

Media release

Wegelin Bank: Agreement with U.S. authorities

St. Gallen, January 3, 2013 - Wegelin & Co. Private Bankers announced today that they have entered into a plea agreement with U.S. prosecutors to resolve charges that it helped U.S. taxpayers to evade taxes on undeclared income held in accounts at the Bank. Wegelin's plea was accepted in federal court in Manhattan by the Honorable Jed S. Rakoff.

Under the terms of the plea agreement, Wegelin admitted that between 2002 and 2010 it violated U.S. law by opening and maintaining bank accounts for U.S. taxpayers. For its role in the offense, the plea agreement calls for Wegelin to pay a sum of approximately \$ 57.8 million that is comprised of restitution for lost taxes (\$20 million), forfeiture of gross revenues attributable to the Bank's business with U.S. clients (\$15.8 million), and a fine (\$22 million). It also requires Wegelin to ensure the safe-keeping of U.S. client data pending further instruction from competent Swiss authorities.

Since learning that it was under U.S. investigation, Wegelin cooperated with the investigation within the bounds allowed for by Swiss law.

As a practical matter, today's plea brings to an end the criminal prosecution of Wegelin conducted by the U.S. Attorney's Office for the Southern District of New York and the Internal Revenue Service. A judgment of conviction marking the formal end of the matter will issue after the Court imposes sentence. The monies required to be paid in connection with the Bank's sentencing will be paid from funds specifically set aside to cover legal risks. Once the matter is finally concluded, Wegelin will cease to operate as a bank.

Wegelin & Co would like to state explicitly that no further comment will be made with regard to the settlement agreement.

Attachments: Plea Agreement and the Allocution referred to as Exhibit A in the Plea Agreement, reflecting the statement made by Wegelin partners in connection with the plea before the District Court in New York on January 3, 2013.

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