of EFG Bank European Financial Group SA (Chief Risk Officer); Member of the Board of Directors of Kofisa SA; Member of the Board of Directors of Leonteq AG
Adrian Künzi	Director	Chief Executive Officer of Notenstein Privatbank AG; Member of the Board of Directors of 1741 Asset Management AG; Member of the Board of Directors of Leonteq AG
Pierin Vincenz	Director	Chief Executive Officer of Raiffeisen Switzerland; Chairman of the Board of Directors of of Notenstein Privatbank AG; Chairman of the Board of Directors of various Swiss Corporations, a.o Aduno Holding AG and Pfandbriefbank schweizerischer Hypothekarinstitute AG; Member of the Board of Directors of various Swiss Corporations, a.o. Helvetia Holding AG and SIX Group AG; Member of the Board of Directors of Leonteq AG

Executive Committee

Subject to the organisational regulations of the board of directors and mandatory law, the Board of Directors of Leonteq Securities AG has delegated Leonteq Securities AG's operational management to the Executive Committee. As at the date of the Registration Document the Executive Committee comprises six executive officers:

Name	Position held	Significant outside activities
Jan Schoch	Chief Executive Officer	None
Michael Hartweg	Deputy Chief Executive Officer and Head of Structured Solutions	Member of the Board of Directors of Leonteq Securities (Hong Kong) Limited and Leonteq Securities (Singapore) Limited Pte.
Sandro Dorigo	Head of Asset Management & Pension Solutions	None
Ulrich Sauter	Head of Risk, Legal & Compliance	Member of the Board of Directors EFG Financial Products (Monaco) SAM, Leonteq Securities (Hong Kong) Limited and Leonteq Securities (Singapore) Limited Pte
Michael Hölzle	Chief Operating Officer	None
Roman Kurmann	Chief Financial Officer	None

The business address of the members of the Board of Directors and of the Executive Committee of Leonteq Securities AG is Brandschenkestrasse 90, 8002 Zurich, Switzerland.

Conflicts of Interest

The members of the Board of Directors and the Executive Committee of Leonteq Securities AG have additional positions as described above which may potentially result in conflicts of interest between their duties towards Leonteq Securities AG and their private interests or other duties, in particular insofar as some of the members of the Board of Directors and the Executive Committee have additional functions within Leonteq Group.

Audit Committee

The role of the Audit Committee to the Board is to ensure the monitoring of:

(i) the financial and business reporting processes, including the processes relating to the preparation of financial reports, financial statements and business reports, and the monitoring of tax matters;

(ii) the risk domination process, including reviewing and evaluating from an audit point of view the efficiency and effectiveness of the risk domination and internal control frameworks;
(iii) the internal and external audit processes, including reviewing the activities, the adequacy and effectiveness and the organizational structure of the internal audit function, reviewing the internal audit's risk assessment, the discussion with the external auditors of the risk profile and the related audit approach, reviewing the audit scope proposed by the external auditors and approving of it, and reviewing the performance of the external auditors;
(iv) compliance with laws, regulations and the policies and best practices; and
(v) the internal control system

within Leonteq Securities AG.

As at the date of the Registration Document the Audit Committee comprises three Members of the Board: Hans Isler (Chairman), Jörg Behrens and Patrick de Figueiredo as additional members.

Corporate Governance

As a privately owned Swiss company, Leonteq Securities AG is not subject to Swiss corporate governance rules. The parent of the Issuer, Leonteg AG as a publicly-listed Swiss company is subject and must comply with the relevant disclosure provisions of the Swiss Code of Obligations and with the Directive on Information relating to Corporate Governance and its Annexes and Commentary, issued by the SIX Swiss Exchange, in accordance with the principle "comply or explain" pursuant to which if a company opts not to disclose certain information, then the annual report must contain an individual, substantiated justification for each instance of such non-disclosure.

7. Major Shareholders

As at the date of the Registration Document, the share capital of Leonteq Securities AG amounts to CHF 15'000'000 divided into 15'000 registered shares with a face value of CHF 1'000 each; the shares are fully paid-in. There is only one class of shares. Each share entitles the holder to one vote at the ordinary and extraordinary general shareholders meetings. The general shareholders meetings, among others, elect and dismiss the members of the board of directors and the auditors, approve the annual report, approve the annual accounts and decide on the appropriation of net income, particularly fixing the dividend and directors' shares of profits, grant discharge to the members of the board of directors. One or more shareholders representing not less than one-tenth of the issued share capital may ask the board of Leonteq Securities AG to convene an extraordinary general shareholders meeting. Ordinary shares confer on the shareholders the right to an equal share in dividends and in case of a wound up of Leonteq Securities AG, the right to an equal share in the distribution of the remaining assets of Leonteq Securities AG.

The share capital is held in its entirety by Leonteq AG.

As at the date of the Registration Document, Leonteq AG's shares are listed on the SIX Swiss Exchange and are held amongst others by Notenstein Private Bank AG, members of the management and employees of Leonteq Group entities.

8. Historical Financial Information

For the financial year ended 31 December 2011, the Issuer, formerly EFG Financial Products AG has published financial information including the Independent auditors' report, the Income Statement, the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows and the Notes to the financial statements (the "**EFG Financial Products AG Financial Statements 2011**"). The EFG Financial Products AG Financial Statements 2011 are included in pages F-1 to F-42 of Appendix 1 to this Registration Document.

For the financial year ended 31 December 2012, the Issuer, formerly EFG Financial Products AG has published financial information including the Independent auditors' report, the Income Statement, the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows and the Notes to the financial statements (the "**EFG Financial Products AG Financial Statements 2012**"). The EFG Financial Products AG Financial Statements 2012 are included in pages G-1 to G-54 of Appendix 2 to this Registration Document.

The EFG Financial Products AG Financial Statements 2011 and the EFG Financial Products AG Financial Statements 2012 have been prepared in accordance with International Financial Reporting Standards ("**IFRS**").

Auditing of Historical Financial Information

The responsible auditors of the Issuer (see Section III.1. "Information about the Issuer - Statutory Auditors") have audited the historical financial information of EFG Financial Products AG for financial years ended 31 December 2011 and 31 December 2012 as mentioned above and have issued an unqualified opinion in each case.

Interim and other Financial Information

The Issuer has not published interim financial information since the date of its last audited financial statements.

Legal and Arbitration Proceedings

The Issuer is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened), during a period covering at least the previous 12 months which may have or have had in the recent past, significant effects on the Issuer's financial position or profitability.

Significant change in the financial or trading position of the Issuer

There has been no significant change in the financial or trading position of the Issuer since the date of its last published audited financial statements (31 December 2012).

9. Material Contracts

Leonteq Securities AG has received different subordinated loans from its parent, Leonteq AG (for details see page G-44 of Appendix 2 to this Registration Document).

Leonteq Securities AG, formerly EFG Financial Products AG has concluded different transactions with EFG Bank AG, Cayman Branch and EFG Bank AG, Zurich, which amongst others consist of cash and term deposits held with the banks. Under collateral arrangements, EFG Bank AG also provides securities which Leonteq Securities AG may use for collateralisation purposes.

Furthermore EFG International AG and EFG International AG group entities have entered into different agreements and service agreements with Leonteq Group entities, including with respect to their white-labelling cooperation, the provision of a secured credit line, and the transitional support to the Leonteq Group until the end of 2013 following the sale by EFG International AG to Notenstein Private Bank AG of its remaining stake in EFG Financial Products Holding AG (for details see Section III.3 “Recent Events”).

Leonteq Securities AG, formerly EFG Financial Products AG, as lead manager, and EFG International Finance (Guernsey) Ltd., formerly EFG Financial Products (Guernsey) Ltd., are parties to guarantee agreements with EFG International AG pursuant to which EFG International AG has unconditionally and, subject to the provisions in the relevant guarantee, irrevocably guaranteed EFG International Finance (Guernsey) Ltd.'s and the Issuer’s obligations under certain of their structured products in accordance with their terms and conditions, as the case may be.

In the context of the purchase by Notenstein Private Bank AG of EFG International AG’s remaining stake in EFG Financial Products Holding AG (for details see Section III.3 (“Recent Events”), Raiffeisen Switzerland Cooperative, Leonteq Securities AG, formerly EFG Financial Products AG, and Leonteq AG, formerly EFG Financial Products Holding AG, as guarantor, entered into a credit framework agreement pursuant to which Raiffeisen Switzerland Cooperative has granted Leonteq Securities AG a credit limit.

IV. GENERAL INFORMATION

1. Responsibility Statement

Leonteq Securities AG, which may also be acting through its Guernsey branch Leonteq Securities AG, Guernsey Branch, accepts responsibility for the information provided in this Registration Document.

Leonteq Securities AG hereby declares that the information contained in this Registration Document is, to the best of its knowledge, in accordance with the facts and that no material circumstances have been omitted.

2. Documents Available for Inspection

Copies of the following documents can be ordered free of charge from or will be available, during the usual business hours for inspection at Leonteq Securities AG, Brandschenkestrasse 90, 8002 Zurich, Switzerland:

- Articles of Association of Leonteq Securities AG;
- the annual report of EFG Financial Products AG for the financial year ended 31 December 2011; and
- the annual report of EFG Financial Products AG for the financial year ended 31 December 2012.

Appendix 1: Audited Financial Statements of EFG Financial Products AG for the Financial Year 2011

EFG Financial Products AG
Zurich

Report of the auditor to the Board of Directors on the financial statements 2011

7 June 2012 / MDR / 14 / BRM / SRN

pwc

Report of the auditor
to the Board of Directors of
EFG Financial Products AG
Zurich

On your instructions, we have audited the financial statements of EFG Financial Products AG, which comprise the statement of financial position as of 31 December 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended 31 December 2011.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and International Financial Reporting Standards (IFRS). This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the existence and effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zurich, Switzerland
Telephone: +41 58 792 44 00, Facsimile: +41 58 792 44 10, www.pwc.ch

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2011, and of its financial performance and its cash flows of the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of Swiss law.

PricewaterhouseCoopers AG

Roman Berlinger
Audit expert

Roman Schnider

Zurich, 7 June 2012

Enclosure:

- Financial statements (statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes)

EFG FINANCIAL PRODUCTS AG

FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

INCOME STATEMENT
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

CHF thousands	**Note**	**2011**	2010
Fee income	6	**26'443**	26'527
Fee expense	7	**(3'406)**	(3'407)
Net fee income		**23'037**	23'120
Net trading income	8	**14'306**	13'680
Revenue sharing agreements	9	**36'622**	24'988
Other operating income	10	**2'720**	3'334
Total operating income		**76'685**	65'122
Personnel expenses	11	**(40'255)**	(36'633)
Depreciation and amortization	20/21	**(4'890)**	(2'856)
Other operating expenses	12	**(25'739)**	(21'420)
Total operating expenses		**(70'884)**	(60'909)
Profit before taxes		**5'801**	4'213
Taxes	13	**(1'057)**	(2'012)
Group net profit		**4'744**	2'201
of which allocated to shareholders of EFG Financial Products AG		**4'744**	2'201

Share information			
Basic earnings per share (CHF)	33	**4.74**	2.20
Diluted earnings per share (CHF)	33	**4.74**	2.20

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

CHF thousands	**2011**	2010
Group net profit	**4'744**	2'201
Other comprehensive income		
Currency translation adjustments	**-**	
Currency translation adjustments	**-**	-
Total other comprehensive income	**-**	-
Comprehensive income	**4'744**	2'201
of which allocated to shareholders of EFG Financial Products AG	**4'744**	2'201

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2011 AND 2010

CHF thousands	**Note**	**31.12.2011**	31.12.2010
Assets			
Cash and cash equivalents	14	**34'911**	144'035
Settlement receivables	15	**43'103**	56'869
Cash collateral	16	**37'877**	11'934
Trading financial assets	17	**807'371**	625'573
Positive replacement values of derivative instruments	18	**529'002**	154'967
Financial assets designated at fair value through profit or loss	19	**60'366**	82'216
Receivable from related party	30	**42'712**	64'897
Deferred tax assets	13	**2'573**	3'630
Property and equipment	20	**7'246**	6'888
Intangible assets	21	**8'857**	4'418
Other assets	22	**24'649**	7'993
Total Assets		**1'598'667**	1'163'420
Liabilities			
Short term credit	23	**249'327**	333'133
Settlement payables	15	**61'198**	38'538
Cash collateral	16	**239'264**	45'603
Other financial liabilities at fair value	24	**55'915**	38'680
Negative replacement values of derivative instruments	18	**637'743**	347'498
Financial liabilities designated at fair value through profit or loss	25	**172'675**	249'575
Payable to related parties	30	**103'013**	43'897
Other liabilities	26	**27'418**	24'126
Loans from related parties	27	**11'000**	11'000
Total Liabilities		**1'557'553**	1'132'050
Equity			
Share capital	28	**15'000**	15'000
Share premium		**40'924**	35'924
Retained earnings		**(14'810)**	(19'554)
Total Shareholders' Equity		**41'114**	31'370
Total Liabilities and Equity		**1'598'667**	1'163'420

STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

CHF thousands	Note	Share capital	Share premium	Retained earnings	Other reserves	Total shareholders' equity
Balance at 31 December 2009	28	15'000	20'924	(21'755)	-	14'169
Issuance of share capital		-	-	-	-	-
Increase contribution of capital		-	15'000	-	-	15'000
Dividends paid		-	-	-	-	-
Employee share-based benefit programs		-	-	-	-	-
Comprehensive income for the period		-	-	2'201	-	2'201
Balance at 31 December 2010		15'000	35'924	(19'554)	-	31'370
Issuance of share capital		**-**	-	**-**	**-**	**-**
Increase contribution of capital		**-**	**5'000**	**-**	**-**	**5'000**
Dividends paid		**-**	-	**-**	**-**	**-**
Employee share-based benefit programs		**-**	**-**	**-**	**-**	**-**
Comprehensive income for the period		**-**	-	**4'744**	**-**	**4'744**
Balance at 31 December 2011		**15'000**	**40'924**	**(14'810)**	**-**	**41'114**

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

CHF thousands	Note	2011	2010
Cash flow from operating activities			
Operating profit before tax		**5'801**	4'213
Reconciliation to net cash flow from operating activities			
Non-cash positions in results:			
Depreciation and amortization	20/21	**4'890**	2'856
Net (increase) / decrease in assets related to operating activities			
Financial assets at fair value	8	**93'008**	(53'074)
Settlement balances, net	14	**36'424**	(23'746)
Investment in financial assets	17/19	**(252'955)**	(336'993)
Net receivable / payable related party	30	**81'301**	94'442
Other assets	22	**(16'657)**	(4'523)
Net increase / (decrease) in liabilities related to operating activities			
Financial liabilities at fair value	8	**(39'522)**	28'505
Replacement values, net	8/18	**(83'791)**	(31'001)
Cash collateral, net	16	**167'719**	110'263
Sale of financial liabilities	24/25	**(20'142)**	157'448
Other liabilities	26	**3'294**	9'392
Cash flow from operating activities		**(20'630)**	(42'218)
Cash flow from investing activities			
Purchases of intangible assets	21	**(7'103)**	(3'548)
Purchases of property and equipment	20	**(2'585)**	(3'801)
Cash flow from investing activities		**(9'688)**	(7'349)
Cash flow from financing activities			
(Decrease) / increase in short term credit	23	**(83'806)**	161'919
Increase share premium		**5'000**	15'000
(Decrease) / increase in loans from related parties	27	**-**	-
Cash flow from financing activities		**(78'806)**	176'919
Net (decrease) / increase in cash and cash equivalents		**(109'124)**	127'352
Cash and cash equivalents, beginning of the year	14	**144'035**	16'683
Cash and cash equivalents at the balance sheet date		**34'911**	144'035

Interest income received totaled TCHF 921 and TCHF 547 for the years ending 31 December 2011 and 2010, respectively. Interest expense paid totaled TCHF 2’403 and TCHF 1’626 for the years ending 31 December 2011 and 2010, respectively.

NOTES TO THE FINANCIAL STATEMENTS

1 General information

EFG Financial Products AG (EFGFP AG or the Company) began operations in December 2007 as a securities dealer licensed by the Swiss Federal Market Supervisory Authority (FINMA). EFGFP AG is a registered share company incorporated in Zurich, Switzerland and is domiciled at Brandschenkestrasse 90, Zurich, Switzerland.

The business activities of EFGFP AG include the development, structuring, distribution, hedging and settlement as well as the market-making and secondary market servicing of structured products, the design and management of structured funds and certificates and the management of variable annuity products.

EFGFP AG distributes its financial products either directly to institutional investors or indirectly to retail investors through third party financial intermediaries. The Company also provides structured asset management and pension solution services to third parties in Switzerland and abroad and provides brokerage services to third parties.

As of 31 December 2011 EFG International AG (EFGI), had 56.9% of the voting rights of EFGFP Holding AG. As such, EFGI is the ultimate parent and ultimate controlling party of the Company.

These financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB).

These financial statements were approved for issue by the Board of Directors on 5 June 2012.

2 Critical accounting estimates and judgments in applying accounting policies

The application of certain of these accounting principles requires considerable judgment based upon estimates and assumptions that involve significant uncertainty at the time they are made. Changes in assumptions may have a significant impact on the financial statements in the periods where assumptions are changed. Accounting treatments where significant assumptions and estimates are used are discussed in this section, as a guide to understanding how their application affects the reported results.

The application of assumptions and estimates means that any selection of different assumptions would cause the reported results to differ. The Company believes that the assumptions it has made are appropriate, and that the Company’s financial statements therefore present the financial position and results fairly, in all material respects. The alternative outcomes discussed below are presented solely to assist the reader in understanding the Company's financial statements, and are not intended to suggest that other assumptions would be more appropriate. Many of the judgments the Company makes when applying accounting principles depend on an assumption, which the Company believes to be correct.

3 Principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

Financial assets and financial liabilities at fair value through profit and loss

A financial instrument may only be designated at fair value through profit or loss at inception and this designation cannot subsequently be changed. Financial assets and financial liabilities designated at fair value are presented in separate lines in the statement of financial position.

The conditions for applying the fair value option are met on the basis that they are hybrid instruments which consist of a debt host and an embedded derivative component, they are items that are part of a portfolio

NOTES TO THE FINANCIAL STATEMENTS

which is risk managed on a fair value basis and reported to senior management on that basis, or the application of the fair value option reduces or eliminates an accounting mismatch that would otherwise arise.

Hybrid instruments which fall under the criteria above include structured products issued. Structured products generally include one or more embedded derivative components which refer to an underlying, e. g. equity price, interest rate, commodities price or index. Where a product has multiple embedded derivatives, the value of these derivatives may be dependent upon one another. The Company has designated all of its issued hybrid instruments as financial liabilities designated at fair value through profit or loss.

The Company has also designated all structured certificates issued as financial liabilities designated at fair value through profit and loss as the economic hedges of these instruments are trading financial assets carried at fair value. The application of fair value to the financial liabilities reduces any accounting mismatch that would otherwise arise.

In addition to structured products issued, the fair value option is also applied to all term deposits and bonds held by the Company. The application of the fair value option to these instruments reduces an accounting mismatch that would otherwise arise from recognizing these assets using a different basis of accounting than the offsetting liabilities, the hybrid financial instruments, which are designated at fair value through profit or loss.

Interest and dividend income on financial assets and liabilities designated at fair value through profit and loss are included in the gain (loss) on changes in fair value of financial assets and financial liabilities at fair value.

Financial assets and liabilities meeting the definition of instruments held for trading are also recognized at fair value with changes in fair value recognized within net trading income. Financial assets held for trading include primarily debt and equity securities.

The Company uses trade date accounting when recording financial transactions. From the date the purchase transaction is entered into (trade date), the Company recognizes a financial asset on the statement of financial position at the fair value of the consideration given or received, including directly attributable transaction costs. When the Company becomes party to a sales contract of a financial asset, it derecognizes the asset.

Derivative financial instruments

The replacement values of all derivative instruments are reflected at the fair value on the statement of financial position and are reported as positive replacement values or negative replacement values. As the Company enters into derivatives for trading purposes, realized and unrealized gains and losses are recognized in net trading income.

A derivative may be embedded in a “host contract”. Such combinations are known as hybrid instruments and arise predominantly from the issuance of structured debt instruments. The values of the embedded derivatives are presented with the host debt as financial liabilities designated at fair value. Gains and losses from financial liabilities are reported in the income statement as net trading income.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. Settlement balances, replacement values and receivables and payables to related parties which meet these criteria are offset.

Receivables and payables to related parties

Receivables from and payables to related parties are recognized at fair value and subsequently measured at amortized cost, less provision for impairment.

NOTES TO THE FINANCIAL STATEMENTS

Settlement positions

Settlement receivables and payables are recognized at fair value and subsequently measured at amortized cost, less provision for impairment.

Intangible assets

Purchased and internally developed software is stated at cost less accumulated amortization and impairment losses. The balance is periodically reviewed for impairment, with any impairment charge being recognized in the income statement. Amortization is calculated using the straight-line method and is amortized over its useful life up to five years.

The acquisition cost of software capitalized is based on the cost to acquire the software and the costs incurred to bring it into the state of its' intended use. Direct costs attributable to the development of internally developed software are capitalized when such items meet the definition of an intangible asset. These costs relate to the design and implementation phase of internally developed software.

Research costs are expensed as incurred. Research and development costs expensed during the years ending 31 December 2011 and 2010 totaled TCHF 2’039 and TCHF 2’027 respectively.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses. The balance is periodically reviewed for impairment, with any impairment charge being recognized in the income statement. Depreciation is calculated using the straight-line method. Property and equipment are depreciated over their useful lives, as follows:

- Furniture & equipment – 5 years
- Leasehold improvements – 7 - 10 years
- IT equipment – 4 years

Impairment

For all financial assets not measured at fair value, the Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or ‘events’) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, if applicable, are shown within short term credit.

Securities borrowing and lending

Securities borrowing and securities lending transactions are generally entered into on a collateralized basis. In such transactions, the Company typically lends or borrows securities in exchange for securities or cash collateral. Additionally, the Company may borrow securities in exchange for a fee. The majority of securities lending and borrowing agreements involve shares and bonds. The transactions are conducted under standard agreements employed by financial market participants and are undertaken with counterparties subject to the Company’s normal credit risk control processes. The Company monitors the market value of the securities received or delivered on a daily basis and requests or provides additional collateral or returns or recalls surplus collateral in accordance with the underlying agreements.

NOTES TO THE FINANCIAL STATEMENTS

The securities which have been transferred, whether in a borrowing / lending transaction or as collateral, are not recognized on or derecognized from the statement of financial position unless the risks and rewards of ownership are also transferred. In such transactions where the Company transfers owned securities and where the borrower is granted the right to sell or repledge them, the securities are reclassified from Trading financial assets to Trading financial assets pledged as collateral, see note 18. Cash collateral received is recognized with a corresponding obligation to return it (cash collateral on securities lent). Cash collateral delivered is derecognized with a corresponding receivable reflecting the right to receive it back (cash collateral on securities borrowed). Additionally, the sale of securities received in a borrowing or lending transaction triggers the recognition of a trading liability (short sale), see note 24.

Consideration exchanged in financing transactions (i.e. interest received or paid) is recognized on an accrual basis and recorded as Interest income or Interest expense.

Repurchase and reserve repurchase agreements

Securities sold under agreements to repurchase, *Repurchase agreements*, and securities purchased under agreements to resell, *Reverse repurchase agreements,* are treated as collateralized financing transactions. Nearly all repurchase and reverse repurchase agreements involve debt instruments, such as bonds, notes or money market papers. The transactions are normally conducted under standard agreements employed by financial market participants and are undertaken with counterparties subject to the Company's normal credit risk control processes. The Company monitors the market value of the securities received or delivered on a daily basis and requests or provides additional collateral or returns or recalls surplus collateral in accordance with the underlying agreements.

The transfer of securities in the case of repurchase and reverse repurchase agreements are not recognized on or derecognized from the statement of financial position unless the risks and rewards of ownership are also transferred. In reverse-repurchase agreements, cash collateral provided is derecognized with a corresponding receivable reflecting the right to receive it back (cash collateral for reverse repurchase agreements). In repurchase agreements, the cash collateral received is recognized with a corresponding obligation to return it (cash collateral from repurchase agreements).

In repurchase agreements where the Company transfers owned securities and where the recipient is granted the right to resell or repledge them, the securities are reclassified in the statement of financial position from Trading assets to Trading assets pledged as collateral. Securities received in a reverse repurchase agreement are disclosed as off-balance sheet items if the Company has the right to resell or repledge them, with securities that the Company has actually resold or repledged also disclosed separately (see note 18). Additionally, the sale of securities received in reverse repurchase transactions triggers the recognition of a trading liability (short sale), see note 24.

Interest income from reverse repurchase agreements and interest expense from repurchase agreements are accrued in the period in which they are incurred.

Short term credit

The short term credit facility in place with EFG Bank, a related party, is accounted for at amortized cost.

Loan from related party

The loan from EFGFP Holding AG, the Company's parent, is accounted for at amortized cost. This subordinated loan is eligible as tier 2 capital under Basel II.

Fee income

Fee income is generated primarily from the sale of the Company's structured products from primary and secondary transactions. The fee income related to primary sales is deferred and recognized over the estimated period deemed earned, currently a period of three months. Fee income related to secondary sales is recognized immediately.

NOTES TO THE FINANCIAL STATEMENTS

Brokerage fees, management fees and performance fees are also recognized as fee income as earned pursuant to the terms stated in the specific contracts.

Foreign currency translation

The functional and presentation currency of the Company is the Swiss Franc (CHF).

Transactions in a currency other than the functional currency are recorded at the spot rate on the date of transaction. Exchange differences arising between the date of a transaction and its subsequent settlement are recognized in the income statement. At the balance sheet date, all monetary assets and liabilities and non-monetary assets and liabilities measured at fair value through profit or loss are translated into the functional currency using the closing exchange rate, unrealized exchange differences are recognized in the income statement. Non-monetary assets and liabilities not measured at fair value through profit or loss are translated into the functional currency at the historical exchange rate. Non-monetary items carried at fair value in a foreign currency are translated into the functional currency at the closing exchange rates.

The abbreviations TCHF and MCHF within these financial statements refer to thousands CHF and millions CHF, respectively.

The following exchange rates were applied:

	2011		2010	
	year end	average	year end	average
1 EUR	**1.2148**	**1.2328**	1.2531	1.3821
1 USD	**0.9385**	**0.8852**	0.9342	1.0433
1 HKD	**0.1209**	**0.1138**	0.1202	0.1343
1 GBP	**1.4591**	**1.4209**	1.4588	1.6101

Income taxes

Current income taxes are calculated on the basis of the tax rate applicable to the respective period in which the related profits are made. Assets or liabilities related to current income taxes are reported in the statement of financial position as applicable.

Tax effects arising from temporary differences between the carrying amounts of assets and liabilities in the Company’s statement of financial position and their corresponding tax values are recognized, respectively, as deferred tax assets and deferred tax liabilities. Deferred tax assets arising from temporary differences and from loss carry-forwards eligible for offset are capitalized if it is likely that sufficient taxable profits will be available against which those temporary differences or loss carry-forwards can be offset. Deferred tax assets and deferred tax liabilities are calculated at the tax rates expected to apply in the period in which the tax assets will be realized, or the tax liabilities settled.

Tax assets and liabilities of the same type (current or deferred) are offset when they relate to the same tax authority, the legal right to offset exists, and they are intended to be settled net or realized simultaneously.

Current and deferred taxes are recognized as taxes in the income statement.

Pension obligations

In Switzerland, the Company maintains a pension plan which is classified as a defined benefit plan according to Swiss pension law. The Company’s legal obligation, in respect of these plans, is merely to pay contributions at defined rates (defined contribution). However, these plans incorporate certain guarantees of minimum interest accumulation and conversion of capital to pension. As a result, these plans have been reported as defined benefit pension plans.

NOTES TO THE FINANCIAL STATEMENTS

Pension cost and liability has been measured using the projected unit credit actuarial cost method and assumptions established as defined in IAS 19. The calculations have been carried out by independent actuaries at the applicable reporting dates.

The pension expenses recognized in the income statement for these plans, considered as defined benefits for IAS 19 purposes, is the actuarially determined expense less the amount of employee contributions. Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses, for each individual plan, at the end of the previous reporting year exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains and losses are recognized over the expected average remaining working lives of the employees participating in the plans.

Related parties

The Company entered into transactions with the following related parties during the financial periods presented:

- EFG International AG (EFGI)
- EFG Bank AG (EFG Bank)
- EFG Bank Cayman Branch
- EFG Bank AB, Stockholm
- EFG Bank Hong Kong Branch
- EFG Bank Singapore Branch
- EFG Eurobank Ergasias SA
- EFG Banque Privée SA, Paris
- EFG Bank (Monaco)
- EFG Capital International Corp., Miami
- EFG Bank (Luxembourg) SA
- EFG Bank & Trust (Bahamas) Limited, Nassau
- Asesores y Gestores Financieros SA, Madrid

Share capital

Ordinary shares are classified as equity.

4 Changes in accounting policies, comparability and other adjustments

Reclassifications made to the 2010 financial statements

Certain prior year balances have been reclassified within the income statement, statement of financial position and statement of cash flows in order to improve the presentation, the detail of the disclosure provided and to better reflect the nature of these balances.

Changes in accounting principles and presentation

Certain new and revised standards and interpretations that became effective for the first time in 2011 did not have a material impact on the Company:

Annual improvement project (publication 2010)
IFRS 1 First Time Adoption of IFRS (amendment)
IFRIC 14 Prepayments of a Minimum Funding Requirement

NOTES TO THE FINANCIAL STATEMENTS

The Company has chosen not to early adopt the following new standards that were issued but are not effective until 2012. The Company does expect to be materially affected by these amendments.

IFRS 7, Financial Instruments: Disclosures (amendment), Disclosures: Transfers of Financial Assets

IAS 12, Income Taxes (amendment), Deferred Tax: recovery of Underlying Assets

IFRS 1, First Time Adoption of IFRS (amendment)

The Company has also chosen not to early adopt the following new standards that were issued but are not effective until after 2012.

IFRS 9, Financial Instruments

In November 2009, the IASB issued IFRS 9 Financial instruments, which includes revised guidance on the classification and measurement of financial assets. In October 2010, the IASB updated IFRS 9 to include guidance on financial liabilities and derecognition of financial instruments. The publication of IFRS 9 represents the completion of the first part of a multi-stage project to replace IAS 39, *Financial instruments: recognition and measurement*.

The standard requires all financial assets to be classified on the basis of the entity's business model for managing the financial assets, and the contractual cash flow characteristics of the financial asset. A financial asset is accounted for at amortized cost only if the following criteria are met: (a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and (b) the contractual cash flows under the instrument solely represent payments of principal and interest. If a financial asset meets the criteria to be measured at amortized cost, it can be designated at fair value through profit or loss under the fair value option, if doing so would significantly reduce or eliminate an accounting mismatch. Non-traded equity instruments may be accounted for at fair value through other comprehensive income (OCI). Such designation is available on initial recognition on an instrument-by-instrument basis and is irrevocable. There is no subsequent recycling of realized gains or losses from OCI to profit or loss. All other financial assets are measured at fair value through profit or loss.

The accounting and presentation for financial liabilities and for derecognition of financial instruments has been transferred from IAS 39 Financial instruments: Recognition and measurement to IFRS 9. The guidance is unchanged with one exception: the accounting for financial liabilities designated at fair value through profit or loss. The requirements in IAS 39 regarding the classification and measurement of financial liabilities have been retained, including the related application and implementation guidance. The two existing measurement categories for financial liabilities remain unchanged. The criteria for designating a financial liability at fair value through profit or loss also remain unchanged. For financial liabilities designated at fair value through profit or loss, changes in fair value due to changes in an entity's own credit risk are directly recognized in OCI instead of in profit and loss. There is no subsequent recycling of realized gains or losses from OCI to profit or loss. For financial liabilities that are required to be measured at fair value through profit or loss, i.e., all derivatives and trading portfolio liabilities, all fair value movements will continue to be recognized in profit and loss.

The Company is currently assessing the impact of the new standard on its financial statements. The effective date for mandatory adoption is 1 January 2015, with early adoption permitted.

Additional new standards that were issued but are not effective until after 2012 which the Company has chosen not to early adopt include the following:

IFRS 10, Consolidated Financial Statements

IFRS 11, Joint arrangements

IFRS 12, Disclosure of interests in other entities

IFRS 13, Fair value measurement

IAS 19, Employee benefits (amendments)

IAS 27, Separate financial statements (amendments)

NOTES TO THE FINANCIAL STATEMENTS

IAS 28 and IAS 31, Associates and joint ventures (amendments)
IAS 1, Presentation of financial statements (amendments)
IAS 32, Offsetting Financial Assets and Financial Liabilities (amendments)
IFRS 7, Disclosures—Offsetting Financial Assets and Financial Liabilities (amendments)

The Company is currently assessing the impact of these new standards on its financial statements.

5 Financial Risk Assessment and Management

The Company's activities expose it to a variety of financial risks including market risk, credit risk and liquidity risk. These risks primarily arise in the Company's structured solutions business through the issuance of structured products, the related investment of cash proceeds and the hedging of market risks through the purchase of debt, equity and derivative products.

Financial risks are one element of the Company's overall risk environment that also includes operational and other business risks. These risks are managed within the context of the Company's overall risk control principles that are implemented through the Company's risk management and control framework. The framework comprises qualitative elements such as policies and authorities and quantitative components including risk measurement methodologies and risk limits. A variety of methodologies and measurements are applied to quantify the risks of the Company's portfolios and risk concentrations. Risks that are not properly reflected by standard measures are subject to additional controls, which may include pre-approval of transactions and specific restrictions. Pricing models used to quantify risk are developed by a dedicated team within the organization. These models are validated before they are used, and periodically reviewed thereafter, by qualified personnel independent of the area that created the model.

Risk control is carried out by the Risk Control department under policies established and approved by senior management and the Board of Directors. The core tasks of the Risk Control department in respect of financial risks include:

- Daily control of market, credit and country risk limits;
- Daily profit & loss calculation and verification;
- Internal reporting to management and the Board of Directors on the overall risk profile, significant risk positions and adherence to risk limits;
- Regulatory risk reporting;
- Analysis of Value at Risk (VaR) and stress scenarios.

The overall risk management program for financial risks focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Measurement methodologies

Derivative instruments, trading financial assets and liabilities, financial assets designated at fair value and financial liabilities designated at fair value are recorded at fair value in the statement of financial position. Changes in the fair values of these instruments are recorded as net trading income in the income statement.

Fair values are determined using quoted prices in active markets when these are available. In other cases fair value is determined using a valuation model. Valuation models use market observable inputs and rates derived from market verifiable data, such as interest rates and foreign exchange rates, when available. Valuation models are primarily used for issued structured products and derivatives.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty and valuation techniques employed may not fully reflect all factors relevant to the positions held.

NOTES TO THE FINANCIAL STATEMENTS

All models are validated before they are used as a basis for financial reporting, and periodically reviewed thereafter, by qualified personnel independent of the area that created the model. Whenever possible, valuations derived from models are compared with prices of similar financial instruments and with actual values when realized, in order to further validate and calibrate the models.

Valuation models are generally applied consistently across products and from one period to the next, ensuring comparability and continuity of valuations over time. However, models are changed or adapted to market developments, where appropriate. There were no significant changes in the valuation models used during 2011 or 2010.

All financial instruments carried at fair value are categorized into one of three fair value hierarchy levels at year-end depending on how fair value has been determined:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 – valuation techniques for which all significant inputs are market observable, either directly or indirectly;
- Level 3 – valuation techniques which include significant inputs that are not based on observable market data.

The Company considers input data observable and classifies the respective financial instrument as level 2 in the fair value hierarchy when there is an equal and offsetting level 2 transaction. An offsetting transaction is considered to provide evidence of an observable market transaction when it can be demonstrated that the offsetting transaction nullifies all or a significant proportion of the price risk.

	31.12.2011			
CHF thousands	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Trading financial assets				
Debt securities	**102'828**	**26'034**	**-**	**128'862**
Equity securities	**647'084**	**-**	**-**	**647'084**
Precious metals	**3'272**	**-**	**-**	**3'272**
Other securities	**28'153**	**-**	**-**	**28'153**
Total trading financial assets	**781'337**	**26'034**	**-**	**807'371**
Positive replacement values of derivative instruments	**-**	**529'002**	**-**	**529'002**
Financial assets designated at fair value through profit or loss	**-**	**60'366**	**-**	**60'366**
Total financial assets	**781'337**	**615'402**	**-**	**1'396'739**
Financial liabilities				
Other financial liabilities at fair value	**55'915**	**-**	**-**	**55'915**
Negative replacement values of derivative instruments	**-**	**637'743**	**-**	**637'743**
Financial liabilities designated at fair value through profit or loss				
Participation	-	**151'291**	**-**	**151'291**
Leverage	-	**21'384**	**-**	**21'384**
Total financial liabilities designated at fair value through profit or loss	-	**172'675**	**-**	**172'675**
Total financial liabilities	**55'915**	**810'418**	**-**	**866'333**

NOTES TO THE FINANCIAL STATEMENTS

	31.12.2010			
CHF thousands	Level 1	Level 2	Level 3	Total
Financial assets				
Trading financial assets				
Debt securities	49'289	41'183	-	90'472
Equity securities	512'088	-	-	512'088
Precious metals	880	-	-	880
Other securities	22'133	-	-	22'133
Total trading financial assets	584'390	41'183	-	625'573
Positive replacement values of derivative instruments	-	154'967	-	154'967
Financial assets designated at fair value through profit or loss	-	82'216	-	82'216
Total financial assets	584'390	278'366	-	862'756
Financial liabilities				
Other financial liabilities at fair value	38'680	-	-	38'680
Negative replacement values of derivative instruments	-	258'960	-	347'498
Financial liabilities designated at fair value through profit or loss				
Participation	-	193'953	-	193'953
Leverage	-	55'622	-	55'622
Total financial liabilities designated at fair value through profit or loss	-	249'575	-	249'575
Total financial liabilities	38'680	508'535	-	635'753

Financial instruments classified in level 1 are primarily comprised of listed debt and equity instruments entered into to hedge issued structured products. Financial instruments classified in level 2 are mainly comprised of issued structured products, cash deposits and derivatives entered into to hedge issued structured products.

There have been no significant reclassifications of instruments between different levels in 2011 or 2010.

Market risk

Market risk is the risk of loss due to adverse changes in market prices. The Company distinguishes between three main types of market risk:

- Equity risk, which is the risk of adverse movements in share prices and related derivatives;
- Interest rate risk, which is the risk of adverse movements in yield curves and the corresponding change in the valuation of the Company's financial instruments; and
- FX risk, which is the risk of adverse movements in currencies and the related derivative instruments.

The Company's market risk arises primarily from the issuance of structured products and the related hedging activity. The Company is exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates, commodities and equity prices from its open positions in interest rate, currency and equity products. The Company's risk mitigation strategies aim to offset market risks to within strict market risk limits. Traders are required to manage their risks within these limits through the use of hedging and risk mitigation strategies. These strategies can however expose the firm to remaining sources of risk as the hedge instrument and the position being hedged may not always move in parallel, such residual risks are managed at a macro level.

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Interest rate risks and foreign exchange risks may also arise in the normal course of business. These risks are also monitored under market risk limits or subject to specific monitoring.

The Company's market risk measures and related limits take a number of different forms and consider risk at different levels of aggregation. Market risk limits are set by management and reviewed regularly by the Board of Directors.

The Company has two major portfolio measures of market risk: VaR based on historical events and stress loss simulations based on hypothetical but possible scenarios.

The Company's VaR model is a statistical measure of market risk and represents the maximum level of market risk losses that the Company should expect in any 1 day period with a 99% level of confidence based on historical market observations over the prior 500 days. The VaR model assumes the trading book positions remain unchanged over the one day time horizon. The Company uses VaR for internal management purposes only and not for capital calculations.

CHF thousands	**2011**	2010
Value at Risk		
12 months to 31 December		
Average	**1'206**	721
Minimum	**601**	263
Maximum	**2'284**	1'498
At 31 December	**1'270**	727

Actual realized losses may differ from those implied by the Company's VaR. All VaR measures are subject to limitations and must be interpreted accordingly. The limitations of VaR include the use of historical data that may not be reflective of future market movements and the use of a specific confidence level that does not indicate potential losses beyond this level. Management continues to review the performance of the VaR model, including a review of the risks not included in VaR. The models are continually enhanced to more accurately capture the relationships between the market risks variables.

These portfolio measures are complemented by concentration and other supplementary limits that include limits over values (market or notional) and risk sensitivities. These limits take into account the extent of market liquidity and volatility, available operational capacity and valuation uncertainty.

On a daily basis the risk sensitivities on identified risks such as interest rate, foreign exchange, dividend exposure, delta and vega exposures at both the underlying and portfolio level are reviewed.

Credit risk

Credit risk is the risk of loss should a counterparty fail to fulfill its contractual obligations to the Company. Credit risk arises from the Company's on balance sheet financial assets that include cash and term deposits, settlement accounts, OTC derivative transactions and securities lending and borrowing.

Credit risk also includes issuer risk. Issuer risk is a measure of the Company's exposure to the tradable instruments (bonds and third party issued products) of a single issuer (or issuer group).

The Company's maximum exposure to credit risk on its financial assets is equal to their carrying value in the statement of financial position less any guarantees, collateral and any effects of netting agreements.

The Company actively manages the credit risk in its portfolios in accordance with the risk framework.

The counterparties the Company trades with are high grade financial institutions, the vast majority of which have a credit rating of A or higher as published by at least one major credit rating agency. The Company

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sets a credit limit for each counterparty to reflect their financial standing and relationship with the Company. Additionally, the Company has established internal rating categories related to country of domicile. Countries rated below the Company's 'Category A' rating are also set a total credit exposure limit. The Company reviews the limits that have been set on a regular basis and monitors its total exposures against these limits on a daily basis. At 31 December 2011 and 2010 the Company's exposure to counterparties domiciled in European countries rated by the Company as below 'Category A' was minimal.

The Company also seeks to reduce its credit risk to counterparties through the use of master netting and collateral agreements. The Company's OTC derivatives trading is generally conducted under bilateral International Swaps and Derivatives Association (ISDA), or ISDA equivalent, master trading agreements, which allow for the close-out and netting of all transactions in the event of default. The Company also has collateral agreements through Credit Support Annexes (CSA's) with major market participants under which either party can be required to provide collateral in the form of cash or marketable securities when the exposure exceeds a predefined level. The Company's securities borrowing and lending transactions are performed under bilateral Global Master Securities Lending Agreements (GMSLA) which require both parties to provide collateral.

The table below reconciles the maximum exposure to credit risk of the financial instruments on the statement of financial position to the management view of credit risk after netting and other credit risk mitigation measures.

CHF thousands	**Maximum exposure to credit risk**	Effect of master netting agreements	Effect of collateral received	Credit protection through issued products	**Net exposure to credit risk**
Financial assets at 31.12.2011					
Cash and cash equivalents	**34'911**	**-**	**(20'690)**	**-**	**14'220**
Settlement receivables	**43'103**	**-**	**(41'091)**	**-**	**2'012**
Cash collateral	**37'877**	**(15'209)**	**(13'729)**	**-**	**8'939**
Trading financial assets	**160'286**	**-**	**-**	**(126'389)**	**33'897**
Positive replacement values of derivative instruments	**529'002**	**(371'670)**	**(145'218)**	**-**	**12'114**
Financial assets designated at fair value through profit or loss	**60'366**	**(34'910)**	**-**	**-**	**25'456**
Receivable from related party	**42'712**	**(42'712)**	**-**	**-**	**-**
Total 31.12.2011	**908'256**	**(464'501)**	**(220'728)**	**(126'389)**	**96'638**

CHF thousands	**Maximum exposure to credit risk**	Effect of master netting agreements	Effect of collateral received	Credit protection through issued products	**Net exposure to credit risk**
Financial assets at 31.12.2010					
Cash and cash equivalents	144'035	-	-	-	144'035
Settlement receivables	56'869	-	-	-	56'869
Cash collateral	11'934	(7'950)	-	-	3'984
Trading financial assets	113'485	-	-	(108'684)	4'801
Positive replacement values of derivative instruments	154'967	(85'456)	(60'887)	-	8'624
Financial assets designated at fair value through profit or loss	82'216	(29'341)	-	-	52'875
Receivable from related party	64'897	(43'897)	-	-	21'000
Total 31.12.2010	628'403	(166'644)	(60'887)	(108'684)	292'188

There are no significant past due or impaired receivables at 31 December 2011 or 2010.

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Liquidity and funding risk

Liquidity risk is the risk that the Company may not be able to access sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The funds that are raised through the issuance of structured products are invested in deposits, financial assets and to a lesser extent used to purchase offsetting market risk hedges. Liquidity is managed in respect of legal, regulatory and other requirements. There remains a constant requirement for liquidity for the Company's secondary market activities, collateralization and other operational obligations.

The Company's management of liquidity risk aims to maintain sufficient liquidity at any time to meet liabilities when due whilst maximizing investment returns under both normal and stressed conditions. Liquidity resources comprises of cash at hand, EUREX SNB repurchase agreements, external bilateral secured financing, ability to break deposits at market and a CHF 420 million multi-currency credit facility with EFG Bank. Liquidity is actively managed daily and the process is maintained and managed by the Company's Treasury function.

The table below shows the maturity analysis of the Company's financial assets and liabilities. Financial assets are presented based on either the first time period in which they can be contractually redeemed, or in the case of trading financial assets, principally equity instruments with no contractual maturity, in the up to 1 month category reflecting management's view on the liquidity characteristics of these instruments. Financial liabilities are presented based on the first time period in which they are contractually redeemable. As the undiscounted cash flows are not significantly different from the discounted cash flows, the balances equal their carrying amount on the statement of financial position with the exception of financial assets and financial liabilities designated at fair value through profit and loss which have been adjusted to reverse the effects of changes in fair values due to changes in interest rates.

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CHF thousands	Note	Due Up to 1 month	1 - 3 months	3 - 12 months	Over 12 months	31.12.2011 Total
Assets						
Cash and cash equivalents	14	**34'911**	-	-	-	**34'911**
Settlement receivables	15	**43'103**	**-**	**-**	**-**	**43'103**
Cash collateral	16	**37'877**	**-**	**-**	**-**	**37'877**
Trading financial assets	17	**807'371**	**-**	**-**	**-**	**807'371**
Positive replacement values of derivative instruments	18	**18'656**	**55'610**	**153'463**	**301'273**	**529'002**
Financial assets designated at fair value through profit or loss	19	**4'482**	**10'332**	**9'433**	**35'437**	**59'684**
Receivable from related party	30	**42'712**	**-**	**-**	**-**	**42'712**
Total Assets		**989'112**	**65'942**	**162'896**	**336'710**	**1'554'660**
Liabilities						
Short term credit	23	**249'327**	**-**	**-**	**-**	**249'327**
Settlement payables	15	**61'198**	**-**	**-**	**-**	**61'198**
Cash collateral	16	**239'264**	**-**	**-**	**-**	**239'264**
Other financial liabilities at fair value	24	**55'915**	**-**	**-**	**-**	**55'915**
Negative replacement values of derivative instruments	18	**23'361**	**82'850**	**162'740**	**368'792**	**637'743**
Financial liabilities designated at fair value through profit or loss	25	**10'745**	**40'615**	**28'953**	**91'680**	**171'993**
Payable to related party	30	**103'013**	**-**	**-**	**-**	**103'013**
Loan from related party	27	**-**	**-**	**-**	**11'000**	**11'000**
Total Liabilities		**742'823**	**123'465**	**191'693**	**471'472**	**1'529'453**

NOTES TO THE FINANCIAL STATEMENTS

CHF thousands	Note	Due: Up to 1 month	1 - 3 months	3 - 12 months	Over 12 months	31.12.2010 Total
Assets						
Cash and cash equivalents	14	144'035	-	-	-	144'035
Settlement receivables	15	56'869	-	-	-	56'869
Cash collateral	16	11'934	-	-	-	11'934
Trading financial assets	17	625'573	-	-	-	625'573
Positive replacement values of derivative instruments	18	2'425	19'644	48'841	84'057	154'967
Financial assets designated at fair value through profit or loss	29	6'712	7'420	33'166	35'209	82'507
Receivable from related party	30	64'897	-	-	-	64'897
Total Assets		912'445	27'064	82'007	119'266	1'140'782
Liabilities						
Short term credit	23	333'133	-	-	-	333'133
Settlement payables	15	38'538	-	-	-	38'538
Cash collateral	16	45'603	-	-	-	45'603
Other financial liabilities at fair value	24	38'680	-	-	-	38'680
Negative replacement values of derivative instruments	18	5'047	25'338	117'116	199'997	347'498
Financial liabilities designated at fair value through profit or loss	25	7'858	39'430	69'778	132'799	249'865
Payable to related party	30	43'897	-	-	-	43'897
Loan from related parties	27	-	-	-	11'000	11'000
Total Liabilities		512'756	64'768	186'894	343'796	1'108'214

Funding risk is the risk that the Company might be unable to borrow funds in the market at an acceptable price to fund actual or proposed commitments. The Company's primary funding is provided by the issuance of structured products to a client base that is diversified across different investors and geographies and which reduces its reliance on any one funding provider. Additional funding is also available to the Company through various sources as described above.

Capital risk management

The objective of the Company's capital management is to support the growth of the business as well as to comply with the capital requirements set by its regulator; to safeguard the Company's ability to continue as a going concern.

Capital adequacy and the use of regulatory capital is continually monitored and reported by management using the framework developed by the Bank for International Settlements ("BIS"). The regulatory capital requirement of EFGFP AG is ultimately determined by the rules implemented by the FINMA.

EFGFP AG's eligible capital comprises two tiers:

- Tier 1 capital consisting of share capital, share premiums and retained earnings, with the deduction of intangible assets and the Swiss GAAP BAG adjustments arriving at Tier 1 capital; and
- Tier 2 capital consisting of hybrid financial instruments meeting the requirements of the Federal Capital Adequacy Ordinance.

NOTES TO THE FINANCIAL STATEMENTS

For capital risk management purposes, the regulatory definition of capital according to Basel II is used.

Risk-weighted assets are determined according to specified requirements which reflect the varying levels of risk attached to assets and off-balance sheet exposures, and include amounts in respect of credit risk, market risk, operational risk and non-counterparty related risk.

The table below summarizes the composition of regulatory capital of EFGFP AG for the years ending 31 December 2011 and 31 December 2010, respectively. During these years EFGFP AG complied with the capital requirements to which it is subject to.

CHF thousands	**31.12.2011**	31.12.2010
Tier 1 Capital		
Share capital	**15'000**	15'000
Share premium	**40'924**	35'924
Retained earnings	**(14'810)**	(19'554)
IFRS: Total shareholders' equity	**41'114**	31'370
Less: Intangible assets (excluding software)	**(358)**	(711)
Other adjustments	**709**	1'376
Total qualifying Tier 1 capital	**41'465**	32'035
Tier 2 Capital		
Hybrid instruments	**11'000**	11'000
Total regulatory capital	**52'465**	43'035
Risk-weighted assets		
Basel II		
Credit risk including settlement risk	**16'172**	46'449
Non-counterparty related risk	**49'503**	36'352
Market risk	**282'386**	201'625
Operational risk	**74'856**	50'765
Total risk-weighted assets	**422'917**	335'191

	31.12.2011	31.12.2010
BIS Ratio	**12.4%**	12.8%

Risk concentrations

Management considers that a risk concentration exists when an individual or group of financial instruments are exposed to changes in the same risk factor, and that exposure could result in a significant loss based on plausible adverse future market developments. Management reviews risk concentrations, including residual risks such as Vega, correlation, dividend and gap risk, on a regular basis and takes corrective action to ensure exposures are limited to an acceptable level.

At 31 December 2011 and 2010, the Company identified one significant risk concentration, the exposure to EFG Group and its subsidiaries. Additional exposures include those to the Company's settlement clearer, SIX Group AG, and the Company's primary execution broker and custodian of its trading assets, Credit Suisse AG.

NOTES TO THE FINANCIAL STATEMENTS

Refer to details of related party transactions with EFG Group and its subsidiaries within note 30.

6 Fee income

CHF thousands	**2011**	2010
Sales fee income	**20'134**	18'808
Brokerage and advisory fee income	**5'161**	7'224
Management and performance fee income	**1'148**	495
Total fee income	**26'443**	26'527

7 Fee expense

CHF thousands	**2011**	2010
Fee expense	**3'406**	3'407
Total fee expense	**3'406**	3'407

Fee expense consists primarily of commissions paid related to the brokerage business.

8 Net trading income

CHF thousands	**2011**	2010
Net (loss) / gain on trading financial assets at fair value through profit or loss	**(94'997)**	52'602
Net gain on financial assets designated at fair value through profit or loss	**1'989**	472
Total net (loss) / gain on financial assets at fair value	**(93'008)**	53'074
Net gain / (loss) on financial liabilities designated at fair value through profit or loss	**39'522**	(28'505)
Total net gain / (loss) on financial liabilities at fair value	**39'522**	(28'505)
Net gain / (loss) from changes in replacement values of derivative instruments	**67'790**	(10'889)
Total net gain / (loss) from changes in replacement values of derivatives	**67'790**	(10'889)
Total net trading income	**14'306**	13'680

Gains and losses from financial assets, financial liabilities and derivatives consist of the changes in the fair values and the settlement of the related assets and liabilities during the period.

Trading financial assets consist of debt, equity, precious metal and other securities held for trading. Refer to note 17 and 24 for further details. Precious metals refer to metal accounts held with financial institutions which are settled net.

Financial assets designated at fair value through profit or loss consist of term deposits held with related parties and financial institutions. Refer to note 19 for further details.

Financial liabilities designated at fair value through profit or loss consist of the Company's issued products. Refer to note 25 for further details.

NOTES TO THE FINANCIAL STATEMENTS

9 Revenue sharing agreements

CHF thousands	**2011**	2010
EFG Financial Products (Guernsey) Ltd	**43'281**	25'914
EFG Financial Products (Europe) GmbH	**(4'103)**	(926)
EFG Financial Products (Hong Kong) Ltd	**(2'327)**	-
EFG Financial Products (Monaco) SAM	**(229)**	-
Total revenue sharing agreements	**36'622**	24'988

The revenue sharing agreement with EFGFP Guernsey relates to the sale and distribution of structured products issued by EFGFP Guernsey and other support functions provided by EFGFP AG to EFGFP Guernsey.

The revenue sharing agreements with EFGFP Europe, EFG FP Hong Kong and EFG FP Monaco relate to the distribution services of EFGFP structured products. The terms of the agreement are pursuant to a service level agreement between the entities.

10 Other operating income

CHF thousands	**2011**	2010
Shared service income EFGFP Holding	**1'500**	1'500
Shared service income EFGI	**1'731**	952
Net interest expense	**(1'611)**	(904)
Other operating income	**1'100**	1'786
Total other operating income	**2'720**	3'334

Shared service income reflects the amounts received from related parties pursuant to a shared service level agreement whereby the Company performs certain services for EFGI and EFG FP Holding.

Net interest income relates to interest earned on cash and cash equivalents net of interest paid on short term credit.

Other operating income relates to reimbursements of indirect taxes and other income.

11 Personnel expenses

CHF thousands	**2011**	2010
Salaries and bonuses	**34'472**	31'256
Social contributions	**2'637**	2'277
Pension plan expense	**2'374**	2'187
Other personnel expense	**772**	913
Total personnel expenses	**40'255**	36'633

The Company employed 187 and 169 full time equivalents as of 31 December 2011 and 2010, respectively.

NOTES TO THE FINANCIAL STATEMENTS

12 Other operating expenses

CHF thousands	**2011**	2010
Professional services	**5'066**	6'130
Marketing, travel and representation	**4'193**	2'275
Rent and other office expenses	**2'570**	2'325
IT related expenses	**5'674**	5'763
Banking fees	**3'096**	1'329
Other administrative expenses	**5'140**	3'598
Total operating expenses	**25'739**	21'420

13 Taxes

Income taxes

CHF thousands	**2011**	2010
Statement of tax status		
Current income taxes	**-**	-
Deferred income taxes	**1'057**	2'012
Total taxes	**1'057**	2'012
Profit before tax	**5'801**	4'213
Income tax expense / computed at the statutory tax rate of 21%	**1'228**	892
Explanations for higher (lower) tax expense:		
Value adjustments on deferred tax assets	**-**	1'120
Other impacts	**(171)**	-
Income tax expense	**1'057**	2'012

The value adjustment on deferred tax assets reflects the 2010 adjustment arising from the tax ruling with the Swiss tax authorities. The tax ruling is effective until at least 2013.

NOTES TO THE FINANCIAL STATEMENTS

Deferred taxes

CHF thousands	**31.12.2011**	31.12.2010
Composition of deferred taxes		
Tax loss carryforwards	**2'573**	3'630
Total deferred tax assets	**2'573**	3'630
Total deferred tax liabilities	**-**	-
Changes in deferred tax assets and liabilities (net)		
Balance at the beginning of the year	**3'630**	5'641
Changes effecting the income statement		
Utilisation of tax losses carried forward	**(852)**	(2'095)
Other temporary differences	**(205)**	84
At 31 December 2011	**2'573**	3'630

EFGFP AG is liable for taxes in Switzerland. The current tax assets and current tax liabilities reported as of the balance sheet date, as well as the resulting current tax expense for the period under review are based partly on estimates and assumptions and may differ from the amounts determined by the tax authorities in the future.

In the case of deferred tax assets, the amounts recognized depend on assumptions regarding available future profits that are eligible for offset. The determination of deferred tax assets is essentially based on budgets. Unused tax losses are expected to be utilized within 4 years.

14 Cash and cash equivalents

CHF thousands	**31.12.2011**	31.12.2010
Financial institutions	**28'149**	20'183
Related parties	**6'762**	123'852
Total Cash and cash equivalents	**34'911**	144'035

NOTES TO THE FINANCIAL STATEMENTS

15 Settlement positions

CHF thousands	**31.12.2011**	31.12.2010
Settlement receivables		
Financial institutions	**42'306**	38'413
Related parties	**797**	18'456
Total settlement receivables	**43'103**	56'869
Settlement payables		
Financial institutions	**60'314**	32'429
Related parties	**884**	6'109
Total settlement payables	**61'198**	38'538

Settlement balances arise in the normal course of trading activities and represent the receivables and payables of cash.

16 Cash collateral

CHF thousands	**31.12.2011**	31.12.2010
Assets		
Cash collateral on securities borrowed	**18'629**	-
Cash collateral receivables on derivative instruments	**16'748**	11'934
Cash collateral other	**2'500**	-
Total cash collateral provided	**37'877**	11'934
Liabilities		
Cash collateral on securities lent	**31'164**	16'929
Cash collateral from repurchase agreements	**165'000**	-
Cash collateral payables on derivative instruments	**43'100**	28'674
Total cash collateral received	**239'264**	45'603

The Company enters into securities borrowing and securities lending transactions, repurchase agreements and derivative transactions that may result in credit exposure in the event that the counterparty to the transaction is unable to fulfil its contractual obligations. The Company monitors credit risk associated with these activities by monitoring counterparty credit exposure and collateral values on a daily basis and requiring additional collateral to be deposited or returned when deemed necessary.

NOTES TO THE FINANCIAL STATEMENTS

17 Trading financial assets

CHF thousands	**31.12.2011**	31.12.2010
Debt securities		
of which: Bonds issued by Governments	**65'979**	1'726
of which: Bonds issued by banks	**-**	8'060
of which: Bonds issued by others	**62'883**	80'686
Total debt securities	**128'862**	90'472
Equity securities	**647'084**	512'088
Precious metals securities	**3'272**	880
Other trading financial assets		
of which: Mutual funds	**8'662**	2'488
of which: Hedge funds	**3'750**	-
of which: Securitised product instruments	**11'700**	14'794
of which: Capital protection	**713**	4'851
of which: Yield enhancement	**3'301**	-
of which: Participation	**27**	-
Total other trading financial assets	**28'153**	22'133
Total trading financial assets	**807'371**	625'573
of which: pledged as collateral		
Debt securities	**18'658**	23'694
Equity securities	**227'309**	42'807
of which: lent as collateral in securities lending and borrowing transactions with the right to resell or repledge		
Debt securities	**12'550**	-
Equity securities	**52'087**	18'360

Financial assets held for trading contain debt, equity, precious metal and other securities. Trading financial assets are purchased to offset the economic exposures from the Company's issued products or other financial liabilities.

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18 Replacement values of derivative instruments

CHF thousands		Notionals	Positive RV	Negative RV
Interest rate instruments				
Swaps		**2'908'877**	**44'160**	**22'367**
Futures		**291'351**	**537**	**120**
Options		**592'982**	**18'747**	**80'494**
Foreign currency/precious metals				
Forward contracts		**245'897**	**9'712**	**6'326**
Futures		**106'811**	**930**	**4'750**
Options		**841'390**	**17'444**	**39'633**
Equities/indices				
Swaps		**53'793**	**894**	**275**
Futures		**114'178**	**3'305**	**722**
Options		**5'935'284**	**420'519**	**469'094**
Credit instruments				
Credit default swaps		**290'197**	**9'207**	**9'611**
Other				
Futures		**48'096**	**653**	**2'141**
Options		**65'728**	**2'894**	**2'210**
Total replacement values of derivative instruments	**31.12.2011**	**11'494'584**	**529'002**	**637'743**

CHF thousands		Notionals	Positive RV	Negative RV
Interest rate instruments				
Swaps		1'145'538	9'569	5'453
Futures		264'812	108	11
Options		218'908	12'791	44'766
Foreign currency/precious metals				
Forward contracts		307'198	2'077	3'434
Futures		62'234	3'335	89
Options		451'252	6'469	39'536
Equities/indices				
Swaps		118'148	6'156	41
Futures		166'711	848	2'578
Options		3'659'636	102'214	242'954
Credit instruments				
Credit default swaps		224'013	5'995	4'949
Other				
Futures		2'919	255	56
Options		95'049	5'150	3'631
Total replacement values of derivative instruments	**31.12.2010**	6'716'418	154'967	347'498

NOTES TO THE FINANCIAL STATEMENTS

The Company enters into derivative transactions to offset the economic risks it is exposed to from the issuance of its structured products.

19 Financial assets designated at fair value through profit and loss

CHF thousands	**31.12.2011**	31.12.2010
Term deposits - EFG Bank	**25'184**	52'875
Term deposits - Other financial institutions	**35'182**	29'341
Total financial assets designated at fair value through profit and loss	**60'366**	82'216

Financial assets designated at fair value through profit and loss include term deposits held with EFG Bank and term deposits held with other financial institutions. Term deposits are used to offset the exposures to similar term components of the Company's issued products. The terms of the deposits range from 1 month to 5 years.

20 Property and equipment

CHF thousands	**Furniture / Equipment**	**Leasehold improve-ments**	**IT equipment**	**Total 31.12.2011**	Total 31.12.2010
Historical cost					
Balance at the beginning of the year	1'622	3'668	6'038	**11'328**	7'527
Additions	213	223	2'149	**2'585**	3'801
Disposals	-	-	-	**-**	-
Balance at the end of the year	1'835	3'891	8'187	**13'913**	11'328
Accumulated depreciation					
Balance at the beginning of the year	605	1'302	2'533	**4'440**	2'422
Depreciation	349	93	1'785	**2'227**	2'018
Disposals	-	-	-	**-**	-
Balance at the end of the year	954	1'395	4'318	**6'667**	4'440
Property and equipment at the end of the year	**881**	**2'495**	**3'870**	**7'246**	6'888

There was no impairment loss recognized during the years ending 31 December 2011 and 2010, respectively.

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21 Intangible assets

CHF thousands	**IT Software**	**Other intangible assets**	**Total 31.12.2011**	Total 31.12.2010
Historical Cost				
Balance at the beginning of the year	5'890	51	**5'941**	2'393
Additions	7'103	-	**7'103**	3'548
Disposals	-	-	**-**	-
Balance at the end of the year	12'993	51	**13'044**	5'941
Accumulated amortization				
Balance at the beginning of the year	1'472	51	**1'523**	685
Amortization	2'664	-	**2'664**	838
Disposal	-	-	**-**	-
Balance at the end of the year	4'136	51	**4'187**	1'523
Intangible assets at the end of the year	**8'857**	**-**	**8'857**	4'418

There was no impairment loss recognized during the years ending 31 December 2011 and 2010, respectively.

22 Other assets

CHF thousands	**31.12.2011**	31.12.2010
Accrued sales fee income	**12'952**	1'897
Withholding and other tax receivables	**8'525**	4'554
Prepaid expenses	**1'791**	1'287
Other assets	**1'381**	255
Total other assets	**24'649**	7'993

23 Short term credit

CHF thousands	**31.12.2011**	31.12.2010
Short term credit - EFG Bank	**244'467**	331'167
Overdrafts with banks	**4'860**	1'966
Total short term credit	**249'327**	333'133

Short term credit includes all overdraft balances and credit facilities with banks.

NOTES TO THE FINANCIAL STATEMENTS

24 Other financial liabilities at fair value

CHF thousands	**31.12.2011**	31.12.2010
Equity securities	**35'846**	22'342
Debt securities	**20'069**	16'338
Total other financial liabilities at fair value	**55'915**	38'680

Short positions of debt, primarily government bonds, and equity securities are temporary short positions which are entered into if facilities to borrow the respective securities are in place.

25 Financial liabilities designated at fair value through profit and loss

CHF thousands	**31.12.2011**	31.12.2010
Hybrid financial instruments	**34'907**	35'101
Structured certificates	**137'768**	214'474
Total financial liabilities designated at fair value through profit and loss	**172'675**	249'575

Financial liabilities designated at fair value include the Company's issued products. Hybrid financial instruments contain debt hosts and embedded derivatives. Some hybrid instruments may also contain multiple embedded derivatives whose values may be interdependent. Structured certificates include certificates with multiple derivatives whose values may be interdependent. The contractual amounts to be paid at maturity of the structured products may differ from the fair values recognized at the respective balance sheet dates.

26 Other liabilities

CHF thousands	**31.12.2011**	31.12.2010
Accrued compensation	**14'973**	13'861
Third party interest in consolidated funds	**6'394**	-
Deferred fee income	**2'527**	2'730
Accounts payable	**2'162**	6'446
Other liabilities	**1'362**	1'089
Total other liabilities	**27'418**	24'126

NOTES TO THE FINANCIAL STATEMENTS

27 Loans from related parties

EFGFP AG has received the following subordinated loans from its parent, EFG Financial Products Holding AG:

CHF thousands	Interest rate in%	Maturity date	**Outstanding amounts 31.12.2011**	Outstanding amounts 31.12.2010
Subordinated loans				
Year of issue 2007	3.823%	Minimum duration of 5 years. Then possible termination within 5 years notice period.	**2'500**	2'500
Year of issue 2007	2.820%	Minimum duration of 5 years. Then possible termination within 5 years notice period.	**2'500**	2'500
Year of issue 2009	3.796%	Minimum duration of 5 years. Then possible termination within 5 years notice period.	**3'000**	3'000
Year of issue 2009	2.796%	Minimum duration of 5 years. Then possible termination within 5 years notice period.	**3'000**	3'000
Total loans from related parties			**11'000**	11'000

28 Share capital

The total authorized number of ordinary shares is 15’000 with a par value of CHF 1’000 per share. All issued shares are fully paid. There is only one class of shares.

No dividend payments were made during the years ending 31 December 2011 and 31 December 2010, respectively.

29 Retirement benefit obligation

The Company operates a pension plan in Switzerland that is classified as a defined benefit plan under IFRS. Due to a minimum guaranteed return in Swiss pension legislation the fund is classified as a defined benefit plan under IFRS although the Company has no other obligation than to provide a minimum guaranteed return to the plan.

The Company applies the corridor approach, whereby actuarial gains and losses are recognized over the remaining working lives of the employees as income or expense, if the net cumulative actuarial gains and losses exceed greater of 10% of the defined benefit obligation and 10% of the fair value of any pension plan assets.

The movements are as follows:

NOTES TO THE FINANCIAL STATEMENTS

CHF thousands	**2011**	2010
Development of plan assets		
Fair value of plan assets, beginning of period	**14'741**	10'377
Plan participants' contributions	**1'657**	1'317
Company contributions paid during the actual period	**2'931**	2'379
Benefit payments	**(544)**	2'226
Expected return on plan assets	**626**	432
Actuarial (loss) for the year	**(929)**	(1'365)
Pension transfers, insurance premiums and expenses	**(637)**	(625)
Total fair value of plan assets, end of period	**17'845**	14'741
Development of present value of obligation		
Defined benefit obligation (DBO), beginning of period	**16'452**	11'604
Service cost (earned in period)	**2'383**	1'717
Plan participants' (employees) contributions	**1'657**	1'317
Benefit payments	**(544)**	2'226
Interest cost	**465**	327
Pension transfers, net insurance premiums and expenses	**(637)**	(625)
Actuarial (loss) / gain for the year	**(537)**	(114)
Defined benefit obligation (DBO), end of period	**19'239**	16'452

NOTES TO THE FINANCIAL STATEMENTS

Movements' (continued):

CHF thousands	**2011**	2010
Pension cost recognized in statement of comprehensive income		
Service cost component (net of plan participants contributions)	**2'383**	1'717
Interest cost component	**465**	327
Expected return on plan assets (-)	**(626)**	(432)
Immediate recognition of losses / supplemental cost	**643**	700
Amortization of unrecognized net loss	**66**	67
Total expense recognized in statement of comprehensive income	**2'931**	2'379
Reconciliation of amounts recognized in statement of financial position		
Defined benefit obligation (DBO), end of period	**19'239**	16'452
Fair value of plan assets, end of period	**17'845**	14'741
Status of plan: under (over) funding	**1'394**	1'711
Unrecognized net loss	**1'987**	2'304
Net amount recognized; pension accrual / (prepaid)	**(593)**	(593)
Liability recognized on statement of financial position, end of year	**(593)**	(593)
Movements in the net amount recognized in statement of financial position		
Opening net liability / (asset), 01.01.	**(593)**	(593)
Unfunded accrued / (prepaid) pension cost, BOY	**(593)**	(593)
Net periodic pension cost actual year	**2'931**	2'379
Company contributions paid during the actual period	**(2'931)**	(2'379)
Closing net liability / (asset)	**(593)**	(593)
Amount to be recognized		
Loss at beginning of year	**2'305**	1'821
Corridor	**1'645**	1'161
To amortize	**660**	660
Average remaining years of service life	**10.0**	9.8
Amortization amount	**66**	67
Movements in the net unrecognized actuarial gains and losses		
Loss at beginning of year	**2'305**	1'821
Benefit obligation (gain) / loss in current year	**(537)**	(114)
Plan assets (gain) / loss in current year	**928**	1'365
(Gain) / loss recognized in current year (corridor)	**(66)**	(67)
Immediate gain / (loss) recognition / supplemental cost	**(643)**	(700)
Loss at end of year	**1'987**	2'305

NOTES TO THE FINANCIAL STATEMENTS

The major categories of plan assets as a percentage are as follows:

	31.12.2011	31.12.2010
Debt instruments	**62.6%**	58.5%
Cash	**11.4%**	18.6%
Equity instruments	**25.2%**	22.4%
Other	**0.8%**	0.5%
Total assets	**100.0%**	100.0%

The principal annual assumptions used, were as follows:

	2011	2010
Weighted assumptions end of period		
Discount rate	**2.75%**	3.00%
Long term rate on return on assets- For current year expense	**3.00%**	4.00%
Long term rate on return on assets- For next year expense	**3.00%**	4.00%
Salary increase	**1.00%**	1.00%
Average remaining years of service life	**7.3**	10.0
Weighted assumptions beginning of period		
Discount rate	**3.00%**	3.00%
Long term rate on return on assets- For current year expense	**4.00%**	4.00%
Long term rate on return on assets- For next year expense	**4.00%**	4.00%
Salary increase	**1.00%**	1.00%
Average remaining years of service life	**10.0**	9.8

	Age	Age
Retirement age (male / female)	**64/65**	64/65

The assumptions regarding expected mortality rates are set based on advice, published statistics and experience. The average life expectancy at 31 December 2011 (at the age of 65) for current male pensioners is 19.56 years and for current female pensioners (at the age of 65) is 21.89 years (based on the LPP 2010 tables).

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity and real estate investments reflect long-term real rates of return experienced in the respective markets.

The Company’s contributions to the benefit plan for the year ending 31 December 2012 are expected to be TCHF 3’404.

Experience adjustments on plan assets totaled TCHF (929) and TCHF (1’365) for the years ending 31 December 2011 and 2010, respectively.

Experience adjustments on plan liabilities totaled TCHF (270) and TCHF 114 for the years ending 31 December 2011 and 2010, respectively.

NOTES TO THE FINANCIAL STATEMENTS

30 Related party transactions

CHF thousands	**31.12.2011**	31.12.2010
Receivable from related parties		
EFGFP group entities	**40'399**	64'099
EFGI group entities	**2'313**	798
Total receivable from related parties	**42'712**	64'897
Payable to related parties		
EFGFP group entities	**100'857**	34'574
EFGI group entities	**2'156**	9'323
Total payable to related parties	**103'013**	43'897

The receivable and payable balances above result from the following related party transactions:

EFGFP Guernsey is a significant counterparty of EFGFP AG as EFGFP AG distributes EFGFP Guernsey's issued products. EFGFP AG and EFGFP Guernsey have entered into a master netting agreement allowing the parties to net settle the outstanding amounts due from these transactions across currencies. The outstanding amounts are only presented net should the parties have the ability and intent to settle net across currencies. The net receivable balance to EFGFP group entities above includes receivables from EFGFP Guernsey totaling TCHF (66'098) and TCHF 23'989 for the periods ending 31 December 2011 and 2010, respectively.

EFGFP AG entered into a profit and cost sharing agreement with EFGFP Guernsey as the two companies share certain infrastructure and services. The net amounts received by EFGFP AG under this agreement during the periods ending 31 December 2011 and 2010 were TCHF 43’281 and TCHF 25’914.

Related party transactions also include transactions with EFGFP AG’s immediate parent, EFGFP Holding and with fellow subsidiaries, EFGFP Monaco, EFGFP Europe and EFGFP Hong Kong. These transactions include shared service agreements pursuant to service level agreements with the respective companies as a result of providing distribution services.

Related party transactions also include transactions with EFG International AG and its subsidiaries.

Transactions with EFGI and EFG Bank Zurich also consist of services and support provided in the normal course of business.

Other significant related party transactions included:

The sale of derivatives to EFGFP Guernsey to offset the economic risk of EFGFP Guernsey's issued products, specifically the embedded derivatives of these issued products. The net replacement value of these derivatives amounted to TCHF 99'617 and TCHF (158'961) for the periods ending 31 December 2011 and 2010, respectively.

A subordinated loan received from EFGFP Holding in the amount of TCHF 11'000.

Transactions with EFG Bank Cayman Branch and EFG Bank Zurich, amongst others, consist of cash and term deposits held with the banks and short term credit provided by EFG Bank Zurich Branch. The fair value of the assets held with EFG Bank Cayman Branch and EFG Bank Zurich Branch were TCHF 31'947 and TCHF 175'679 as at 31 December 2011 and 2010, respectively. Short term credit provided totaled TCHF 244'467 and TCHF 331'167 as at 31 December 2011 and 2010, respectively.

NOTES TO THE FINANCIAL STATEMENTS

Derivative transactions were also entered into with EFG group entities. The net replacement value of these derivatives amounted to a positive replacement value of TCHF 4'828 and TCHF 6'534 for the periods ending 31 December 2011 and 2010, respectively.

Net settlement balances with EFG Bank group entities were TCHF (87) and TCHF 12'347 as at 31 December 2011 and 2010, respectively.

Cash collateral was received from EFG Bank and EFG Eurobank Ergasias SA for OTC and SLB transactions. Amounts received from EFG Bank amounted to TCHF 35'653 and TCHF 4'610 for the period ending 31 December 2011 and 2010, respectively. Amounts received from EFG Eurobank Ergasias SA amounted to TCHF 73 and TCHF 2'030 for the period ending 31 December 2011 and 2010, respectively.

EFG FP AG deposits collateral with SIX Swiss Exchange in relation to its and EFGFP Guernsey's issuance of Collateral Secured Instruments (COSI products), such collateral being provided by EFG Bank AG.

31 Compensation of the executive committee

Compensation to members of the Executive Committee relating to the year 2011 included general compensation of TCHF 2'522 (2010: TCHF 1'866) and employer's contributions of TCHF 379 (2010: TCHF 271).

There was no remuneration paid to the current or former members of the EFGFP AG Board of Directors for the years ending 31 December 2011 or 2010.

32 Contingent liabilities and commitments

CHF thousands	**31.12.2011**	31.12.2010
Due withtin one year	**1'410**	1'103
Due between one and five years	**5'121**	1'461
Due later than five years	**891**	-
Commitments for minimum payments under operating leases	**7'422**	2'564

The Company did not have any significant contingencies outstanding at December 31, 2011.

Commitments include operating lease contracts with non-cancellable terms. The table above sets forth the details of any future minimum operating lease commitments under these non-cancellable operating leases**.**

NOTES TO THE FINANCIAL STATEMENTS

33 Earnings per share

CHF thousands	**31.12.2011**	31.12.2010
Basic		
Group net profit *(CHF thousands)*	**4'744**	2'201
Weighted average number of ordinary shares issued	**1'000'000**	1'000'000
Basic earnings per share	**4.74**	2.20
Diluted earnings per share	**4.74**	2.20

Basic earnings per share is calculated by dividing the Company net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year. As of 31 December 2011 no restricted stock units had been issued, diluted earnings per share is therefore equivalent to basic earnings per share at 31 December 2011 and 2010.

34 Post balance sheet events

There have been no significant subsequent events.

Appendix 2: Audited Financial Statements of EFG Financial Products AG for the Financial Year 2012

EFG Financial Products AG
Zurich

Report of the auditor to the Board of Directors on the financial statements 2012

Report of the auditor
to the Board of Directors of
EFG Financial Products AG
Zurich

On your instructions, we have audited the accompanying financial statements of EFG Financial Products AG, which comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes, for the year ended 31 December 2012.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards (IFRS). This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the existence and effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zurich, Switzerland
Telephone: +41 58 792 44 00, Facsimile: +41 58 792 44 10, www.pwc.ch

Opinion

In our opinion, the financial statements for the year ended 31 December 2012 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS).

PricewaterhouseCoopers Ltd.

Roman Berlinger	Markus Meier
Audit expert	Audit expert

Zurich, 5 June 2013

Enclosure:

- Financial statements (income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes)

EFG Financial Products

EFG FINANCIAL PRODUCTS AG

FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

INCOME STATEMENT
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

CHF thousands	**Note**	**2012**	*restated* 2011
Fee income	7	**52'661**	26'443
Fee expense	8	**(852)**	(3'406)
Net fee income		**51'809**	23'037
Net trading income	9	**5'945**	14'306
Revenue sharing agreements	10	**35'504**	36'622
Other operating income	11	**758**	2'720
Total operating income		**94'016**	76'685
Personnel expenses	4/12	**43'792**	39'759
Depreciation and amortization	21/22	**8'104**	4'890
Other operating expenses	13	**31'020**	25'739
Total operating expenses		**82'916**	70'388
Profit before taxes		**11'100**	6'297
Income tax expense	4/14	**1'119**	1'162
Net profit		**9'981**	5'135
of which allocated to shareholders of EFG Financial Products AG		**9'981**	5'135

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

CHF thousands	**Note**	**2012**	*restated* 2011
Net profit		**9'981**	5'135
Other comprehensive income / (loss)			
Defined benefit costs	4/31	**(2'518)**	(2'306)
Deferred tax income	4/14	**533**	488
Total other comprehensive loss		**(1'985)**	(1'818)
Comprehensive income		**7'996**	3'317
of which allocated to shareholders of EFG Financial Products AG		**7'996**	3'317

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2012 AND 2011

CHF thousands	**Note**	**31.12.2012**	*restated* 31.12.2011	*restated* 01.01.2011
Assets				
Cash and cash equivalents	15	**355'376**	34'911	144'035
Settlement receivables	16	**656'141**	70'735	105'295
Cash collateral	17	**82'135**	37'877	11'934
Trading financial assets	18	**1'200'230**	807'371	625'573
Positive replacement values of derivative instruments	19	**601'560**	529'002	154'967
Financial assets designated at fair value through profit or loss	20	**170'426**	60'366	82'216
Deferred tax assets	4/14	**2'733**	3'319	3'991
Property and equipment	21	**7'970**	7'246	6'888
Intangible assets	22	**15'584**	8'857	4'418
Other assets	23	**61'127**	39'729	24'465
Total assets		**3'153'282**	1'599'413	1'163'782
Liabilities				
Short-term credit	24	**514'758**	249'327	333'133
Settlement payables	16	**430'293**	157'823	71'218
Cash collateral	17	**520'278**	239'264	45'603
Other financial liabilities at fair value	25	**31'945**	55'915	38'680
Other liabilities	4/26	**50'514**	37'328	37'054
Negative replacement values of derivative instruments	19	**747'221**	637'743	347'498
Financial liabilities designated at fair value through profit or loss	27	**745'557**	172'675	249'575
Loans from related parties	28	**37'000**	11'000	11'000
Total liabilities		**3'077'566**	1'561'075	1'133'761
Equity				
Share capital	29	**15'000**	15'000	15'000
Share premium		**70'306**	40'924	35'924
Accumulated other comprehensive loss	4/30	**(3'803)**	(1'818)	-
Retained earnings		**(5'787)**	(15'768)	(20'903)
Total shareholders' equity		**75'716**	38'338	30'021
Total liabilities and equity		**3'153'282**	1'599'413	1'163'782

STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

CHF thousands	**Note**	**Share capital**	**Share premium**	**Accumulated other comprehensive loss**	**Other reserves**	**Retained earnings**	**Total shareholders' equity**
Balance at 31 December 2010		15'000	35'924	-	-	(19'554)	31'370
Adjustments related to *IAS 19 (revised)*	4	-	-	-	-	(1'349)	(1'349)
Balance at 1 January 2011 *restated*		15'000	35'924	-	-	(20'903)	30'021
Adjustments related to *IAS 19 (revised)*	4	-	-	(1'818)	-	-	(1'818)
Contribution of capital		-	5'000	-	-	-	5'000
Dividends paid		-	-	-	-	-	-
Share-based benefit programs		-	-	-	-	-	-
Net profit		-	-	-	-	5'135	5'135
Other comprehensive loss		-	-	-	-	-	-
Balance at 31 December 2011 *restated*		15'000	40'924	(1'818)	-	(15'768)	38'338
Contribution of capital		**-**	**29'382**	**-**	**-**	**-**	**29'382**
Dividends paid		**-**	**-**	**-**	**-**	**-**	**-**
Share-based benefit programs		**-**	**-**	**-**	**-**	**-**	**-**
Net profit		**-**	**-**	**-**	**-**	**9'981**	**9'981**
Other comprehensive loss	30	**-**	**-**	**(1'985)**	**-**	**-**	**(1'985)**
Balance at 31 December 2012		**15'000**	**70'306**	**(3'803)**	**-**	**(5'787)**	**75'716**

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

CHF thousands	Note	2012	restated 2011
Cash flow from operating activities			
Net profit		**9'981**	5'135
Reconciliation to net cash flow from operating activities			
Non-cash positions in results:			
Depreciation and amortization	21/22	**8'104**	4'890
Deferred taxes	14	**1'119**	1'162
Defined benefit costs	4/31	**1'715**	2'434
Net (increase) / decrease in assets related to operating activities			
Financial assets at fair value	18/20	**(130'272)**	93'008
Settlement balances, net	16	**(312'935)**	121'165
Investment in financial assets	18/20	**(372'648)**	(252'955)
Other assets	23	**(21'398)**	(15'266)
Net increase / (decrease) in liabilities related to operating activities			
Financial liabilities at fair value	25/27	**22'592**	(39'522)
Replacement values, net	19	**36'920**	(83'791)
Cash collateral, net	17	**236'756**	167'719
Sale of financial liabilities	25/27	**526'320**	(20'142)
Other liabilities	26	**12'216**	(1'536)
Pension contributions	31	**(3'263)**	(2'931)
Cash flow from operating activities		**15'206**	(20'630)
Cash flow from investing activities			
Purchases of property and equipment	21	**(3'387)**	(2'585)
Purchases of intangible assets	22	**(12'167)**	(7'103)
Cash flow from investing activities		**(15'554)**	**(9'688)**
Cash flow from financing activities			
Increase/(decrease) in short-term credit	24	**265'431**	(83'806)
Increase share premium	6/29	**29'382**	5'000
Increase/(decrease) in loans from related parties	28	**26'000**	-
Cash flow from financing activities		**320'813**	(78'806)
Net increase/(decrease) in cash and cash equivalents		**320'465**	(109'124)
Cash and cash equivalents, beginning of the year	15	**34'911**	144'035
Cash and cash equivalents at the balance sheet date		**355'376**	34'911

STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

CHF thousands	Note	2012	restated 2011
Cash flow from operating activities			
Net profit		**9'981**	5'135
Reconciliation to net cash flow from operating activities			
Non-cash positions in results:			
Depreciation and amortization	21/22	**8'104**	4'890
Deferred taxes	14	**1'119**	1'162
Defined benefit costs	4/31	**1'715**	2'434
Net (increase) / decrease in assets related to operating activities			
Financial assets at fair value	19/20	**(130'272)**	93'008
Settlement balances, net	16	**(312'935)**	121'165
Investment in financial assets	19/20	**(372'648)**	(252'955)
Other assets	23	**(21'398)**	(15'266)
Net increase / (decrease) in liabilities related to operating activities			
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Replacement values, net	19	**36'920**	(83'791)
Cash collateral, net	17	**236'756**	167'719
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Other liabilities	26	**12'216**	(1'536)
Pension contributions	31	**(3'263)**	(2'931)
Cash flow from operating activities		**15'206**	(20'630)
Cash flow from investing activities			
Purchases of property and equipment	21	**(3'387)**	(2'585)
Purchases of intangible assets	22	**(12'167)**	(7'103)
Cash flow from investing activities		**(15'554)**	**(9'688)**
Cash flow from financing activities			
Increase/(decrease) in short-term credit	24	**265'431**	(83'806)
Increase share premium	6/29	**29'382**	5'000
Increase/(decrease) in loans from related parties	28	**26'000**	-
Cash flow from financing activities		**320'813**	(78'806)
Net increase/(decrease) in cash and cash equivalents		**320'465**	(109'124)
Cash and cash equivalents, beginning of the year	15	**34'911**	144'035
Cash and cash equivalents at the balance sheet date		**355'376**	34'911

Interest received totaled TCHF 140 and TCHF 921 for the years ended 31 December 2012 and 2011, respectively. Interest paid totaled TCHF 3’097 and TCHF 2’403 for the years ended 31 December 2012 and 2011, respectively. There were no income taxes paid for the year ended 31 December 2012 and 2011, respectively.

NOTES TO THE FINANCIAL STATEMENTS

1 General information

EFG Financial Products AG (EFG FP AG or the Company) began operations in December 2007 as a securities dealer licensed by the Swiss Federal Market Supervisory Authority (FINMA). EFG FP AG is a registered share company incorporated in Zurich, Switzerland and is domiciled at Brandschenkestrasse 90, Zurich, Switzerland.

EFG FP AG is a wholly owned subsidiary of EFG Financial Products Holding AG (EFG FP Holding or the Group), headquartered in Zurich. EFG FP Holding listed its shares on the SIX Swiss Exchange on 19 October 2012.

Prior to the Group’s IPO, certain measures to reorganize the Group’s business were undertaken, including the establishment of a branch of EFG FP AG in Guernsey (EFG FP Guernsey Branch) as the Group’s new main issuing entity. EFG FP Guernsey Branch was set-up on 4 October 2012. Refer to Note 6 for further details on this reorganization.

The business activities of EFG FP AG include the development, structuring, distribution, hedging and settlement as well as the market-making and secondary market servicing of structured products, services it provides also in the context of white labeling cooperations, the design and management of structured funds and certificates and the management of variable annuity products.

EFG FP AG distributes its financial products either directly to institutional investors or indirectly to retail investors through third party financial intermediaries. The Company also provides structured asset management and pension solution services to third parties in Switzerland and abroad and provides brokerage services to third parties.

These financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB).

These financial statements were approved for issue by the Board of Directors on 7 June 2013.

2 Critical accounting estimates and judgments in applying accounting policies

The application of certain accounting principles requires considerable judgment based upon estimates and assumptions that involve significant uncertainty at the time they are made. Changes in assumptions may have a significant impact on the financial statements in the periods where assumptions are changed. Accounting treatments where significant assumptions and estimates are used are discussed in this section as a guide to understanding how their application affects the reported results.

The application of assumptions and estimates means that any selection of different assumptions would cause the reported results and/or disclosures to differ. The Company believes that the assumptions it has made are appropriate, and that the Company’s financial statements therefore present the financial position and results fairly, in all material respects.

The most relevant areas of judgment for the Company include the application of the Company’s assumptions with respect to the fair value of financial instruments and pension accounting, which are further discussed within Note 5, Financial risk assessment and management, and Note 31, Retirement benefit obligations.

The sensitivities are presented solely to assist the reader in understanding the Company’s financial statements and are not intended to suggest that other assumptions would be more appropriate.

3 Principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

The Company prepares its financial statements in accordance with IFRS as issued by the International Accounting Standards Board (IASB) and are prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit and loss.

The abbreviations TCHF and MCHF within these financial statements refer to thousands of CHF and millions of CHF respectively.

Financial assets and financial liabilities at fair value through profit and loss

A financial instrument may only be designated at fair value through profit or loss at inception, and this designation cannot subsequently be changed. Financial assets and financial liabilities designated at fair value are presented in separate lines in the statement of financial position.

The conditions for applying the fair value option are met on the basis that they are hybrid instruments which consist of a debt host and an embedded derivative component, they are items that are part of a portfolio which is risk managed on a fair value basis and reported to senior management on that basis, or the application of the fair value option reduces or eliminates an accounting mismatch that would otherwise arise.

Hybrid instruments which fall under the criteria above include structured products and certificates issued. These instruments generally include one or more embedded derivative components which refer to an underlying, e.g. equity price, interest rate, commodities price or index. Where a product has multiple embedded derivatives, the value of these derivatives may be dependent upon one another. The Company has designated all of its issued hybrid instruments as financial liabilities designated at fair value through profit or loss.

In addition to structured products and certificates issued, the fair value option is also applied to all term deposits and bonds held by the Company. The application of the fair value option to these instruments reduces an accounting mismatch that would otherwise arise from recognizing these assets using a different basis of accounting than for the offsetting liabilities, the hybrid financial instruments, which are designated at fair value through profit or loss. Financial assets and liabilities meeting the definition of instruments held for trading are also recognized at fair value, with changes in fair value recognized within net trading income. Financial assets held for trading include primarily debt and equity securities.

The Company uses trade date accounting when recording financial transactions. From the date the purchase transaction is entered into (trade date), the Company recognizes a financial asset on the statement of financial position at the fair value of the consideration given or received, including directly attributable transaction costs, which are expensed immediately. When the Company becomes party to a sales contract for a financial asset, it derecognizes the asset.

Derivative financial instruments

The replacement values of all derivative instruments are reflected at the fair value on the statement of financial position and are reported as positive replacement values or negative replacement values. As the Company enters into derivatives for trading purposes, realized and unrealized gains and losses are recognized in net trading income.

A derivative may be embedded in a “host contract”. Such combinations are known as hybrid instruments and arise predominantly from the issuance of structured debt instruments. The values of the embedded derivatives are presented with the host debt as financial liabilities designated at fair value. Gains and losses from financial liabilities are reported in the income statement as net trading income.

NOTES TO THE FINANCIAL STATEMENTS

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. Settlement balances, replacement values and receivables and payables to related parties which meet these criteria are offset.

Receivables and payables to related parties

Receivables from and payables to related parties are recognized at fair value and subsequently measured at amortized cost less provision for impairment.

Settlement positions

Settlement receivables and payables are recognized at fair value and subsequently measured at amortized cost less provision for impairment.

Intangible assets

Purchased and internally developed software is stated at cost less accumulated amortization and impairment losses. The balance is periodically reviewed for impairment, with any impairment charge being recognized in the income statement.

The acquisition cost of software capitalized is based on the cost to acquire the software and the costs incurred to bring it into the state of its intended use. Direct costs attributable to the development of internally developed software are capitalized when such items meet the definition of an intangible asset. These costs relate to the design and implementation phase of internally developed software.

Amortization is calculated using the straight-line method and is amortized over its useful life as follows:

- Internally developed software – 3 – 5 years
- Purchased IT software – 5 years
- Other intangible assets – 5 years

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses. The balance is periodically reviewed for impairment, with any impairment charge being recognized in the income statement. Depreciation is calculated using the straight-line method. Property and equipment are depreciated over their useful lives, as follows:

- Furniture & equipment – 5 years
- Leasehold improvements – 5 – 10 years
- IT equipment – 4 years

Impairment

For all financial assets not measured at fair value, the Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a Company of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, if applicable, are shown within short-term credit.

Securities borrowing and lending

Securities borrowing and securities lending transactions are generally entered into on a collateralized basis. In such transactions, the Company typically lends or borrows securities in exchange for securities or cash collateral. Additionally, the Company may borrow securities in exchange for a fee. The majority of securities lending and borrowing agreements involve shares and bonds. The transactions are conducted under standard agreements employed by financial market participants and are undertaken with counterparties subject to the Company's normal credit risk control processes. The Company monitors the market value of the securities received or delivered on a daily basis and requests or provides additional collateral or returns or recalls surplus collateral in accordance with the underlying agreements.

The securities which have been transferred, whether in a borrowing/lending transaction or as collateral, are not recognized on or derecognized from the statement of financial position unless the risks and rewards of ownership are also transferred. In such transactions where the Company transfers owned securities and where the borrower is granted the right to sell or repledge them, the securities are presented as Trading financial assets of which pledged as collateral, see Note 17. Cash collateral received is recognized with a corresponding obligation to return it (cash collateral on securities lent). Cash collateral delivered is derecognized with a corresponding receivable reflecting the right to receive it back (cash collateral on securities borrowed). Additionally, the sale of securities received in a borrowing or lending transaction triggers the recognition of a trading liability (short sale), see Note 25.

Consideration exchanged in financing transactions (i.e. interest received or paid) is recognized on an accrual basis and recorded as interest income or interest expense.

Repurchase and reverse repurchase agreements

Securities purchased under agreements to resell, *reverse repurchase agreements*, and securities sold under agreements to repurchase, *repurchase agreements,* are treated as collateralized financing transactions. Nearly all repurchase and reverse repurchase agreements involve debt instruments, such as bonds, notes or money market papers. The transactions are normally conducted under standard agreements employed by financial market participants and are undertaken with counterparties subject to the Company's normal credit risk control processes. The Company monitors the market value of the securities received or delivered on a daily basis and requests or provides additional collateral or returns or recalls surplus collateral in accordance with the underlying agreements.

The transfer of securities in the case of repurchase and reverse repurchase agreements is not recognized on or derecognized from the statement of financial position unless the risks and rewards of ownership are also transferred. In reverse repurchase agreements, cash collateral provided is derecognized with a corresponding receivable reflecting the right to receive it back (cash collateral for reverse repurchase agreements). In repurchase agreements, the cash collateral received is recognized with a corresponding obligation to return it (cash collateral from repurchase agreements).

In repurchase agreements where the Company transfers owned securities and where the recipient is granted the right to resell or repledge them, the securities are presented in the statement of financial position as Trading assets of which pledged as collateral. Securities received in a reverse repurchase agreement are disclosed as off-balance sheet items if the Company has the right to resell or repledge them, with securities that the Company has actually resold or repledged disclosed if applicable (see Note 18). Additionally, the sale of securities received in reverse repurchase transactions triggers the recognition of a trading liability (short sale), see Note 25.

NOTES TO THE FINANCIAL STATEMENTS

Interest income from reverse repurchase agreements and interest expense from repurchase agreements are accrued in the period in which they are incurred.

Short-term credit

The short-term credit facility in place with EFG Bank, a related party, is accounted for at amortized cost.

Loan from related party

The loan from EFG FP Holding, the Company's parent, is accounted for at amortized cost.

Fee income

Fee income primarily represents sales fee income, the initial margin earned upon the issuance of structured investment products. The initial margin earned on the issuance of a new structured investment product is deferred and recognized over the period deemed earned, with the current estimate being three months. Sales fee income related to the sale of an existing product is recognized immediately.

White-labeling fee income relates to income earned when the Company provides specific services to its white-labeling partners. Services provided to white-labeling partners include advisory services provided within the Company's Structured Solutions and Structured Asset Management & Pension Solutions businesses and include, but are not limited to, the setup and issuance of structured products, production of term sheets and documentation, settlement and listing of structured products on SIX, client services and other services including risk management and market-making activities.

Other fee income primarily includes brokerage and advisory fees.

Transaction costs that are directly attributable to the issuance of a structured investment product are presented net of any sales fee received.

Fee income generated from services rendered over a specific period of time is generally recorded over the duration of the service provided on a pro rata basis.

Deferred fee income is reflected within Other liabilities.

Trading income

Gains and losses from changes in the fair value of financial assets and financial liabilities held at fair value are recognized as trading income.

Interest and dividend income on financial assets and liabilities designated at fair value through profit and loss are included in the gain (loss) on changes in the fair value of financial assets and financial liabilities at fair value.

When a financial instrument is recognized for the first time, the transaction price provides the best indication of the fair value, unless the fair value of the financial instrument can be evidenced by comparison with other observable current market transactions involving the same instrument (level 1 instrument) or is based on a valuation method that uses market data (level 2 instrument). If this is the case, the difference between the transaction price less initial margin earned and the fair value – referred to as "day 1 profit" – is recorded in trading income.

In the case of level 3 instruments, the day 1 profit is deferred and is not recognized in the income statement. It is only recorded as trading income when the fair value can be determined using observable market data.

During the financial years reported in these financial statements, no positions with deferred day 1 profit were recorded.

Foreign currency translation

The functional currency of the Company is the Swiss franc (CHF).

Assets and liabilities of the Company that are denominated in a foreign currency are translated into Swiss francs at the closing exchange rates. Average exchange rates for the period under review are used for items in the income statements, statements of other comprehensive income and statements of cash flows. Exchange differences arising from the use of closing exchange rates and average exchange rates are recognized as currency translation adjustments in other comprehensive income.

Income taxes

Current income taxes are calculated on the basis of the tax rate applicable to the respective period in which the related profits are made. Assets or liabilities related to current income taxes are reported in the statement of financial position as applicable.

Tax effects arising from temporary differences between the carrying amounts of assets and liabilities in the Company's statement of financial position and their corresponding tax values are recognized, respectively, as deferred tax assets and deferred tax liabilities. Deferred tax assets arising from temporary differences and from loss carry-forwards eligible for offset are capitalized if it is likely that sufficient taxable profits will be available against which those temporary differences or loss carry-forwards can be offset. Deferred tax assets and deferred tax liabilities are calculated at the tax rates expected to apply in the period in which the tax assets will be realized or the tax liabilities settled.

Tax assets and liabilities of the same type (current or deferred) are offset when they refer to the same authority, the legal right to offset exists, and they are intended to be settled net or realized simultaneously.

Current and deferred taxes are credited or charged to other comprehensive income or shareholders' equity if the taxes refer to items that are credited or charged to other comprehensive income or to shareholders' equity in the same or a different period. Otherwise tax is recognized in the income statement.

Long-term incentive plan

In 2012, the Company implemented a long-term incentive plan whereby employees have been communicated a potential award to be earned and paid in cash over a three year period in three equal installments. The first earnings period begins in 2013 and the first payment is expected in 2014. Any outstanding award will be forfeited should the employee leave the Company.

Compensation expense under the plan will be recognized using the bonus plan's benefit formula, with a third of the expense recognized in each year earned using a straight-line attribution model. As 2013 is the first earning period for the bonus plan, there were no amounts expensed during 2012 related to this plan.

Refer to Note 31 for amounts committed under this plan.

4 Changes in accounting policies, comparability and other adjustments

Changes in accounting principles and presentation

The following revised standards became effective for the first time in 2012:

- Amendments to IFRS 1, Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- Amendments to IFRS 7, Disclosures – Transfers of Financial Assets
- Amendments to IAS 12, Deferred Tax: Recovery of Underlying Assets

These revised standards did not have any impact on the Company or were not relevant to the Company when applied for the first time.

The Company also chose to early adopt *IAS 19, Employee Benefits (revised 2011)* in 2012 prior to its effective date for mandatory adoption of 1 January 2013

IAS 19, Employee Benefits (revised)

In June 2011, the IASB issued revisions to IAS 19 *Employee Benefits*. The revised standard introduces changes to the recognition, presentation and disclosure of post-employment benefits. The revised standard eliminates the "corridor method", under which the recognition of actuarial gains and losses was deferred. Instead, all actuarial gains and losses are recognized immediately in other comprehensive income. The measurement of the defined benefit obligation takes into account risk-sharing features, such as those within the Company's Swiss pension plan. In addition, the revised standard requires net interest income and expense to be calculated as the product of the net defined benefit obligation or asset and the discount rate that is used to measure the defined benefit obligation. The effect of this is to remove the current concept of recognizing an expected return on plan assets. The revised standard also enhances the disclosure requirements for defined benefit plans, providing more information about the characteristics of such plans and the risks to which entities are exposed through participation in those plans.

In accordance with IAS 19*, Employee Benefits (revised 2011)*, the standard has been applied retrospectively and a restated opening balance sheet as of 1 January 2011 has been presented.

The defined benefit obligation as of 1 January 2011 remained unchanged due to the immaterial impact of risk-sharing features. Actuarial losses that were not recognized in periods prior to 2011 have been recognized in retained earnings in the restated opening balance sheet. Any remeasurements, including actuarial gains and losses and any returns on plan assets not included in the net interest on the defined benefit liability have been recognized directly in other comprehensive income for the years ended 31 December 2012 and 2011. Service cost, past service cost, net interest on the net defined benefit liability calculated based on the discount rate at the beginning of the reporting period, and administrative costs are recognized in the income statement.

The retrospective application resulted in the following adjustments posted and reflected within prior-year figures presented in these financial statements:

NOTES TO THE FINANCIAL STATEMENTS

CHF thousands	31.12.2011	01.01.2011
Adjustments to the statement of financial position		
Pension liability increase	(3'521)	(1'711)
Deferred tax assets increase	746	362
Shareholders' equity decrease	2'775	1'349
Adjustments to the income statement		
Pension expense decrease	(497)	-
Deferred tax expense increase	105	-
Total adjustments to net profit	**(392)**	**-**
Adjustments to other comprehensive income		
OCI - Defined benefit costs decrease	2'306	-
OCI - Deferred taxes related to defined benefit costs increase	(488)	-
Net adjustment to other comprehensive income	**1'818**	**-**

Various other new and revised standards and interpretations must be applied with effect from 1 January 2013 or a later date. The Company has chosen not to early adopt them prior to their effective dates.

IFRS 9, Financial Instruments

In November 2009, the IASB issued IFRS 9, *Financial instruments*, which includes revised guidance on the classification and measurement of financial assets. In October 2010, the IASB updated IFRS 9 to include guidance on financial liabilities and derecognition of financial instruments. The publication of IFRS 9 represents the completion of the first part of a multi-stage project to replace IAS 39, *Financial instruments: recognition and measurement*.

The standard requires all financial assets to be classified on the basis of the entity's business model for managing the financial assets, and the contractual cash flow characteristics of the financial asset. A financial asset is accounted for at amortized cost only if the following criteria are met: (a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and (b) the contractual cash flows under the instrument solely represent payments of principal and interest. If a financial asset meets the criteria to be measured at amortized cost, it can be designated at fair value through profit or loss under the fair value option, if doing so would significantly reduce or eliminate an accounting mismatch. Non-traded equity instruments may be accounted for at fair value through other comprehensive income (OCI). Such designation is available on initial recognition on an instrument-by-instrument basis and is irrevocable. There is no subsequent recycling of realized gains or losses from OCI to profit or loss. All other financial assets are measured at fair value through profit or loss.

The accounting and presentation for financial liabilities and for derecognition of financial instruments has been transferred from IAS 39 Financial instruments: *Recognition and measurement* to IFRS 9. The guidance is unchanged with one exception: the accounting for financial liabilities designated at fair value through profit or loss. The requirements in IAS 39 regarding the classification and measurement of financial liabilities have been retained, including the related application and implementation guidance. The two existing measurement categories for financial liabilities remain unchanged. The criteria for designating a financial liability at fair value through profit or loss also remain unchanged. For financial liabilities designated at fair value through profit or loss, changes in fair value due to changes in an entity's own credit risk are directly recognized in OCI instead of in profit and loss. There is no subsequent recycling of realized gains or losses from OCI to profit or loss. For financial liabilities that are required to be measured at fair value through profit or loss, i.e., all derivatives and trading portfolio liabilities, all fair value movements will continue to be recognized in profit and loss.

The Company is currently assessing the impact of the new standard on its financial statements. The effective date for mandatory adoption is 1 January 2015, with early adoption permitted.

IFRS 10, Consolidated Financial Statements

In May 2011, the IASB issued IFRS 10 *Consolidated financial statements*, which replaces the guidance on control and consolidation in SIC-12 *Consolidation, Special purpose entities*, and parts of IAS 27, *Consolidated and separate financial statements*. IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control. The revised definition of control focuses on the need to have both power and variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. The third pillar in the assessment of control considers the interaction between power and variable returns. To have control over an investee, an investor must also have the ability to use its power over the investee to affect its return from its involvement with the investee. The determination of power is based on current facts and circumstances and is continuously assessed. Voting rights or contractual rights may be evidence of power, or a combination of the two may give an investor power. Power does not have to be exercised. An investor with more than half the voting rights would meet the power criteria in the absence of restrictions or other circumstances. The standard also provides additional guidance to assist in the determination of control where it is difficult to assess. IFRS 10 introduces, for example, guidance on assessing whether an entity with decision-making rights is a principal or an agent. Only entities that are principals can have control. The Company does not expect the new standard to have a material impact on its financial statements. The effective date for mandatory adoption is 1 January 2013, with early adoption permitted.

IFRS 13, Fair value measurement

In May 2011, the IASB issued IFRS 13 *Fair value measurement*, which completes a major project of the IASB and the US Financial Accounting Standards Board (FASB) to improve IFRS and US GAAP and bring about their convergence. The new standard defines fair value, provides guidance on its determination and introduces consistent requirement for disclosures on fair value measurements.

The standard does not introduce new fair value measurements nor does it eliminate practicability exceptions to fair value measurements. IFRS 13 improves consistency and reduces complexity by providing, for the first time, a precise definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price. The definition emphasizes that fair value is a market-based measurement, not an entity-specific measurement. As such, an entity’s intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value. IFRS 13 allows a limited exception to the basic fair value measurement principles for a reporting entity that holds a Company of financial assets and financial liabilities with offsetting positions in particular market risks or counterparty credit risk and manages those holdings on the basis of the entity’s net exposure to either risk. This exception allows the reporting entity, if certain criteria are met, to measure the fair value of the net asset or liability position in a manner consistent with how market participants would price the net risk position. However, the new standard retains the IAS 39 criteria restricting the recognition of day 1 profit and loss for instruments with significant unobservable inputs. The Company does not expect the new standard to have a material impact on its financial statements. The effective date for mandatory adoption is 1 January 2013, with early adoption permitted.

Other new standards and interpretations

The following new and revised standards and interpretations are not expected to have any significant impact on the Company’s results or are not expected to be relevant for the Company based on our initial analysis;

IAS 1, Presentation of financial statements (amendments)

IFRS 7, Disclosures - Offsetting Financial Assets and Financial Liabilities (amendments)

IFRS 11, Joint arrangements

IFRS 12, Disclosures of interests in other entities

IAS 27, Separate financial statements (amendments)

IAS 28 and IAS 31, Associates and joint ventures (amendments) IAS 32, Offsetting Financial Assets and Financial Liabilities (amendments)

IFRIC 20, Stripping costs in the production phase of a surface mine

5 Financial risk assessment and management

The Company’s activities expose it to a variety of financial risks, including market risk, credit and counterparty risk, and liquidity and funding risk. These risks primarily arise in the Company’s Structured Solutions business through the issuance of structured products, the related investment of cash proceeds, and the hedging of market risks through the purchase of debt, equity and derivative products. These risks also arise in the Company’s Structured Asset Management & Pension Solutions business as well as the Company’s investment portfolio.

Financial risks are one element of the Company’s overall risk environment, which also includes operational and other business risks. Other business risks include reputational risk, compliance and legal risks. These risks are managed within the context of the Company’s overall risk control principles that are implemented through the Company’s risk management and control framework. The framework comprises qualitative elements, such as policies and authorities, and quantitative components, including risk measurement methodologies and risk limits. A variety of methodologies and measurements are applied to quantify the risks of the Company’s portfolios and risk concentrations. Risks that are not properly reflected by standard measures are subject to additional controls, which may include pre-approval of transactions and specific restrictions. Pricing models used to manage and quantify risk are developed by a dedicated team within the organization. These models are validated before they are used, and periodically reviewed thereafter, by qualified personnel independent of the area that created the model.

The Board of Directors defines the Company’s overall risk appetite and allocates it to individual risk categories. It also approves the Company’s risk management policies and procedures. Implementation of the Company’s policies and compliance with procedures are the responsibility of the Company’s Executive Committee and its risk functions.

The key roles and responsibilities for risk management and control activities of the Board of Directors, the Risk Committee of the Board and the Executive Committee of the Company are defined in the Company’s risk policy framework and are summarized below:

- The Board of Directors is responsible for defining and providing an appropriate framework for the measurement, limitation, management and supervision of all risks to which the Company is exposed.
- The Risk Committee of the Board of Directors reviews and analyzes risk information provided by the Executive Management and guides the Board of Directors in matters related to risk management.
- The Executive Committee is responsible for the operational management and supervision of all types of risks within the framework and limits defined by the Board of Directors.

Risk control is carried out by the Risk Control department under policies established and approved by the Executive Committee and the Board of Directors. The core tasks of the Risk Control department in respect of financial risks include:

- daily control of market, credit, country and liquidity limits and/or ratios;
- daily interest rate exposure and correlation sensitivity analysis;
- reporting all limit breaches and mandating appropriate actions and escalating risk issues to the Risk Committee of the Company;
- daily profit and loss calculation and verification;
- independent price testing of derivative positions;
- independent assessment and approval of pricing models and new structures;
- assessment of new products from a risk control perspective, including mandatory sign-off;
- production of internal management and risk reports for the Executive Committee, the Board of Directors and the Risk Committee;
- regulatory capital reporting; and
- proposal of stress scenarios to the Risk Committee and the Board of Directors.

The overall risk management program for financial risks focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Measurement methodologies

Derivative instruments, traded financial assets and liabilities, financial assets designated at fair value and financial liabilities designated at fair value are recorded at fair value in the statement of financial position. Changes in the fair values of these instruments are recorded as net trading income in the income statement.

Fair values are determined using quoted prices in active markets when these are available. In other cases, fair value is determined using a valuation model. Valuation models use market-observable inputs and rates derived from market-verifiable data, such as interest rates and foreign exchange rates, when available. Valuation models are primarily used for issued structured products and derivatives.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions held.

All models are validated before they are used as a basis for financial reporting, and periodically reviewed thereafter, by qualified personnel independent of the area that created the model. Whenever possible, valuations derived from models are compared with prices of similar financial instruments and with actual values when realized in order to further validate and calibrate the models.

Valuation models are generally applied consistently across products and from one period to the next, ensuring comparability and continuity of valuations over time. However, models are changed or adapted to market developments where appropriate. There were no significant changes in the valuation models used during 2012 and 2011.

All financial instruments carried at fair value are categorized into one of three fair value hierarchy levels at year-end depending on how fair value has been determined:

- level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities;
- level 2 – valuation techniques for which all significant inputs are market-observable, either directly or indirectly;
- level 3 – valuation techniques which include significant inputs that are not based on observable market data.

The Company considers input data observable and classifies the respective financial instrument as level 2 in the fair value hierarchy when there is an equal and offsetting level 2 transaction. An offsetting transaction is

NOTES TO THE FINANCIAL STATEMENTS

considered to provide evidence of an observable market transaction when it can be demonstrated that the offsetting transaction nullifies all or a significant proportion of the price risk.

	31.12.2012			
CHF thousands	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Trading financial assets				
Debt securities	134'177	-	-	134'177
Equity securities	1'037'207	-	-	1'037'207
Precious metals	10'809	-	-	10'809
Other securities	-	18'037	-	18'037
Total trading financial assets	1'182'193	18'037	-	1'200'230
Positive replacement values of derivative instruments	-	601'560	-	601'560
Financial assets designated at fair value through profit or loss	123'099	47'327	-	170'426
Total financial assets	1'305'292	666'924	-	1'972'216
Financial liabilities				
Other financial liabilities at fair value	31'945	-	-	31'945
Negative replacement values of derivative instruments	-	747'221	-	747'221
Financial liabilities designated at fair value through profit or loss				
Capital protected	-	158'796	-	158'796
Participation	-	229'128	-	229'128
Yield enhancement	-	324'751	-	324'751
Leverage	-	32'882	-	32'882
Total financial liabilities designated at fair value through profit or loss	-	745'557	-	745'557
Total financial liabilities	31'945	1'492'778	-	1'524'723

CHF thousands	31.12.2011 Level 1	Level 2	Level 3	Total
Financial assets				
Trading financial assets				
Debt securities	102'828	26'034	-	128'862
Equity securities	647'084	-	-	647'084
Precious metals	3'272	-	-	3'272
Other securities	28'153	-	-	28'153
Total trading financial assets	781'337	26'034	-	807'371
Positive replacement values of derivative instruments	-	529'002	-	529'002
Financial assets designated at fair value through profit or loss	-	60'366	-	60'366
Total financial assets	781'337	615'402	-	1'396'739
Financial liabilities				
Other financial liabilities at fair value	55'915	-	-	55'915
Negative replacement values of derivative instruments	-	637'743	-	637'743
Financial liabilities designated at fair value through profit or loss				
Capital protected	-	-	-	-
Participation	-	151'291	-	151'291
Yield enhancement	-	-	-	-
Leverage	-	21'384	-	21'384
Total financial liabilities designated at fair value through profit or loss	-	172'675	-	172'675
Total financial liabilities	55'915	810'418	-	866'333

Financial instruments classified in level 1 are primarily comprised of listed debt and equity instruments entered into in order to hedge issued structured products. Financial instruments classified in level 2 are mainly comprised of issued structured products, cash deposits and derivatives entered into in order to hedge issued structured products.

There have been no significant reclassifications of instruments between different levels in 2012 and 2011.

Market risk

Market risk is the risk of loss due to adverse changes in market prices. The Company distinguishes between the following types of market risk:

- equity risk, which is the risk of adverse movements in share prices and related derivatives;
- interest rate risk, which is the risk of adverse movements in yield curves and the corresponding movements in the valuation of fixed-income based assets;
- credit spread risk, which is the risk that the change of credit spreads negatively impacts asset prices or related derivative prices. Credit spread risk relates primarily to the investment portfolio;
- foreign exchange risk (FX risk), which is the risk of adverse movements in currencies and related derivative instruments;
- commodity risk, which is the risk of adverse movements in commodity prices and related derivatives.

The Company's market risk primarily arises from the issuance of structured products and the related hedging activity. The Company's risk mitigation strategies aim to offset market risks to within strict market risk limits. Traders are required to manage their risks within these limits through the use of hedging and risk mitigation strategies. These strategies can however expose the firm to remaining sources of risk as the hedge instrument and the position being hedged may not always move in parallel. Such residual risks are managed at a macro level.

Interest rate risks and foreign exchange risks may also arise in the normal course of business. The Company is also exposed to interest rate risk as a result of its Pension Solutions business. The Company gives guarantees on minimum returns, and this exposes the Company to risks involving falling interest rates and risks involving the increasing volatility of interest rates. These risks are also monitored under market risk limits or subject to specific monitoring.

The Company's market risk measures and related limits take a number of different forms and consider risk at different levels of aggregation. Market risk limits are set by management and reviewed regularly by the Board of Directors.

The Company has three major portfolio measures of market risk: VaR based on historical events, stress loss simulations based on hypothetical but possible scenarios and sensitivity measures.

The Company's VaR model for its structured products and related hedging activity is a statistical measure of market risk and represents the maximum level of market risk losses that the Company should expect in any one-day period with a 99% level of confidence and a one-day holding period against a limit of CHF 1.5 million as of 1 January 2012, which increased to CHF 2 million by 31 December 2012. VaR is based on historical market observations over the prior 300 days. The VaR model assumes the trading book positions remain unchanged over the one-day time horizon. The Company uses VaR for internal management purposes only and not for capital calculations.

The Company's daily VaR covers risks related to the underlying and volatility of equity risk and the underlying of FX, interest rate and commodity risks.

CHF thousands	**2012**	2011
Value at risk		
12 months to 31 December		
Average	**1'241**	1'206
Minimum	**760**	601
Maximum	**1'751**	2'284
At 31 December	**1'102**	1'270

VaR by asset class is also run on a weekly basis. The table below shows the relative size of different exposures for the VaR calculations run during the last week of December:

CHF thousands	**2012**
Value at risk by asset class	
Value at risk by equity	**1'094**
Value at risk by fixed income	**148**
Value at risk by FX	**148**
Value at risk by commodity	**138**
Value at risk	**1'060**

There were no limit breaches observed in 2012. The level of value at risk showed a small tendency to decrease over time. The main reason for this was a relatively quiet market environment in 2012.

There were no backtesting exceptions observed in 2012. Backtesting was performed on all exposure that was included in the VaR calculation.

Actual realized losses may differ from those implied by the Company's VaR. All VaR measures are subject to the usual limitations and must be interpreted accordingly. The limitations of VaR include the use of historical data that may not reflect future market movements and the use of a specific confidence level that does not indicate potential losses beyond this level. Management continues to review the performance of the VaR model, including a review of the risks not included in VaR. The models are continually enhanced to more accurately capture the relationships between the market risks variables.

These portfolio measures are complemented by concentration and other supplementary limits that act on values (market or notional) and risk sensitivities.

On a daily basis, the risk sensitivities on identified risks such as interest rate, foreign exchange, dividend exposure, delta and vega exposures at both the underlying and portfolio level are reviewed.

Credit and counterparty risk

Credit risk is the risk of loss should a counterparty fail to fulfill its contractual obligations to the Company. Credit risk principally arises from the Company's investment portfolio, specifically bonds and term deposits, but also includes other on balance sheet financial assets such as cash, settlement accounts, OTC derivative transactions and securities lending and borrowing.

Credit risk also includes issuer risk. Issuer risk is a measure of the Company's exposure to the tradable instruments (bonds and third-party issued products) of a single issuer (or issuer group).

The Company's maximum exposure to credit risk on its financial assets is equal to its carrying value in the statement of financial position less any guarantees, collateral and any effects of netting agreements.

The Company actively manages the credit risk in accordance with the risk framework and limits set by the Board of Directors.

The counterparties that the Company trades with are high-grade financial institutions, the vast majority of which have a credit rating of A or higher as published by at least one major credit rating agency. The Company sets a credit limit for each counterparty to reflect their financial standing and relationship with the Company in addition to credit limits by type of asset held. Additionally, the Company has established internal rating categories related to country of domicile. Countries rated below the Company's "Category A" rating are also restricted by a total credit exposure limit. The Company reviews the limits that have been set on a regular basis and monitors its total exposures against these limits on a daily basis. At 31 December 2012 and 2011, the Company's exposure to counterparties domiciled in European countries rated by the Company as below "Category A" was minimal.

The Company also seeks to reduce its credit risk to counterparties through the use of master netting and collateral agreements. The Company's OTC derivatives trading is generally conducted under bilateral International Swaps and Derivatives Association (ISDA), or ISDA equivalent, master trading agreements, which allow for the close-out and netting of all transactions in the event of default. The Company also has collateral agreements through Credit Support Annexes (CSAs) with major market participants, under which either party can be required to provide collateral in the form of cash or marketable securities when the exposure exceeds a predefined level. The Company's securities borrowing and lending transactions are performed under bilateral Global Master Securities Lending Agreements (GMSLA), which require both parties to provide collateral.

The table below reports net credit exposures per asset class.

CHF thousands	**Maximum exposure to credit risk as reported under IFRS**	Effect of master netting agreements	Effect of collateral received	Credit protection through issued products	**Net exposure to credit risk**
Financial assets at 31.12.2012					
Cash and cash equivalents	**355'376**	**-**	**(274'317)**	**-**	**81'059**
Settlement receivables	**656'141**	**-**	**(310'757)**	**-**	**345'384**
Cash collateral	**82'135**	**(22'714)**	**(54'471)**	**-**	**4'950**
Trading financial assets	**163'023**	**-**	**-**	**(148'191)**	**14'832**
Positive replacement values of derivative instruments	**601'560**	**(267'484)**	**(328'142)**	**-**	**5'934**
Financial assets designated at fair value through profit or loss	**170'426**	**(47'327)**	**-**	**-**	**123'099**
Total 31.12.2012	**2'028'661**	**(337'525)**	**(967'687)**	**(148'191)**	**575'258**

CHF thousands	**Maximum exposure to credit risk as reported under IFRS**	Effect of master netting agreements	Effect of collateral received	Credit protection through issued products	**Net exposure to credit risk**
Financial assets at 31.12.2011					
Cash and cash equivalents	34'911	-	(20'690)	-	14'221
Settlement receivables	70'735	-	(41'091)	-	29'644
Cash collateral	37'877	(15'209)	(13'729)	-	8'939
Trading financial assets	160'286	-	-	(126'389)	33'897
Positive replacement values of derivative instruments	529'002	(371'670)	(145'218)	-	12'114
Financial assets designated at fair value through profit or loss	60'366	(34'910)	-	-	25'456
Total 31.12.2011	893'177	(421'789)	(220'728)	(126'389)	124'271

There are no significant past due or impaired receivables at 31 December 2012 or 2011.

Liquidity and funding risk

The Company hedges its liabilities through the sale or purchase of derivative instruments or other financial assets. The Company is therefore exposed to the risk that it will be unable to sell or buy such hedge assets at fair values or at all, as needed in order to cover its liabilities. This risk is referred to as liquidity risk. Measures to mitigate market liquidity risks include:

- issuing financial instruments on reasonably liquid underlying instruments (shares, bonds, freely convertible currencies and commodities) and strictly liquid markets;
- diversification of OTC hedging counterparties; and
- quoting financial products including a sufficient bid-ask spread in order to provide a sufficient buffer for less liquid underlyings. The buffer between the value of the product using current market value of less liquid underlyings and the prices at which the Company is willing to trade these products is needed in order to compensate for the possibility that the Company may not be able to hedge its liabilities at the current market prices of the less liquid underlyings.

NOTES TO THE FINANCIAL STATEMENTS

Liquidity is managed with respect to legal, regulatory and other requirements. There remains a constant requirement for liquidity for the Company's secondary market activities, collateralization and other operational obligations.

The Company's management of liquidity risk aims to maintain sufficient liquidity at any time to meet liabilities when due whilst maximizing investment returns under both normal and stressed conditions. Liquidity resources are comprised of cash at hand, repurchase agreements, external bilateral secured financing, ability to break deposits at market and credit facilities with EFG Bank. Liquidity is actively managed daily and the process is maintained and managed by the Company's Treasury function.

The table below shows the maturity analysis of the Company's financial assets and liabilities. Financial assets are presented based on either the first time period in which they can be contractually redeemed, or in the case of trading financial assets, principally equity instruments with no contractual maturity, in the up to 1 month category reflecting management's view on the liquidity characteristics of these instruments. Financial liabilities are presented based on the first time period in which they are contractually redeemable. As the undiscounted cash flows are not significantly different from the discounted cash flows, the balances equal their carrying amount on the statement of financial position with the exception of financial assets and financial liabilities designated at fair value through profit and loss which have been adjusted to reverse the effects of changes in fair values due to changes in interest rates.

	Due				31.12.2012
CHF thousands	Up to 1 month	1 - 3 months	3 - 12 months	Over 12 months	Total
Assets					
Cash and cash equivalents	355'376	-	-	-	355'376
Settlement receivables	656'141	-	-	-	656'141
Cash collateral	82'135	-	-	-	82'135
Trading financial assets	1'195'630	-	-	-	1'195'630
Positive replacement values of derivative instruments	8'547	168'905	159'278	264'830	601'560
Financial assets designated at fair value through profit or loss	48'193	2'800	15'179	96'042	162'214
Total assets	2'346'022	171'705	174'457	360'872	3'053'056
Liabilities					
Short-term credit	514'758	-	-	-	514'758
Settlement payables	430'293	-	-	-	430'293
Cash collateral	520'278	-	-	-	520'278
Other financial liabilities at fair value	31'945	-	-	-	31'945
Negative replacement values of derivative instruments	26'378	62'114	250'462	408'267	747'221
Financial liabilities designated at fair value through profit or loss	99'511	97'227	313'428	238'748	748'914
Loans from related parties	-	-	-	37'000	37'000
Total liabilities	1'623'163	159'341	563'890	684'015	3'030'409

NOTES TO THE FINANCIAL STATEMENTS

	Due				31.12.2011
CHF thousands	Up to 1 month	1 - 3 months	3 - 12 months	Over 12 months	Total
Assets					
Cash and cash equivalents	34'911	-	-	-	34'911
Settlement receivables	70'735	-	-	-	70'735
Cash collateral	37'877	-	-	-	37'877
Trading financial assets	807'371	-	-	-	807'371
Positive replacement values of derivative instruments	18'656	55'610	153'463	301'273	529'002
Financial assets designated at fair value through profit or loss	4'482	10'332	9'433	35'437	59'684
Total assets	974'032	65'942	162'896	336'710	1'539'580
Liabilities					
Short-term credit	249'327	-	-	-	249'327
Settlement payables	157'823	-	-	-	157'823
Cash collateral	239'264	-	-	-	239'264
Other financial liabilities at fair value	55'915	-	-	-	55'915
Negative replacement values of derivative instruments	23'361	82'850	162'740	368'792	637'743
Financial liabilities designated at fair value through profit or loss	10'745	40'615	28'953	91'680	171'993
Loans from related parties	-	-	-	11'000	11'000
Total liabilities	736'435	123'465	191'693	471'472	1'523'065

Funding risk is the risk that the Company might be unable to borrow funds in the market at an acceptable price to fund actual or proposed commitments. The Company's primary funding is provided by the issuance of structured products to a client base that is diversified which reduces its reliance on any one funding provider. Additional funding is also available to the Company through various sources as described above.

Capital risk management

The capital base serves primarily to cover inherent business risks. The active management of the volume and structure of capital is therefore of key importance. The monitoring and management of capital adequacy is performed primarily on the basis of the regulations and ratios defined by the Basel Committee on Banking Supervision.

The Company's capital management is closely tied to the Company's overall income targets and budgeting process, which also provides a reliable forecast of available capital on the basis of future profits, dividend policy and corporate actions. Capital planning is based on realistic assumptions with regards to business performance and includes an analysis of potential sources of additional capital in times of stress. Management is responsible for the capital planning process. The Board of Directors approves the capital planning at least annually. The main drivers of capital consumption are monitored on a regular basis by Risk Control. Risk Control, Finance and Regulatory Compliance meet regularly to consider the current and future capital situation and to provide management and the Board of Directors with the necessary information for their decision-making.

Compliance with the statutory capital adequacy requirements prescribed by Switzerland and the Swiss Financial Market Supervisory Authority (FINMA) is mandatory. These capital adequacy requirements were met in the period under review without exception.

NOTES TO THE FINANCIAL STATEMENTS

As a securities dealer licensed by FINMA, EFG FP AG is subject to Swiss capital adequacy requirements and has been in compliance with these requirements throughout 2012 and 2011.

The Basel Committee has approved significant changes to the Basel II framework (such changes being commonly referred to as Basel III), and on 1 June 2011 issued its final guidance, which includes substantial strengthening of existing capital rules, including new capital and liquidity requirements intended to reinforce capital standards, to establish minimum liquidity standards and introduce a minimum leverage ratio for financial institutions. The changes include, among other items, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions, the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the Liquidity Coverage Ratio and the Net Stable Funding Ratio).

In Switzerland, regulatory capital requirements are determined by FINMA. The Swiss regulator in principle follows the Bank for International Settlements (BIS) framework, retaining the tradition of higher capital requirements through the application of capital buffers depending on the size of the company. FINMA's requirements with respect to liquidity are not applicable to EFG FP AG, as these rules are applicable only to banks.

Risk-weighted assets are determined according to specific requirements which reflect the varying levels of risk attached to assets and off-balance sheet exposures and include amounts in respect of market risk, credit risk, operational risk and non-counterparty related risk.

The following approaches are applied in determining the regulatory capital requirements of the Company:

Market risk: Standardized approach

Given the Company's business strategy and activities, market risk represents the main driver of the Company's capital requirements, primarily related to equities as a result of the Company's hedging strategies (vega CHF 10.7 million, specific and general risk of equity CHF 5.3 million).

Interest risks are mainly driven by the general market risk of CHF 7.3 million, which is principally due to the Company's issued products and its bond portfolio, as well as vega and gamma (CHF 4.0 million and CHF 1.3 million respectively), given the Company's strategic hedges of the long-term interest curve.

Credit risk: International Standardized Approach (SA BIS)

Large credit risks are primarily with banks and insurance companies as a result of the Company's OTC and securities lending business.

Operational risk: Basic indicator approach

The capital requirement for operational risk is based on the previous three years' average earnings.

The table below summarizes the eligible capital and required capital and capital ratios computed using BIS as of 31 December 2012:

CHF thousands

Eligible capital	**31.12.2012**	31.12.2011
Total shareholders' equity	**75'717**	38'338
Goodwill and intangible assets	**(83)**	(358)
Capital deductions	**0**	0
Other adjustments	**0**	0
Tier 1 capital	**75'634**	37'980
Tier 2 capital	**37'000**	11'000
Total eligible capital	**112'634**	48'980

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Other adjustments are deductions for dividends, as suggested by the Board of Directors.

CHF thousands

BIS Required capital	**31.12.2012**	**31.12.2011**
Market Risk (incl. derivatives)	**32'041**	22'507
Interest rates	***12'772***	*8'036*
Equities	***16'066***	*12'318*
Foreign exchange and gold	***782***	*902*
Commodities	***2'421***	*1'251*
Credit Risk	**6'357**	1'176
Operational Risk	**9'087**	5'989
Non-Counterparty related risk	**1'878**	1'320
Total required capital	**49'363**	30'992
BIS Risk-weighted assets	**617'038**	387'400

BIS Capital ratios (%)	**31.12.2012**	**31.12.2011**
Tier 1 ratio	**12.3%**	9.8%
Total capital ratio	**18.3%**	12.6%

Of the net IPO proceeds of CHF 67 million, CHF 40 million have been transferred to EFG FP AG in the form of Tier 1 capital (CHF 20 million) and Tier 2 capital (CHF 20 million) respectively.

Risk-weighted assets have increased since the IPO primarily due to the new bond portfolio established at the Guernsey branch and increased credit risk charges due to the omission of the reduction agreement with EFG Bank AG.

Risk concentrations

Management considers that a risk concentration exists when an individual or group of financial instruments is exposed to changes in the same risk factor and that exposure could result in a significant loss based on plausible adverse future market developments. Management reviews risk concentrations, including residual risks such as vega, correlation, dividend and gap risk, on a regular basis and takes corrective action to ensure exposures are limited to an acceptable level.

Under Swiss banking law, banks and securities dealers are required to manage risk concentration ("Large exposures") within specific limits. Aggregated credit exposure to any single counterparty or a group of related counterparties must bear an adequate relationship to the bank's eligible capital, taking into account counterparty risks and risk mitigation instruments. At 31 December 2012, the Company identified twelve large exposures, whereof the largest included Credit Suisse AG, the Company's primary execution broker and custodian of its trading assets, BSI SA and SIX Group AG, the Company's settlement clearer.

6 EFG FP Group restructuring

The Company's parent, the Group listed its shares on the SIX Swiss Exchange on 19 October 2012. Prior to the IPO, certain measures to reorganize the Group's business were undertaken, including the establishment of a branch of EFG FP AG in Guernsey (EFG FP Guernsey Branch) as the Group's new main issuing entity.

On 4 October 2012, EFG FP Guernsey was sold to EFGI pursuant to a series of transactions at a cash sales price equal to the net asset value of EFG FP Guernsey of CHF 9.6 million. No gain or loss on the sale was incurred by the Group.

In establishing the Guernsey Branch, the Group sold, transferred and assigned certain assets and liabilities to EFG FP Guernsey Branch.

Refer to further details within Note 29, Shareholders equity, and Note 32, Related-party transactions.

7 Fee income

CHF thousands	**2012**	2011
Sales fee income	**29'610**	20'123
White-labeling service fee income	**19'997**	11
Other fee income	**3'054**	6'309
Total fee income	**52'661**	26'443

8 Fee expense

CHF thousands	**2012**	2011
Fee expense	**852**	3'406
Total fee expense	**852**	3'406

Fee expense consists primarily of commissions paid for fund administration services.

9 Net trading income

CHF thousands	**2012**	2011
Net gain / (loss) on trading financial assets at fair value through profit or loss	129'556	(94'997)
Net gain on financial assets designated at fair value through profit or loss	716	1'989
Total net gain / (loss) on financial assets at fair value	**130'272**	(93'008)
Net (loss) / gain on financial liabilities designated at fair value through profit or loss	(22'592)	39'522
Total net (loss) / gain on financial liabilities at fair value	**(22'592)**	39'522
Net (loss) / gain from changes in replacement values of derivative instruments	(101'735)	67'790
Total net (loss) / gain from changes in replacement values of derivatives	**(101'735)**	67'790
Total net trading income	**5'945**	14'306

Gains and losses from financial assets, financial liabilities and derivatives consist of the changes in the fair values and the settlement of the related assets and liabilities during the period. The investment in these financial instruments and the resulting gains and losses are client-driven. Trading financial assets consist of debt, equity, precious metal and other securities held for trading. Refer to Note 18 and 25 for further details.

Financial assets designated at fair value through profit or loss consist of term deposits held with related parties and financial institutions and bonds. Refer to Note 20 for further details.

Financial liabilities designated at fair value through profit or loss consist of the Company's issued products. Refer to Note 27 for further details

10 Revenue sharing agreements

CHF thousands	**2012**	**2011**
EFG Financial Products (Guernsey) Ltd	**47'453**	43'280
EFG Financial Products (Europe) GmbH	**(6'987)**	(4'102)
EFG Financial Products (Hong Kong) Ltd	**(3'395)**	(2'327)
EFG Financial Products (Monaco) SAM	**(1'208)**	(229)
EFG Financial Products (Singapore) Pte Ltd	**(359)**	-
Total revenue sharing agreements	**35'504**	36'622

The revenue sharing agreement with EFG FP Guernsey relates to the sale and distribution of structured products issued by EFG FP Guernsey and other support functions provided by EFG FP AG to EFG FP Guernsey.

The revenue sharing agreements with EFG FP Europe, EFG FP Hong Kong, EFG FP Singapore and EFG FP Monaco relate to the distribution services of the Company's structured products. The terms of the agreement are pursuant to a service level agreement between the entities.

11 Other operating income

CHF thousands	**2012**	2011
Shared service income EFGFP Holding	**1'904**	1'500
Shared service income EFGI	**1'536**	1'731
Interest income	**144**	848
Interest expense	**(3'219)**	(2'459)
Other operating income	**393**	1'100
Total other operating income	**758**	2'720

Shared service income reflects the amounts received from related parties pursuant to a shared service level agreement whereby the Company performs certain services for EFGI and EFG FP Holding. Shared service income EFGI does not include white-labeling service fee income which is reflected within Fee income.

Interest income relates to interest earned on cash and cash equivalents.

Interest expense relates primarily to interest paid on short-term credit.

Other operating income relates to reimbursements of indirect taxes and other income.

12 Personnel expenses

		restated
CHF thousands	**2012**	2011
Salaries and bonuses	**37'817**	34'471
Social contributions	**2'727**	2'637
Pension plan expense	**1'891**	1'879
Other personnel expense	**1'357**	772
Total personnel expenses	**43'792**	39'759

The Company employed 215.2 and 187.4 full-time equivalents as of 31 December 2012 and 2011, respectively.

Certain personnel costs directly attributable to the development of internally developed software have been capitalized as Intangible Assets. Capitalized costs include salaries and bonuses, social contributions and pension costs.

The Company made an additional contribution of TCHF 650 to the pension fund during 2012 as required by the plan regulators. This amount is also reflected as pension plan expense.

13 Other operating expenses

CHF thousands	**2012**	2011
Professional services	**8'126**	5'066
Marketing, travel and representation	**3'414**	4'193
Rent and other office expenses	**3'204**	2'570
IT-related expenses	**6'824**	5'674
Banking fees	**3'380**	3'096
Other administrative expenses	**6'072**	5'140
Total operating expenses	**31'020**	25'739

14 Taxes

Income taxes

CHF thousands	**2012**	*restated* 2011
Income tax expense		
Current income tax expense	**-**	-
Deferred income tax expense	**1'119**	1'162
Total income tax expense	**1'119**	1'162
Profit before tax	**11'100**	6'297
Income tax expense / computed at the statutory tax rate of 21.17%	**2'350**	1'333
Explanations for higher (lower) tax expense:		
Tax rate differential	**(1'231)**	-
Other impacts	**-**	(171)
Income tax expense	**1'119**	1'162

The statutory tax rate of the Company is 21.17%. The Company has to date been able to utilize the net operating loss of the Company incurred during the initial years of its operations. This has resulted in no income tax payments due for the years ended 31 December 2012 and 2011.

The current tax assets and current tax liabilities reported as of the balance sheet date, as well as the resulting current tax expense for the period under review, are based partly on estimates and assumptions and may differ from the amounts determined by the tax authorities in the future.

The tax rate differential relates to the income of the Company’s Guernsey Branch which is taxed at the Guernsey standard rate of 0%.

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Deferred taxes

CHF thousands	**31.12.2012**	*restated* 31.12.2011	*restated* 1.1.2011
Composition of deferred taxes			
Tax loss carry-forwards	**1'212**	1'878	2'730
Deferred income	**570**	535	578
Pension liability	**951**	746	362
Capitalized start-up costs	**-**	159	321
Total deferred tax assets	**2'733**	3'318	3'991
Total deferred tax liabilities	-	-	-

	2012	*restated* 2011
Changes in deferred tax assets and liabilities (net)		
Balance at the beginning of the year	**3'318**	3'992
Changes affecting the income statement		
Utilization of tax losses carried forward	**(666)**	(852)
Other temporary differences	**(452)**	(310)
Changes affecting the statement of other comprehensive income	**533**	488
At 31 December	**2'733**	3'318

The deferred tax asset balances were restated as of 1 January 2011 and 31 December 2011 with respect to the early adoption of IAS 19 (revised 2011). Refer to Note 4 for further information on these adjustments.

In the case of deferred tax assets, the amounts recognized depend on assumptions regarding available future profits that are eligible for offset.

The Company was able to utilize TCHF 666 of its tax loss carry-forward in 2012 as a result of profits generated. The Company has not recognized any valuation allowances on any deferred tax assets. The unutilized tax loss carry-forward is expected to be utilized by its expiration in 2015.

15 Cash and cash equivalents

CHF thousands	**31.12.2012**	31.12.2011
Unrelated financial institutions	**115'752**	28'149
Related parties	**239'625**	6'762
Total cash and cash equivalents	**355'376**	34'911

16 Settlement positions

CHF thousands	**31.12.2012**	31.12.2011
Settlement receivables		
Unrelated financial institutions	**180'329**	42'306
Related parties	**475'812**	28'429
Total settlement receivables	**656'141**	70'735
Settlement payables		
Unrelated financial institutions	**165'136**	60'314
Related parties	**265'157**	97'509
Total settlement payables	**430'293**	157'823

Settlement balances arise in the normal course of trading activities and represent the receivables and payables of cash.

17 Cash collateral

CHF thousands	**31.12.2012**	31.12.2011
Assets		
Cash collateral on securities borrowed	**54'473**	18'629
Cash collateral receivables on derivative instruments	**22'830**	16'748
Cash collateral other	**4'832**	2'500
Total cash collateral provided	**82'135**	37'877
Liabilities		
Cash collateral on securities lent	**33'546**	31'164
Cash collateral from repurchase agreements	**460'000**	165'000
Cash collateral payables on derivative instruments	**26'732**	43'100
Total cash collateral received	**520'278**	239'264

The Company enters into securities borrowing and securities lending transactions, repurchase agreements and derivative transactions that may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. The Company monitors credit risk associated with these activities by monitoring counterparty credit exposure and collateral values on a daily basis and requiring additional collateral to be deposited or returned when deemed necessary.

18 Trading financial assets

CHF thousands	**31.12.2012**	31.12.2011
Debt securities		
of which: bonds issued by governments	**7'771**	65'979
of which: bonds issued by banks	**8'772**	-
of which: bonds issued by others	**117'634**	62'883
Total debt securities	**134'177**	128'862
Equity securities	**1'037'206**	647'084
Precious metals securities	**10'810**	3'272
Other trading financial assets		
of which: mutual funds	**102**	8'662
of which: hedge funds	**2'096**	3'750
of which: securitised product instruments	**8'529**	11'700
of which: capital protection	**1'343**	713
of which: yield enhancement	**5'000**	3'301
of which: participation	**967**	27
Total other trading financial assets	**18'037**	28'153
Total trading financial assets	**1'200'230**	807'371
of which: pledged as collateral		
Debt securities	**69'679**	18'658
Equity securities	**373'887**	227'309
of which: lent as collateral in securities lending and borrowing transactions with the right to resell or repledge		
Debt securities	**26'781**	12'550
Equity securities	**220'843**	52'087

Financial assets held for trading include debt, equity, precious metal and other securities. Trading financial assets are purchased to offset the economic exposures arising from the non-host debt component of the Company's issued products or other financial liabilities.

19 Replacement values of derivative instruments

CHF thousands		Notionals	Positive RV	Negative RV
Interest rate instruments				
Swaps		5'819'922	63'121	38'929
Futures		469'981	121	78
Options		326'447	17'396	62'869
Foreign currency / precious metals				
Forward contracts		781'198	5'101	8'685
Futures		46'300	447	1'978
Options		354'516	3'764	7'614
Equities / indices				
Swaps		26'260	45	793
Futures		14'920	1'425	1'206
Options		8'700'103	501'664	614'406
Credit instruments				
Credit default swaps		356'099	6'251	7'057
Other				
Futures		16'362	642	626
Options		52'918	1'583	2'980
Total replacement values of derivative instruments	**31.12.2012**	**16'965'026**	**601'560**	**747'221**

NOTES TO THE FINANCIAL STATEMENTS

CHF thousands		**Notionals**	**Positive RV**	**Negative RV**
Interest rate instruments				
Swaps		2'908'877	44'160	22'367
Futures		291'351	537	120
Options		592'982	18'747	80'494
Foreign currency / precious metals				
Forward contracts		245'897	9'712	6'326
Futures		106'811	930	4'750
Options		841'390	17'444	39'633
Equities / indices				
Swaps		53'793	894	275
Futures		114'178	3'305	722
Options		5'935'284	420'519	469'094
Credit instruments				
Credit default swaps		290'197	9'207	9'611
Other				
Futures		48'096	653	2'141
Options		65'728	2'894	2'210
Total replacement values of derivative instruments	31.12.2011	11'494'584	529'002	637'743

The Company enters into derivative transactions to offset the economic risks it is exposed to from the issuance of its structured products.

20 Financial assets designated at fair value through profit and loss

CHF thousands	**31.12.2012**	31.12.2011
Term deposits with related parties	**11'489**	25'184
Term deposits with unrelated financial institutions	**35'838**	35'182
Debt securities		
of which: bonds Issued by governments	**106'592**	-
of which: bonds issued by banks	**9'097**	-
of which: bonds issued by others	**7'410**	-
Total financial assets designated at fair value through profit and loss	**170'426**	60'366

Financial assets designated at fair value through profit and loss include bonds and term deposits. Bonds and term deposits are used to offset the exposures to similar term components of the Company's issued products, principally the host debt component of structured products issued.

Bond and term deposit terms range from one month to nine years.

The Company began building up its own bond portfolio in 2012 as reflected above, with the addition of debt securities.

21 Property and equipment

CHF thousands	Furniture / Equipment	Leasehold improvements	IT equipment	Total 31.12.2012
Historical cost				
Balance at the beginning of the year	1'835	3'891	8'187	**13'913**
Additions	438	215	2'735	**3'388**
Disposals	-	-	-	**-**
Balance at the end of the year	2'273	4'106	10'922	**17'301**
Accumulated depreciation				
Balance at the beginning of the year	954	1'395	4'318	**6'667**
Depreciation	426	486	1'752	**2'664**
Disposals	-	-	-	**-**
Balance at the end of the year	1'381	1'881	6'069	**9'331**
Property and equipment at the end of the year	**892**	**2'225**	**4'853**	**7'970**

CHF thousands	Furniture / Equipment	Leasehold improve-ments	IT equipment	Total 31.12.2011
Historical cost				
Balance at the beginning of the year	1'622	3'668	6'038	**11'328**
Additions	213	223	2'149	**2'585**
Disposals	-	-	-	**-**
Balance at the end of the year	1'835	3'891	8'187	**13'913**
Accumulated depreciation				
Balance at the beginning of the year	605	1'302	2'533	**4'440**
Depreciation	349	93	1'785	**2'227**
Disposals	-	-	-	**-**
Balance at the end of the year	954	1'395	4'318	**6'667**
Property and equipment at the end of the year	**881**	**2'496**	**3'869**	**7'246**

There was no impairment loss recognized during the years ended 31 December 2012 and 2011, respectively.

22 Intangible assets

CHF thousands	Internally Developed software	Purchased software	Other intangible assets	Total 31.12.2012
Historical Cost				
Balance at the beginning of the year	9'646	3'347	51	**13'044**
Additions	4'865	7'214	88	**12'167**
Disposals	-	-	-	**-**
Balance at the end of the year	14'511	10'561	139	**25'211**
Accumulated amortization				
Balance at the beginning of the year	2'323	1'813	51	**4'187**
Amortization	4'324	1'111	5	**5'440**
Disposal	-	-	-	**-**
Balance at the end of the year	6'647	2'924	56	**9'627**
Intangible assets at the end of the year	**7'864**	**7'637**	**83**	**15'584**

CHF thousands	Internally Developed software	Purchased software	Other intangible assets	Total 31.12.2011
Historical Cost				
Balance at the beginning of the year	3'251	2'639	51	**5'941**
Additions	6'395	708	-	**7'103**
Disposals	-	-	-	**-**
Balance at the end of the year	9'646	3'347	51	**13'044**
Accumulated amortization				
Balance at the beginning of the year	259	1'213	51	**1'523**
Amortization	2'064	600	-	**2'664**
Disposal	-	-	-	**-**
Balance at the end of the year	2'323	1'813	51	**4'187**
Intangible assets at the end of the year	**7'323**	**1'534**	**-**	**8'857**

There was no impairment loss recognized during the years ended 31 December 2012 and 2011 respectively.

Research costs are expensed as incurred. Research and development costs expensed during the years ended 31 December 2012 and 2011 totaled TCHF 4’554 and TCHF 2’039 respectively.

23 Other assets

CHF thousands	**31.12.2012**	31.12.2011
Receivables from pension solutions counterparties	**31'680**	12'952
Withholding and other tax receivables	**8'780**	8'525
Receivables from related parties	**18'748**	15'080
Prepaid expenses	**1'108**	1'791
Other assets	**811**	1'381
Total other assets	**61'127**	39'729

Receivables from pension solutions counterparties relate to expenses incurred to purchase economic hedges for interest rate risks on behalf of pension solutions counterparties prior to the inception of their specific customer contracts. The expenses are recovered beginning at the inception of individual customer contracts and reimbursed to the Company by the respective pension solutions counterparty.

24 Short-term credit

CHF thousands	**31.12.2012**	31.12.2011
Short-term credit with related parties	**492'447**	244'467
Overdrafts with unrelated financial institutions	**22'311**	4'860
Total short-term credit	**514'758**	249'327

25 Other financial liabilities at fair value

CHF thousands	**31.12.2012**	31.12.2011
Equity securities	**29'015**	35'846
Debt securities	**2'930**	20'069
Total other financial liabilities at fair value	**31'945**	55'915

Short positions consist of debt, primarily government bonds, and equity securities and are temporary positions which are entered into if facilities to borrow the respective securities are in place.

26 Other liabilities

CHF thousands	31.12.2012	restated 31.12.2011	restated 01.01.2011
Accrued compensation	**17'624**	14'973	13'861
Third-party interest in consolidated funds	**-**	6'394	-
Deferred fee income	**3'848**	2'527	2'730
Accounts payable	**6'648**	2'162	6'446
Payable to related parties	**17'265**	6'388	11'217
Pension liability	**4'490**	3'522	1'711
Other liabilities	**639**	1'362	1'089
Total other liabilities	**50'514**	37'328	37'054

The Company liquidated its investment in the Swiss Peaks Saentis fund during 2012.

A pension liability has been recognized as of 31 December 2012 and 2011 and as of 1 January 2011 as the Company has adopted IAS 19 (revised 2011). Refer to Note 4 for further details.

27 Financial liabilities designated at fair value through profit and loss

CHF thousands	31.12.2012	31.12.2011
Hybrid financial instruments	**506'331**	34'907
Structured certificates	**239'226**	137'768
Total financial liabilities designated at fair value through profit and loss	**745'557**	172'675

Financial liabilities designated at fair value include the Company's issued products. Hybrid financial instruments contain debt hosts and embedded derivatives. Some hybrid instruments may also contain multiple embedded derivatives whose values may be interdependent. Structured certificates include certificates with multiple derivatives whose values may be interdependent. The contractual amounts to be paid at maturity of the structured products may differ from the fair values recognized at the respective balance sheet dates.

Any changes in the Company's own credit risk are reflected in financial liabilities designated at fair value, where the Company's own credit risk would be considered by market participants. There were no changes in the Company's own credit risk for the periods ending 31 December 2012 and 2011, respectively.

28 Loans from related parties

EFG FP AG has received the following subordinated loans from its parent, EFG FP Holding:

CHF thousands	Interest rate in%	Maturity date	**Outstanding amounts 31.12.2012**	Outstanding amounts 31.12.2011
Subordinated loans				
Year of issue 2007	7.770%	Minimum duration of 5 years. Then possible termination within 5 years notice period.	**2'500**	2'500
Year of issue 2007	7.770%	Minimum duration of 5 years. Then possible termination within 5 years notice period.	**2'500**	2'500
Year of issue 2009	7.850%	Minimum duration of 5 years. Then possible termination within 5 years notice period.	**3'000**	3'000
Year of issue 2009	7.850%	Minimum duration of 5 years. Then possible termination within 5 years notice period.	**3'000**	3'000
Year of issue 2012	7.800%	20 June 2022	**6'000**	-
Year of issue 2012	7.808%	27 November 2022	**20'000**	-
Total loans from related parties			**37'000**	**11'000**

29 Shareholders' equity

As of 31 December 2012, the outstanding share capital amounts to CHF 15'000'000, consisting of 15'000 ordinary shares with a nominal value of CHF 1'000 each; the shares are fully paid-in. There is only one class of shares.

No dividends were declared or paid during the years ended 31 December 2012 and 2011, respectively.

30 Accumulated other comprehensive loss

CHF thousands	**Defined benefit cost**	**Deferred tax**	**Accumulated other comprehensive loss**
1 January 2011	-	-	-
Cumulative effect, change in accounting	(2'306)	488	(1'818)
31 December 2011 *restated*	(2'306)	488	(1'818)
(Decrease) / increase	(2'518)	533	(1'985)
31 December 2012	**(4'824)**	**1'021**	**(3'803)**

31 Retirement benefit obligation

The Company's pension plan, operated in Switzerland, is maintained in accordance with Swiss law.

The Company also contributes to pension schemes on behalf of Guernsey Branch employees domiciled in Guernsey. This pension scheme qualifies as a defined contribution plan. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available. Contributions totaling TCHF 12 and TCHF 0 for the years ended 31 December 2012 and 2011 relate to the Guernsey contribution plan and were recognized within staff costs.

The Company's obligations under the Swiss pension scheme are to pay defined contributions. However, in accordance with the Swiss law "LPP/BVG", the pension scheme incorporates certain guarantees, such as minimum interest accumulation at defined rates, conversion of capital at defined rates upon transfer of vested benefits and potential life-long pension annuities. The pension scheme has therefore been reported as a defined benefit pension plan in accordance with IFRS.

There were certain amendments to the pension plan made during 2012, principally regarding insured salary, financing of the plan and the conversion rate. The impact of these changes was recognized in past service costs directly within the income statement. The characteristics of the plan as of 31 December 2012 were as follows:

- employees insured up to a salary of CHF 250'000
- financing by employee contributions = 50%
- financing by employer contributions = 50%
- conversion rate = 5.8% – 6.8% (increasing with retirement age)

The pension plan is maintained by a foundation that is a separate legal entity from the Company. The plan provides coverage to all Switzerland-domiciled employees for retirement, death and disability. There have not yet been any pensioners included in the Company's pension plan.

The Foundation is governed by a board of trustees and supervised by the "BVG und Stiftungsaufsicht (BVS) des Kantons Zürich". The pension scheme also has an EFG FP Pension Committee consisting of three employee and three employer representatives.

The foundation via a collective foundation maintained by Trianon SA covers all actuarial and investment risks. The foundation has chosen to fully insure the death and disability insurance risk within the Swiss pension plan with a third-party insurance company. The insurance contract is renewable on an annual basis.

During 2012 the Foundation mandated Credit Suisse with the investment management for the pension scheme. The mandate follows a risk-controlled investment strategy.

The liability recognized in the balance sheet in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

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Service costs and net interest on the net defined benefit liability are recognized immediately in the income statement.

The table below outlines where the Company's post-employment amounts related to the Swiss pension scheme are included in the financial statements.

CHF thousands	31.12.2012	*restated* 31.12.2011
Net amount recognized in the balance sheet:		
Present value of funded obligation	**27'290**	21'366
Fair value of plan assets	**22'800**	17'845
Impact of minimum funding requirements / asset ceiling	**-**	-
Liability in the balance sheet	**4'490**	3'521

	2012	*restated* 2011
Net amount recognized in the income statement	**1'715**	2'434
Net amount recognized in the other comprehensive income	**2'518**	2'307

The movement in the net defined benefit obligation over the year is as follows:

CHF thousands	Present value of obligation	Fair value of plan assets	Total	Impact of minimum funding requirement / asset ceiling	Total
1 January 2012	**21'366**	**(17'845)**	**3'521**	**-**	**3'521**
Current service cost	2'753	-	2'753	-	**2'753**
Interest expense / (income)	645	(555)	90	-	**90**
Administrative costs	11	-	11	-	**11**
Past service cost resulting from plan changes	(1'139)	-	(1'139)	-	**(1'139)**
Net amount recognized in the income statement	**2'270**	**(555)**	**1'715**	**-**	**1'715**
Remeasurements:					
Return on plan assets, excl. amounts incl. in interest expense / (income)	-	279	279	-	**279**
Actuarial loss on defined benefit obligation	2'238	-	2'238	-	**2'238**
Net amount recognized in OCI	**2'238**	**279**	**2'517**	**-**	**2'517**
Plan participants	1'842	(1'842)	-	-	**-**
Company	-	(3'263)	(3'263)	-	**(3'263)**
Benefit payments	(426)	426	-	-	**-**
	1'416	**(4'679)**	**(3'263)**	-	**(3'263)**
31 December 2012	**27'290**	**(22'800)**	**4'490**	**-**	**4'490**

Actuarial losses arising from changes in demographic assumptions for the year ended 31 December 2012 totaled TCHF 825.

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CHF thousands	**Present value of obligation**	**Fair value of plan assets**	**Total**	**Impact of minimum funding requirement / asset ceiling**	**Total**
1 January 2011 *restated*	**16'452**	**(14'741)**	**1'711**	**-**	**1'711**
Current service cost	2'383	-	2'383	-	**2'383**
Interest expense / (income)	546	(503)	43	-	**43**
Administrative costs	8	-	8	-	**8**
Past service cost resulting from plan changes	-	-	-	-	**-**
Net amount recognized in the income statement	**2'937**	**(503)**	**2'434**	**-**	**2'434**
Remeasurements:					
Return on plan assets, excl. amounts incl. in interest expense / (income)	-	1'443	1'443	-	**1'443**
Actuarial loss on defined benefit obligation	864	-	864	-	**864**
Net amount recognized in OCI	**864**	**1'443**	**2'307**	**-**	**2'307**
Plan participants	1'657	(1'657)	-	-	**-**
Company	-	(2'931)	(2'931)	-	**(2'931)**
Benefit payments	(544)	544	-	-	**-**
	1'113	**(4'044)**	**(2'931)**	**-**	**(2'931)**
31 December 2011 *restated*	**21'366**	**(17'845)**	**3'521**	**-**	**3'521**

The significant actuarial assumptions were as follows:

	2012	2011
Significant actuarial assumptions:		
Discount rate	**1.90%**	2.75%
Salary growth rate	**1.00%**	1.00%
Pension growth rate	**0.00%**	0.00%

Assumptions regarding future mortality as set forth below are set based on Swiss BVG/LLP 2010 mortality tables which include generational mortality rates allowing for future projections of increasing longevity.

	2012	2011
Assumptions regarding future mortality:		
Longevity at age 65 (use plan retirement age) for current pensioners:		
- male	**21.18**	19.56
- female	**23.66**	21.89
Longevity at age 65 (use plan retirement age) for future pensioners (age 45):		
- male	**23.00**	19.56
- female	**25.44**	21.89

Assumptions regarding staff turnover have been determined using the BVG 2010 standard tables. The average duration of the pension obligations in the pension plan is approximately 15 years.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

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Sensitivity analysis:	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.15%	-2.24%	2.35%
Salary growth rate	0.25%	0.89%	-0.88%
Pension growth rate	0.50%	3.81%	not applicable

	Increase by 1 yr	Decrease by 1 yr
Life expectancy	0.67%	-0.68%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the statement of financial position.

CHF thousands

Plan assets are comprised as follows:	Quoted	Unquoted	Total	In %
Cash and cash equivalents	-	1'044	1'044	4.58%
Equity instruments	8'333	-	8'333	36.55%
Debt instruments	10'132	-	10'132	44.44%
Investment funds	2'337	-	2'337	10.25%
Other	954	-	954	4.18%
Total plan assets 31 December 2012	21'756	1'044	22'800	**100.00%**

Plan assets are comprised as follows:	Quoted	Unquoted	Total	In %
Cash and cash equivalents	-	817	817	4.58%
Equity instruments	6'522	-	6'522	36.55%
Debt instruments	7'930	-	7'930	44.44%
Investment funds	1'829	-	1'829	10.25%
Other	747	-	747	4.18%
Total plan assets 31 December 2011	**17'028**	**817**	**17'845**	**100.00%**

Expected contributions to post-employment benefit plans for the year ending 31 December 2013 are CHF 2’076’770.

32 Related-party transactions

The Company has significant transactions with its related parties. The significant transactions and agreements can generally be categorized into financial agreements, service level agreements and general operating activities.

Financial agreements

EFG Bank provides the Company with certain credit facilities. The outstanding amounts related to these facilities totaled TCHF 492’447 and TCHF 244’467 as of 31 December 2012 and 2011, respectively.

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EFG Bank also provides securities which the Company may use to collateralize its various counterparty and own issuer exposure.

Service level agreements

On 4 October 2012, the Group sold EFG FP Guernsey to EFGI pursuant to a series of transactions. EFG FP Guernsey has been renamed EFGI Finance Guernsey subsequent to the sale and is now a subsidiary of EFGI. Before effecting the sale of EFG FP Guernsey to EFGI, EFG FP Guernsey sold and transferred its shares in its subsidiary EFG FP Monaco to EFG FP Holding at book value of TCHF 759, deemed to be fair value. EFG FP Guernsey also sold, transferred and assigned certain assets and liabilities other than the legacy portfolio as well as employees by way of an asset transfer to EFG FP Guernsey branch.

The Company entered into a white-labeling service agreement with EFGI pursuant to which the Company continues to service the legacy portfolio of products issued by EFG FP Guernsey, including the lifecycle management of both structured products issued by EFG FP Guernsey prior to its sale to EFGI and issued by EFGI Finance Guernsey subsequent to the sale.

The parties have committed in the white-labeling agreement to cooperate in each and every aspect involving structured products, including the structuring, issuance, distribution, hedging, market making and settlement of structured products issued previously by EFG FP Guernsey or subsequently by EFGI Finance Guernsey. White-labeling fees income paid to EFG FP AG totaled TCHF 19’997 for the year ended 31 December 2012.

Prior to the sale, the Company entered into a profit and cost sharing agreement with EFGI Finance Guernsey as the two companies share certain infrastructure and services. The net amounts received by the Company under this agreement were TCHF 47’454 and TCHF 43’281 for the years ended 31 December 2012 and 2011, respectively.

The Company has also entered into shared service agreements with other EFG FP subsidiaries pursuant to service level agreements with the respective subsidiaries as a result of providing distribution services. The net amounts paid by the Company under these agreements were TCHF 11’949 and TCHF 6’659 for the years ended 31 December 2012 and 2011, respectively.

The Company provides various services to EFGI subsidiaries, including marketing services relating to the EFG brand generally, office space provided to employees of EFGI subsidiaries and consulting services. Income related to services rendered to EFGI subsidiaries totaled TCHF 1’536 and TCHF 1’731 for the years ended 31 December 2012 and 2011, respectively.

The Company also relies on EFGI or other EFGI Group companies for various services, including brokerage, internal audit, information technology, human resources, administration and other services and lease agreements for office space with respect to offices outside Switzerland. Expenses related to services provided by EFGI totaled TCHF 920 and TCHF 908 for the years ended 31 December 2012 and 2011, respectively. Expenses related to services provided by EFGI subsidiaries totaled TCHF 2’779 and TCHF 1’173 for the years ended 31 December 2012 and 2011, respectively.

Operating activities

The Company enters into transactions with EFGI and its subsidiaries as well as other EFG FP subsidiaries in the normal course of its business as discussed below.

Cash and cash equivalents held with various EFG Bank branches totaled TCHF 239’624 and TCHF 6’762, as of 31 December 2012 and 2011, respectively.

Net payables to EFGI amounted to TCHF 2’203 and TCHF 1’370 as of 31 December 2012 and 2011, respectively.

The Company has entered into a master netting agreement with EFGI Finance Guernsey allowing the parties to net settle outstanding settlement receivable and payable amounts due from these transactions across currencies. The net receivable from EFGI Finance Guernsey for the year ending 31 December 2012 was TCHF 50’627. This amount is expected to be settled net by currency. The net payable to EFGI Finance Guernsey for the year ending 31 December 2011 was TCHF 66’098. Prior to the sale, the Company entered into a pledge agreement with EFGI Finance Guernsey to secure any obligations EFGI Finance Guernsey owed to the Company. There was no cost associated with this agreement.

Net receivables from other EFGI subsidiaries, including EFG FP group entities, amounted to TCHF 162’988 and TCHF 7’080 as at 31 December 2012 and 2011, respectively.

The Company granted a subordinated loan to EFG FP Frankfurt in the amount of TCHF 725 as of 31 December 2012. The Company’s subordinated loan payable to EFG FP Holding totaled TCHF 37’000 and TCHF 11’000 as of 31 December 2012 and 2011, respectively.

In relation to OTC and SLB agreements with the Company, EFG Bank provides cash collateral to the Company. Amounts received from EFG Bank amount to TCHF 450 and TCHF 35'653 for the period ending 31 December 2012 and 2011, respectively.

The fair value of the term deposits held with EFG Bank Cayman Branch, recognized as financial assets designated at fair value, totaled TCHF 12’055 and TCHF 25’185 as of 31 December 2012 and 2011, respectively.

EFGI Finance Guernsey purchased OTC derivatives from the Company to offset the economic risks of its issued products, specifically the embedded derivatives of these issued products. The net replacement values of derivative transactions with EFGI Finance Guernsey amounted to TCHF (50'526) and TCHF 99'617 as of 31 December 2012 and 2011, respectively.

The net replacement values of derivative transactions with other EFGI subsidiaries amounted to TCHF 593 and TCHF 4'828 as of 31 December 2012 and 2011, respectively.

Distribution fees and brokerage fees paid to EFGI amounted to TCHF 64 and TCHF 3’067 for the years ended 31 December 2012 and 2011, respectively. Distribution fees and brokerage fees paid to EFGI subsidiaries amounted to TCHF 50’559 and TCHF 8’295 as of 31 December 2012 and 2011, respectively.

Governing bodies

The governing bodies of the Company consist of the Board of Directors and the Executive Committee. The governing bodies are considered the key management personnel.

The Board currently comprises nine members (including the Chairman), all of whom are non-executive directors. The table below sets out the name, position, committee membership, the date from which the individual became a director and the term of each of the current members of our Board.

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Name	Position	Committee membership	Director since	Term expires
Peter Forstmoser*	Chairman	Remuneration (Chair)	2012	2015
Jörg Behrens*	Member	Risk (Chair), Audit	2012	2015
Vince Chandler*	Member	Remuneration	2012	2015
Patrick de Figueiredo	Member	Audit	2010	2013
Hans Isler*	Member	Audit (Chair), Risk	2012	2015
Frederick Link	Member	Risk	2008	2013
Piergiorgio Pradelli	Member	-	2012	2013
Lukas Ruflin	Member	-	2009	2013
John Williamson	Vice-Chairman	Remuneration	2012	2013

**Independent directors*

During the year 2012 the following members of the Board of Directors have resigned: Lawrence Howell, Jonas Fischerström, James Tak Him Lee and Mark Bagnall. There was no remuneration to those former members of the Board of Directors for the years ended 31 December 2012 or 2011, respectively.

The Executive Committee of the Company currently comprises five members. The table below sets out the name, position and date of appointment of the current members of our Executive Committee.

Name	Position	Date of appointment
Jan Schoch	Chief Executive Officer (CEO)	2007 (Founding Partner)
Michael Hartweg	Deputy CEO (Chief Financial Officer)	2007 (Founding Partner)
Sandro Dorigo	Head Asset Management & Pension Solutions	2007 (Founding Partner)
Ulrich Sauter	Head Risk, Legal & Compliance	2009
Michael Hölzle	Chief Operating Officer	2012

Remuneration

Compensation paid to the Board of Directors and the Executive Committee is determined by the Group's Remuneration Committee and is reviewed annually. The Remuneration Committee provides the Board with recommendations on the remuneration of Board members and the Executive Committee as well as the basic principles for the establishment, amendment and implementation of incentive plans. The Board makes final decisions regarding remuneration.

The members of the Board of Directors receive non-performance related compensation in the form of a director's fee. The fee amount depends on the exposure and responsibilities and the specific tasks performed by each individual member during the financial year and is paid in cash.

In addition to the director's fee, additional advisory services provided by independent board members approved by the Chairman of the Board and the CEO are remunerated at CHF 3'500 per day. Amounts paid are included in the table below as short-term benefits.

The three Founding Partners who are members of the Executive Committee receive a fixed salary but will not be eligible for a bonus for the three years following completion of EFG FP Holding's IPO. Thereafter, they may receive in addition to their fixed salary a discretionary bonus. The other Executive Committee members receive for each year a fixed salary and may receive a discretionary cash bonus (variable compensation).

NOTES TO THE FINANCIAL STATEMENTS

The total personnel expenses for the Board of Directors and the Executive Committee of the Company amounted to:

CHF thousands Name	Short-term benefits *	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	2012 total compensation	2011 total compensation
Peter Forstmoser	59.2	6.0	-	-	53.4	**118.6**	-
Jörg Behrens	16.7	3.6	-	-	35.6	**55.9**	-
Vince Chandler	59.5	4.1	-	-	35.6	**99.2**	-
Patrick de Figueiredo	-	-	-	-	-	**-**	-
Hans Isler	26.6	4.4	-	-	35.6	**66.6**	-
Frederick Link	-	-	-	-	-	**-**	-
Piergiorgio Pradelli	-	-	-	-	-	**-**	-
Lukas Ruflin	-	-	-	-	-	**-**	-
John Williamson	-	-	-	-	-	**-**	-
Total (TCHF):	**162.0**	**18.1**	**-**	**-**	**160.2**	**340.3**	**-**
Executive Committee **	**3'445.4**	**459.0**	**-**	**-**	**-**	**3'904.4**	2'901.0
of which highest paid: Jan Schoch, CEO ***	825.0	125.0	-	-	-	950.0	604.0

* Short-term benefits include fees for advisory services provided by independent board members.
** Including one EC member who left the Company in September 2012.
*** Effective as of November 2012 the new base salary (excluding any employer contributions for social security and pension) of Jan Schoch is TCHF 950. Any formula-based compensation has been waived.

Ownership of shares and options

The table below shows the number of the Group's shares held by the individual members of the Board of Directors and members of the Executive Committee as of 31 December 2012. Members of our Board of Directors did not hold any options to acquire shares as of 31 December 2012, except for Restricted Stock Units (RSUs) which convert into shares upon vesting.

Name	Shares	Restricted stock units
Peter Forstmoser	1'125	-
Jörg Behrens	750	-
Vince Chandler	2'750	-
Patrick de Figueiredo	-	-
Hans Isler	2'000	-
Frederick Link	-	-
Piergiorgio Pradelli	-	-
Lukas Ruflin*	5	-
John Williamson	2'222	-
Total	**8'852**	**-**
Jan Schoch	506'100	-
Michael Hartweg	448'015	-
Sandro Dorigo	229'515	-
Ulrich Sauter	19'000	830
Michael Hölzle	42'855	840
Total	**1'245'485**	**1'670**

*This excludes the shareholdings of the trusts to which Lukas Ruflin has settled on trust 503'015 shares.

Neither the Company nor the Group has granted any loans or guarantee commitments to members of the Board of Directors or the members of the Executive Committee.

33 Commitments

CHF thousands	**31.12.2012**	31.12.2011
Due within one year	**1'447**	1'410
Due between one and five years	**4'603**	5'121
Due later than five years	**-**	891
Commitments for minimum payments under operating leases	**6'050**	7'422

Commitments include operating lease contracts with non-cancellable terms. The table above sets forth the details of any future minimum operating lease commitments under these non-cancellable operating leases.

In addition to the commitments relating to operating lease contracts, the Company has also provisionally committed to cash payments totaling CHF 5.2 million with respect to the Company's long-term incentive plan.

34 Contingent liabilities

The Company did not have any significant contingencies as of 31 December 2012 and 2011.

35 Provisions

The Company did not recognize any provisions in the financial statements for the periods presented.

36 Post balance sheet events

On 24 April 2013 Notenstein Private Bank increased its already existing equity stake of 2.5% in the Company's parent, EFG FP Holding AG, to 22.75% by acquiring EFGI's stake of 20.25%. EFGI will continue to provide transitional support to EFG FP Group until the end of 2013.

Subsequently the shareholders of EFG FP Holding approved the proposed name change of the Group and the Company to Leonteq AG and Leonteq Securities AG at the Annual General Meeting of the shareholders on 25 April 2013.

There have been no other developments subsequent to the balance sheet date that have a significant effect to the financial statements.

SIGNATORIES BY LEONTEQ SECURITIES AG

24 June 2013

Leonteq Securities AG, Zurich

signed by René Ziegler
Managing Director /
Head Product Documentation

signed by Ingrid Silveri
Executive Director /
Legal Counsel