Basel III
Pillar 3 Disclosures

30 June 2018

Contents

1. Introduction

1.1 Background

EFG International AG (the Group) is regulated by the Swiss Financial Market Supervisory Authority (FINMA) which requires the Group to comply with Pillar III disclosures that are part of the Basel III Capital Adequacy Framework.

This report discloses the Group's application of the Basel III framework as at 30 June 2018 and the changes since 31 December 2017.

1.2 Objective

The objective of this report is to provide information on capital management within the Group to investors, analysts, ratings agencies and supervisory bodies. In particular, it describes the Groups capital adequacy and liquidity position.

1.3 Scope

There is no difference in the scope of consolidation for the calculation of capital adequacy and the 30 June 2018 Consolidated Financial Statements.

No subsidiaries are proportionally consolidated.

As the Group operates various regulated banks in different countries, each of these countries have regulations limiting the transfer of regulatory capital (and in some instances cash balances) between jurisdictions.

As the parent entity of the Group, EFG International AG is a holding company, the parent entity is only regulated on a consolidated basis, and hence no "single entity" reporting has been produced.

1.4 Basis of preparation

This document was prepared in accordance with the Pillar III disclosure requirements set forth under FINMA Circular 2016/1 "Disclosure – banks". Certain tables referred to in this document are numbered as per the FINMA requirements. Due to ongoing modifications to Circular 2016/1, approval was granted by FINMA to the Group for the early application of margin 14.2 within the draft revised circular. The impact of this has been to significantly reduce the number of tables required within the half year disclosures in comparison to the full year Pillar III disclosures published as at 31 December 2017.

In order to have the full view of the Group's regulatory environment and capital requirements, this report should be read in conjunction with the Group's Annual Report 2017 (http://www.efginternational.com).

The figures contained in the tables have each been properly rounded depending on the number of significant digits used for the table; this may result in discrepancies between listed column and row totals and the sum of individual column or row items.

1.5 Internal control system

The Group's internal control system (ICS) is an integrated Group-wide system covering all functions and all hierarchical levels. In addition to the Group's front-line activities, the system also applies to business-support and monitoring functions. The Group works continually to foster a culture of oversight among its staff so that each employee understands his or her role in the ICS.

The Group carries out a periodic review of key risks and controls, with a particular focus on operational risks. The Group keeps detailed records of these risks and controls and identifies the main areas of potential improvement. It also prepares an annual assessment of its ICS for the financial accounts in order to meet the requirements of Swiss auditing standard No. 890.

1.6 Accounting principles

The Group complies with IFRS accounting principles which are used in the financial reporting presented in the Annual Report. The Group complies with Swiss accounting principles reporting (Accounting-banks "Swiss ARB") for Capital Adequacy purposes on the same basis as its major subsidiary, EFG Bank AG. All figures within this report are prepared under the basis of Swiss GAAP, unless otherwise stated.

As at 30 June 2018, the main difference between IFRS and Swiss ARB accounting principles affecting the Group's capital adequacy positions relates to:

— Swiss ARB does not require actuarial pension liability to be recognised for defined contribution plans (except if the pension plan showed an actuarial deficit based on a reference average long term interest rate and the employer was due to the fund that deficit). Under IFRS, an additional post tax pension liability of CHF 121.4 million is recognised on the balance sheet.

— Swiss ARB requires valuation of certain financial instruments on an amortised cost basis. In line with the Groups intention to hold until maturity certain assets (including the life insurance related assets) a difference arises. Under IFRS the Group fair values these assets, whilst under Swiss ARB they are carried at amortised cost. This results in a net difference of CHF 306.6 million.

For further details of the reconciliation between IFRS and Swiss ARB, see Section 5 to this report.

2. Capital adequacy and liquidity

The Group's objectives when managing regulatory capital and liquidity is to comply with the requirements set by regulators of the jurisdictions in which the Group entities operate and to safeguard the Group's ability to continue as a going concern.

Capital adequacy and the use of regulatory capital is continually monitored and reported by the Group's management, using the framework developed by the Bank for International Settlements (BIS). The regulatory capital requirement of the Group is ultimately determined by the rules implemented by the Swiss banking regulator, the Swiss Financial Market Supervisory Authority (FINMA).

The Group reports regulatory capital according to the Swiss Capital Ordinance, therefore complying with the FINMA requirements.

Monitoring capital adequacy and liquidity is a key component of the Group's financial strategy. Management carefully considers the potential impact on the Group's capital ratios and liquidity ratio before making any major decisions about the Group's operations and the orientation of its business.

The Executive Committee monitors the capital ratios and liquidity ratio monthly for the Group, with Board oversight on a quarterly basis.

2.1 Key ratios

FINMA's capital ratio requirement is based on the Basel III Accord and is set forth in Article 41 of the Capital Adequacy Ordinance (CAO). The minimum required total capital ratio for the Group is 12.1% at 30 June 2018. It comprises the permanent requirement for a category 3 bank (12%) and a countercyclical buffer (0.1%). The permanent requirement consists of the absolute minimum requirement for a banking license (8%) and the capital buffer for a category 3 bank (4.0%). The countercyclical buffer is a temporary requirement set by the Swiss Federal Council upon the recommendation of the Swiss National Bank.

The Group's common equity tier 1 (CET1) ratio was 17.6%, above FINMA's requirement of 7.8%. The Group's total capital ratio was 21.5% at 30 June 2018, higher than the regulatory requirement of 12.1%.

The leverage ratio was 4.5% at 30 June 2018 (see Section 6). This ratio is above the regulatory requirement of 3% effective as of 1 January 2018.

The Group's liquidity coverage ratio (LCR) was 171% at 30 June 2018, above the minimum regulatory requirement of 90% in 2018 (see Section 4).

The following table summarises all key metrics, which are explained in further detail in subsequent sections of this report.

CHF millions	Section	30 June 2018	31 December 2017
Available capital			
Common Equity Tier 1 (CET1)		1,896.6	1,882.7
Tier 1 (T1)		1,912.1	1,898.4
Tier 2 (T2)		396.9	390.3
Total Capital		**2,309.0**	**2,288.7**
Risk weighted assets (RWA)			
Total RWA	**3**	**10,763.3**	**10,879.5**
Risk based capital ratios as % of RWA			
CET 1 ratio		17.6%	17.3%
Tier 1 ratio		17.8%	17.4%
Total capital ratio		**21.5%**	**21.0%**
FINMA capital ratio requirement (as % of RWA)			
Minimum requirement		8.0%	8.0%
Capital buffer requirement		4.0%	4.0%
Countercyclical capital requirement		0.1%	0.1%
Total capital requirement		**12.1%**	**12.1%**
BASEL III leverage ratio			
Total Basel III leverage ratio exposure		42,266.6	42,657.8
Capital		1,912.1	1,898.4
Basel III leverage ratio		**4.5%**	**4.5%**
Liquidity coverage ratio (LCR) as at end of reporting period			
Total high-quality liquid assets (HQLA)		11,851.7	12,590.1
Total net cash outflow		6,933.1	6,036.1
LCR	**4**	**171%**	**209%**

2.2 Composition of the regulatory eligible capital

The Group's regulatory capital is composed of:
— CET1 capital
— Additional Tier 1 capital
— Tier 2 capital.

CET1 capital comprises paid-in capital, disclosed reserves and minority interests. At 30 June 2018, the Group's share capital amounted to CHF 146.1 million and consisted of 292,114,109 fully paid-in registered shares with a par value of CHF 0.50 per share. CET1 capital is adjusted for regulatory deductions such as goodwill and deferred tax assets based on future profitability.

Additional Tier 1 capital comprises Bons de Participation without voting rights.

Tier 2 capital comprises a capital instrument of USD 400.0 million.

3. Risk weighted assets

3.1 Overview of risk weighted assets[1]

Credit risk requirement (primarily for client loans and the placement of excess funding from client deposits) comprises approximately 71% of the Group's total risk weighted asset exposure.

	CHF millions	RWA 30 June 2018	RWA 31 December 2017	Minimum Capital Requirement 30 June 2018	RWA change in %
1	Credit risk – excluding counterparty credit risk and non-counterparty credit risk	7,313.2	7,241.9	585.1	1.0%
2	*of which standarised appraoch (SA)*	*7,313.2*	*7,241.9*	*585.1*	*1.0%*
4	Credit risk – Counterparty credit risk	355.4	271.2	28.4	31.0%
11	Settlement risk	1.9	2.7	0.2	(29.6%)
16	Market risk	927.5	1,199.4	74.2	(22.7%)
17	*of which, standardised appraoch*	*927.5*	*1,199.4*	*74.2*	*(22.7%)*
19	Operational risk	2,162.7	2,161.1	173.0	0.1%
21	*of which, standardised approach*	*2,162.7*	*2,161.1*	*173.0*	*0.1%*
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	2.6	3.2	0.2	(18.8%)
25	Total	**10,763.3**	**10,879.5**	**861.1**	**(1.1%)**

4. Liquidity Risk

Liquidity reflects the ability of the Group to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses. Liquidity risk has two components: funding risk and asset liquidity risk. If the Group is faces unexpected cash outflows, it may need to sell a large amount of securities, with exposure to market prices and liquidity.

The Group runs only limited liquidity risks due to the customer deposit base, the capital and liquidity reserves position and a conservative gapping policy when funding customer loans.

The Group manages liquidity risk in such a way as to ensure that ample liquidity is available to meet commitments to customers, both in demand for loans and repayments of deposits and to satisfy the Group's own cash flow needs within all of its business entities. The customer deposit base, capital and liquidity reserves position and the conservative gapping policy when funding customer loans ensure that the Group runs only limited liquidity risks.

As defined in the risk appetite framework, the liquidity risk strategies are defined as follows:

— holding sufficient liquid assets that the Group could survive a sustained and severe run on its deposit base without any recourse to mitigating actions beyond liquidating those assets, and without breaching regulatory liquidity limits

— funding the balance sheet primarily from customer deposits, using capital markets opportunistically, without being subject to funding concentration due to a small number of funding sources or clients

Due to its business focused on private banking, the Group has high levels of excess liquidity. Financial assets are constantly monitored and a significant portion of safe and highly liquid assets is maintained. Cash and balances with central banks represent 22% of total assets, and an additional 3% are from high-quality liquid securities.

At the end of June 2018, the Group is well positioned with a

[1] FINMA Circular 2016/1 Table 4

liquidity coverage ratio of 171%.

Liquidity risk management process

The Group's liquidity risk management process is carried out by the Asset & Liability Committee, with the operative management undertaken by Treasury. The process includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers
- Maintaining a portfolio of highly marketable assets that can easily be liquidated (repaid or sold) as protection against any unforeseen interruption to cash flow
- Monitoring balance sheet liquidity ratios against internal and regulatory requirements
- Managing the concentration and profile of debt maturities
- Monitoring unmatched medium-term assets and the usage of overdraft facilities

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management The cash flow projections are computed based on the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The Group attempts to avoid concentrations of its funding facilities. It observes its current liquidity situation and determines the pricing of assets and credit business through the liquidity transfer pricing model. The liquidity risk management process also includes liquidity contingency plans. These contingency plans include the activation of repo transactions with prime counterparties, the liquidation of marketable securities and/or draw downs on lines of credit (liquidity shortage financing) with the Swiss National Bank.

The Group complies with all regulatory requirements, including overnight liquidity limits in the various countries in which it operates. It reports its daily liquidity situation to management on an individual entity basis for its banking subsidiaries.

Funding approach

Overall, EFG International Group, through its business units, enjoys a favourable funding base with stable and diversified customer deposits, which provide the vast majority of the EFG International Group's total funding. The surplus of stable customer deposits over loans and other funding resources are placed by Treasury units in compliance with the local regulatory requirements and internal guidelines.

Sources of liquidity are regularly reviewed to maintain a wide diversification by currency, geography, provider, term and product.

EFG International Group manages the liquidity and funding risks on an integrated basis. The liquidity positions of the business units are monitored and managed daily and internal limits are more conservative than the regulatory minimum levels, as required by the EFG International Group's risk appetite framework and liquidity risk policy.

Concentration risk

The overall level of liquidity exposure and corresponding limits are tightly monitored by means of specific risk metrics approved by the Board of Directors and in line with EFG International Group's overall committed level of risk appetite.

EFG International Group's concentration risks are managed through the following mechanisms:

- Monitoring of compliance with ALM, funding concentration and risk appetite limits assigned
- Informing approval bodies when ALM, concentration and risk appetite limits are exceeded
- Proposing risk mitigation measures for ALM, concentration and risk appetite thresholds

Liquidity transfer pricing model

The Group's liquidity transfer pricing model enables the management of the balance sheet structure and the measurement of risk-adjusted profitability, taking into account liquidity risk, maturity transformation and interest rate risk. The liquidity allocation mechanism credits providers of funds for the benefit of liquidity and to charges users of funds.

Customers' loans are charged for the usage of liquidity, based on the liquidity risk embedded in business activities. Short- and long-term loans receive differentiated charges for the cost of liquidity.

Liquidity adjustments are introduced for loans that have the same duration, but due to differing liquidity attributes are not of the same value or cost.

Customers' deposits are credited for the benefit of liquidity based on their likelihood of withdrawal. As a general rule, "sticky" money, such as term deposits, are less likely to be withdrawn and, therefore, receive larger credits than volatile money, such as demand deposits, savings and transaction accounts, which are more likely to be withdrawn at any time.

Customers deposits are mainly at sight from a contractual point of view, in practice and from an economical perspective, they provide a stable funding source, reducing so the exposure to liquidity risk.

4.1 Liquidity coverage ratio

The LCR is an international regulatory standard. The LCR ensures that a bank has enough liquidity to withstand a 30-calendar-day liquidity stress scenario. It is the ratio between the amount of high-quality liquid assets (HQLA) available and potential net cash outflows over a 30-day period. The term net cash outflows is defined as the total potential cash outflows (such as withdrawals from sight deposits and non-renewals of borrowings with a maturity of less than 30 days) less the total potential cash inflows (such as the repayment of receivables with a maturity of less than 30 days) in a stress situation. For banks that, like EFG are not systemically important, the minimum requirement for the LCR was 60% for 2015 and is being increased by 10% each year, reaching 100% by 2019.

Note that the FINMA require disclosure of the average quarterly LCR (see Appendix 7.1) that reflects the average of ratio throughout the reporting periods. The table below summarises the LCR at 30 June 2018.

CHF millions	30 June 2018 Weighted values	31 December 2017 Weighted values
Total high-quality liquid assets (HQLA)	11,851.7	12,590.1
Total cash outflows	11,544.3	10,605.5
Total cash inflows	4,611.1	4,569.4
Total net cash outflows	6,933.1	6,036.1
Liquidity coverage ratio (in %)	**171%**	**209%**

The LCR for the Group has decreased to 171% as at 30 June 2018 in comparison to the 209% reported as at 31 December 2017. The main drivers to this decrease have been a reduction in cash held with central banks, together with increased liquidity needs associated with the market valuation of derivatives and an increase in customer deposits available for withdrawal within 30 days.

The Bank's SNB account makes up 47% of its HQLA. The remaining HQLA are primarily US, Hong Kong and Singaporean-issued securities that have a credit rating of between AAA and AA.

Withdrawals from retail and corporate client deposits account for around 87% of total potential cash outflows. This reflects the fact that client deposits are the Bank's primary source of funding and also therefore the primary source of potential fund outflows in the event of a liquidity run.

Other cash outflows relate mainly to:

— Derivatives maturing within 30 days and margin calls relating to credit support annexes;
— The undrawn part of credit facilities granted to clients;
— Contingent liabilities (e.g., guarantees and letters of credit).

Loans to clients and banks maturing within 30 days account for around 95% of potential cash inflows. The remaining cash inflows primarily come from derivatives maturing within 30 days. The LCR in Swiss francs is 298%, a large percentage of HQLA are denominated in Swiss francs (cash deposited at the SNB).

5. Comparison to IFRS basis

Reconciliation of Swiss GAAP to IFRS Regulatory Capital

	30 June 2018 CHF millions	31 December 2017 CHF millions
Total RWA: Swiss GAAP	**10,763.3**	**10,879.5**
Difference between FINMA and BIS rules	(528.7)	(546.0)
IFRS 9 impacts	(187.5)	(158.2)
Other financial assets not recognised under Swiss GAAP	82.2	58.0
Total RWA: IFRS	**10,129.3**	**10,233.3**
Total Regulatory Capital: Swiss GAAP	**2,309.0**	**2,288.7**
Common Equity Tier 1 (CET1) Capital adjustments	(444.8)	(445.4)
Tier 2 (T2) adjustments	11.5	9.6
Total Regulatory Capital: IFRS	**1,875.7**	**1,852.9**
The main variances in CET1 above relate to the following:		
– IAS 19 Pension (net of tax)	(121.4)	(138.1)
– IFRS 9 Impact	(306.6)	(298.6)
– Available for Sale	(25.5)	(21.4)
– Other	8.7	12.7
Total CET1 adjustments	**(444.8)**	**(445.4)**
IFRS Common Equity Tier 1 Ratio	**14.3%**	**14.0%**
IFRS Total Eligible Capital Ratio	**18.5%**	**18.1%**

Risk weighted assets

The risk weighted assets for FINMA reporting purposes are higher than for IFRS/BIS EU purposes primarily due to the treatment of mutual funds. These are effectively not eligible as collateral for FINMA purposes, but under BIS EU rules are able to be used on a look through basis to the underlying assets of the fund.

Common equity tier 1

As at 30 June 2018, the main difference between IFRS and Swiss ARB accounting principles affecting the Group's common equity tier 1 relates to:

— Swiss ARB does not require actuarial pension liability to be recognised for defined contribution plans (except if the pension plan showed an actuarial deficit based on a reference average long term interest rate and the employer was due to the fund that deficit). Under IFRS, an additional post tax pension liability of CHF 121.4 million is recognised on the balance sheet.

— Swiss ARB requires valuation of certain financial instruments on an amortised cost basis. In line with the Groups intention to hold until maturity certain assets (including the life insurance related assets) a difference arises. Under IFRS the Group fair values these assets, whilst under Swiss ARB they are carried at amortised cost. This results in a net difference of CHF 306.6 million.

6. Leverage ratio

The leverage ratio at 30 June 2018 is 4.5% compared to the regulatory requirement of 3.0%

The denominator of the ratio is effectively the Tier 1 capital of CHF 1,912.1 million divided by the Total Exposure of CHF 42,266.6. Total exposure reflects all the on-balance sheet assets primarily adjusted for:

- Deducting assets already deducted from Tier 1 capital (goodwill and certain deferred tax assets)
- Grossing up securities financing transactions
- Derivatives exposure adjustments
- Other off balance sheet exposures

7. Appendices

7.1 Information on liquidity coverage ratio[1]

	CHF millions	30 June 2018 Unweighted values[1]	30 June 2018 Weighted values[1]	31 March 2018 Unweighted values[1]	31 March 2018 Weighted values[1]	31 December 2017 Unweighted values[1]	31 December 2017 Weighted values[1]	Weighting-Factor
1	Total high-quality liquid assets (HQLA)	**11,138.4**	**11,124.9**	**10,526.0**	**10,510.8**	**11,957.8**	**11,925.8**	**100%**
B.	Cash outflows							
2	Retail deposits	15,477.9	1,927.4	14,253.3	1,819.8	16,456.9	1,984.5	12%
3	*of which, stable deposits*					*778.4*	*38.9*	*0%*
4	*of which, less stable deposits*	15,477.9	1,927.4	14,253.3	1,819.8	*15,678.4*	*1,945.6*	*12%*
5	*Unsecured wholesale funding*	17,652.9	8,239.5	17,927.6	7,773.0	*16,944.5*	*7,767.6*	*47%*
6	*of which, operational deposits (all counterparties) and deposits in networks of cooperative banks*	–	–	–	–	–	–	*0%*
7	*of which, non-operational deposits (all counterparties)*	17,651.5	8,238.2	17,927.4	7,772.8	*16,943.7*	*7,766.8*	*47%*
8	*of which, unsecured debt*	1.4	1.4	0.2	0.2	*0.8*	*0.8*	*100%*
9	*Secured wholesale funding and collateral swaps*	263.9	263.9	332.4	332.4	*249.4*	*249.4*	*100%*
10	*Other outflows Additional requirements*	898.9	584.7	797.0	497.0	*705.7*	*365.2*	*65%*
11	*of which, outflows related to derivative exposures and other transactions*	687.8	503.4	535.9	400.6	*564.0*	*311.7*	*73%*
12	*of which, outflows related to loss of funding on asset-backed securities, covered bonds and other structured financing instruments, asset-backed commercial papers, conduits, securities investment vehicles and other such financing facilities*	–	–	–	–	*5.9*	*5.9*	*0%*
13	*of which, outflows related to committed credit and liquidity facilities*	203.9	79.5	260.6	96.1	*126.5*	*45.8*	*39%*
14	*Other contractual funding obligations*	5.4		11.6		*16.3*		*0%*
15	*Other contingent funding obligations*	1,008.0	610.7	940.5	564.0	*7,784.2*	*387.2*	*61%*
16	Total cash outflows	**35,307.0**	**11,626.2**	**34,262.3**	**10,986.3**	**42,157.0**	**10,753.9**	**33%**
C.	Cash inflows							
17	Secured lending (e.g. reverse repos)	–	–	11.3	11.3	10.3	10.3	*0%*
18	Inflows from fully performing exposures	6,997.3	4,684.9	7,504.5	5,050.4	7,189.7	4,747.5	67%
19	Other cash inflows	179.9	176.7	281.4	277.0	320.0	304.6	98%
20	Total cash inflows	**7,177.2**	**4,861.6**	**7,797.1**	**5,338.7**	**7,520.0**	**5,062.4**	**68%**
21	Total high-quality liquid assets (HQLA)	**–**	**11,124.9**	**–**	**10,510.8**	**–**	**11,925.8**	**100%**
22	Total net cash outflows	**–**	**6,764.7**	**–**	**5,647.6**	**–**	**5,691.6**	
23	Liquidity coverage ratio (in %)		164.5%		186.1%		210.0%	

1 Monthly averages

2 In 2017, stable deposits repesent those under the prior BSI SA classification. Following migration in April 2017, these deposits were reported witin the EFGI classification and deemed less stable.

[1] FINMA Circular 2016/1 Table 48

7.2 Regulatory capital instruments

The below table summarises the Tier 1 and Tier 2 capital instruments and their key features[2].

		30 June 2018		
		Ordinary Shares	Bons de Participation	Tier 2
1	Issuer	EFG International AG	Banque de Luxembourg (on a fiduciary basis)	EFG International (Guernsey) Limited. Guaranteed by EFG International AG
2	Unique identifier	CH0022268228	XS0204324890	XS1591573180
3	Governing law of the instrument	Zurich, Switzerland / Swiss law	Luxembourg / Laws of the Grand Duchy of Luxembourg	Zurich, Switzerland / Swiss law
	Regulatory treatment			
5	Under post-transitional Basel III rules (CET1/AT1/T2)	Common equity tier 1	Additional tier 1	Tier 2
6	Eligible at single-entity, group/single-entity and group levels	Group	Group	Group
7	*Equity securities/debt securities/hybrid instruments/other instruments*	*Equity securities*	*Subordinated debt*	*Subordinated debt*
8	Amount recognised in regulatory capital (CHF millions)	146.1	15.5	396.9
9	Par value of instrument	CHF 0.50	EUR 1000	USD 1000
10	Accounting classification	Equity	Equity	Liability
11	Original date of issuance	12.10.2005	10.11.2004	05.04.2017
12	*Perpetual or dated*	*Perpetual*	*Perpetual*	*Dated*
13	*Original maturity date*	*N/A*	*N/A*	*05.04.2027*
14	Issuer call (subject to prior approval from supervisory authority)	No	Yes	Yes
15	*Optional call date/contingent call dates/redemption amount*	*N/A*	*30.04.2010*	*05.04.2022*
16	*Subsequent call dates, if applicable*		*Every Dividend Payment Date following 30.04.2010 at par*	*No regular subsequent call date; callable upon Tax Event or Capital Event only*

[2] FINMA Circular 2016/1 Table 45

		30 June 2018		
		Ordinary Shares	Bons de Participation	Tier 2
	Coupons / dividends			
17	Fixed/floating rate/initially fixed and subsequently floating rate/initially floating rate and subsequently fixed	Variable	Variable	Fixed
18	Coupon rate and any related index	N/A	EUR 10year swap + 0.25%, capped at 8%	5% up to 05.04.2022 then USD 5Y swap + 2.978%
19	Existence of a dividend stopper (non-payment of dividend on the instrument prohibits the payment of dividends on common shares)	No	Preferential dividend	No
20	Coupon payment/dividends: fully discretionary/partially discretionary/mandatory	Fully discretionary	Fully discretionary	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
30	Write-down feature	No	No	Yes
31	*Write-down trigger(s)*	*N/A*	*N/A*	*Viability Event (FINMA, Public Support)*
32	*Full/partial*	*N/A*	*N/A*	*Full write down*
33	*Permanent or temporary*	*N/A*	*N/A*	*Permanent*
35	Position in subordination hierarchy in liquidation (specify instrument type imme-diately senior to instrument)	Additional Tier 1 capital	Tier 2 capital	Senior debt
36	Features that prevent full recognition under Basel III	No	No	No
37	*If yes, specify non-compliant features*	*N/A*	*N/A*	*N/A*

7.3 Detailed regulatory capital calculation[3]

	CHF millions	30 June 2018 Net amounts (after consideration of the transitional provisions)	31 December 2017 Net amounts (after consideration of the transitional provisions)	Variation Net amounts (after consideration of the transitional provisions) in %
	Common Equity Tier 1 (CET1)			
1	Issued fully paid-up capital, fully eligible	146.1	144.9	0.8%
2	Retained earnings	(17.7)	7.3	(75.8%)
3	Capital reserves	1,922.4	1,922.4	1.0%
5	Minority interests	25.4	24.8	0.0%
6	Common Equity Tier 1 (CET1) before adjustments	**2,076.2**	**2,099.4**	**(1.4%)**
	Adjustments referring to Common Equity Tier 1			
8	Goodwill (net of related tax liability)	(2.6)	(2.9)	-10.3%
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	(74.4)	(85.5)	(13.0%)
10	Deferred tax assets that rely on future profitability	(55.9)	(52.6)	(3.4%)
26b	Other deductions	(46.7)	(75.7)	(38.3%)
28	Total regulatory adjustments to CET1	**(179.6)**	**(216.7)**	**(19.5%)**
29	Common Equity Tier 1 capital (net CET1)	**1,896.6**	**1,882.7**	**0.7%**
	Additional Tier 1 Capital (AT1)			
30	Issued and paid in instruments, fully eligible	15.5	15.7	(1.3%)
31	*of which: classified as equity under applicable accounting standards*	*15.5*	*15.7*	*(1.3%)*
32	*of which: classified as liabilities under applicable accounting standards*			*0.0%*
44	Additional Tier 1 capital (net AT1)	**15.5**	**15.7**	**(1.3%)**
45	Tier 1 Capital (T1 = CET1 + AT1)	**1,912.1**	**1,898.4**	**0.7%**
	Eligible Tier 2 capital (T2)			
46	Issued and paid in instruments, fully eligi-ble	396.9	390.3	1.7%
58	Tier 2 capital (net T2)	**396.9**	**390.3**	**1.7%**
59	Regulatory capital (net T1 & T2)	**2,309.0**	**2,288.7**	**0.9%**

[3] FINMA Circular 2018/1 Table 2

7.4 Key regulatory figures

	Description	June 2018
1	Minimum required capital based on risk-based requirements (CHF)	861.1
2	Eligible capital (CHF)	2,309.0
3	of which common equity Tier 1 capital (CET1) in CHF	1,896.6
4	of which Tier 1 capital (T1) in CHF	15.5
5	Risk-weighted assets (RWA)	10,763.3
6	CET1 ratio (common equity T1 as % of RWA)	17.6%
7	Tier 1 ratio (T1 capital as % of RWA)	17.8%
8	Total capital ratio (as % of RWA)	21.5%
9	Countercyclical capital buffer (as % of RWA)	0.1%
10	CET1-target ratio (in %) as per Annex 8 of the CAO plus the countercyclical capital buffer	7.9%
11	T1-target ratio (in %) as per Annex 8 of the CAO plus the countercyclical capital buffer	9.7%
12	Total capital target ratio (in %) as per Annex 8 of the CAO plus the counter-cyclical capital buffer	12.1%
13	Basel III Leverage Ratio (Tier 1 capital in % of the leverage ratio exposure measure)	4.5%
14	Leverage ratio exposure measure (CHF)	42,266.6
21	Short-term liquidity ratio, LCR (in %) in Q2	186.1%
22	LCR numerator: total of high-quality, liquid assets (CHF)	10,510.8
23	LCR denominator: total net cash outflows (CHF)	5,647.6
24	Short-term liquidity ratio, LCR (in %) in Q1	164.5%
25	LCR numerator: total of high-quality, liquid assets (CHF)	11,124.9
26	LCR denominator: total net cash outflows (CHF)	6,764.7

Annex 4 Circular 2016/1

8. Abbreviations

ALCO	Asset & Liabilities Management Committee
ALM	Asset and Liability Management
AT1	Additional Tier 1
BIS	Bank for International Settlements
BoD	Board of Directors
CAO	Capital Adequacy Ordinance - Ordinance of 1 June 2012 concerning capital adequacy and risk diversification for banks and securities traders (known as the "Capital Adequacy Ordinance")
CCF	Credit conversion factor
CCR	Counterparty credit risk
CET1	Common Equity Tier 1
CLS	Continuous linked settlement
CRM	Credit Risk Mitigation
CSA	Credit Support Annex, an optional annex for ISDA netting agreements
CVA	Credit valuation adjustment: capital requirement aimed at covering the risk of loss in market value as a result of deterioration in the counterparty's credit quality
EAD	Exposure at default
FINMA	Swiss Financial Market Supervisory Authority
GMRA	Global Master Repurchase Agreement of the Public Securities Association/International Securities Market Association (PSA/ISMA)
GMSLA	Global Master Securities Lending Agreement
HQLA	High-quality liquid assets
ICS	Internal control system
ISDA	International Swaps and Derivatives Association
LCR	Liquidity coverage ratio
OTC	Over the counter
RWA	Risk-weighted assets
SFT	Securities financing transaction
SIC	Swiss Interbank Clearing
SNB	Swiss National Bank
SA-BIS	International Standardised Approach in accordance with the CAO
T2	Tier 2
VaR	Value at risk