Basel III Pillar 3 Disclosures

30 June 2021

2021

Entrepreneurial thinking.
Private banking.

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 2021 and the changes since 31 December 2020.

These Pillar III disclosures were approved for issue by the Board of Directors on 20 July 2021.

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. 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 2021 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.

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 Half-Year Report 2021 and the Group's Annual Pillar III Disclosures 2020 (http://www.efginternational.com).

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 internal control 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 their 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 2021, the main difference between IFRS and Swiss ARB accounting principles affecting the Group's capital adequacy positions relates to:
- pension liability of CHF (17.9) million
- valuation differences of life insurance related assets of CHF (171.7) million
- valuation differences of equity and debt instruments of CHF 91.8 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 12.0% at 30 June 2021. 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 Group's common equity tier 1 (CET1) ratio was 16.5%, above FINMA's requirement of 7.8%. The Group's total capital ratio was 22.2% at 30 June 2021, higher than the regulatory requirement of 12.0%.

The leverage ratio was 4.5% at 30 June 2021 (see Section 6). This ratio is above the regulatory requirement of 3%.

The Group's most recent quarterly average liquidity coverage ratio (LCR) was 200%, above the minimum regulatory requirement of 100% (see Section 4.1).

The following table[1] summarises all key metrics, which are explained in further detail in subsequent sections of this report.

[1] FINMA Circular 2016/1 Table KM1

	CHF millions	a 30 June 2021	b 31 March 2021	c 31 December 2020	d 30 September 2020	e 30 June 2020
	Available capital					
1	Common Equity Tier 1 (CET1)	1,642.7	-	1,603.6	-	1,589.2
2	Tier 1 capital (T1)	2,026.9	-	1,618.1	-	1,603.4
3	**Total Capital**	**2,209.5**	**-**	**1,969.4**	**-**	**1,982.8**
	Risk weighted assets (RWA)					
4	Total risk weighted assets (RWA)	9,954.9	-	9,918.8	-	10,386.8
4a	Minimum required capital based on risk-based requirements	796.4	-	793.5	-	830.9
	Risk based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	16.5%	-	16.2%	-	15.3%
6	Tier 1 ratio	20.4%	-	16.3%	-	15.4%
7	**Total capital ratio**	**22.2%**	**-**	**19.9%**	**-**	**19.1%**
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement	2.5%	-	2.5%	-	2.5%
11	Total of bank CET1 specific buffer requirements (%)	2.5%	-	2.5%	-	2.5%
12	CET1 available after meeting bank's minimum capital requirements (%)	12.0%	-	10.3%	-	9.9%
	Target capital ratios according to Annex 8 of the Capital Adequacy Ordinance (% of RWA)					
12a	Capital buffer as per Annex 8 CAO	4.0%	-	4.0%	-	4.0%
12b	National countercyclical buffer (art. 44 and 44a CAO) (%)	0.0%	-	0.0%	-	0.0%
12c	CET1 capital target as per Annex 8 CAO plus countercyclical buffer per art.44 and 44a CAO	7.8%	-	7.8%	-	7.8%
12d	T1 capital target as per Annex 8 CAO plus countercyclical buffer per art.44 and 44a CAO	9.6%	-	9.6%	-	9.6%
12e	Total capital target as per Annex 8 CAO plus countercyclical buffer per art.44 and 44a CAO	12.0%	-	12.0%	-	12.0%
	BASEL III leverage ratio					
13	Total leverage ratio exposure	44,923.6	-	34,585.9	-	37,654.8
14	**Leverage ratio (%) ***	**4.5%**	**-**	**4.7%**	**-**	**4.3%**
	Liquidity coverage ratio (LCR) 3 months average					
15	Total high-quality liquid assets (HQLA)	12,833.9	12,252.3	12,222.7	11,587.9	11,393.7
16	Total net cash outflow	6,420.6	6,584.9	7,143.2	6,223.5	6,442.0
17	**LCR (%)**	**200%**	**186%**	**171%**	**186%**	**177%**

**Following the FINMA Guidance 02/2020 issued on 31 March 2020, the leverage ratio as at 31 December 2020 has been calculated in accordance with Article 46 of the Capital Adequacy Ordinance, excluding deposits held at central banks in all currencies pursuant to margin nos. 5 and 7 of Annex 1 to FINMA Circular 2020/1 “Accounting – Banks”. This exemption was granted until 01 January 2021.*

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 2021, the Group's share capital amounted to CHF 150.0 million and consisted of 300,045,435 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 and USD 400.0 million of perpetual, unsecured deeply subordinated notes qualifying as Additional Tier 1 capital issued in January 2021.

Tier 2 capital comprises a capital instrument of USD 197.9 million.

3. Risk weighted assets

The below table summarises the composition of the risk weighted assets, the change versus December 2020 and the minimum requirement on the basis of an 8.0% capital requirement[2].

		a	b	c
	CHF millions	RWA 30 June 2021	RWA 31 December 2020	Minimum Capital Requirement 30 June 2021
1	Credit risk (including non-counterparty credit risk)	6,646.8	6,312.5	531.7
2	*Of which standardised approach (SA)*	6,646.8	6,312.5	531.7
3	*Of which internal rating-based (F-IRB) approach*			
4	Of which supervisory slotting approach			
5	*Of which advanced internal ratings-based (A-IRB) approach*			
6	*Counterparty Credit risk*	400.2	548.9	32.0
7	Of which standardised approach (SA - CCR)	241.7	439.7	19.3
7a	Of which simplified standard approach (SSA - CCR)			
7b	Of which market value method			
8	Of which internal model method (IMM)			
9	Of which other CCR approach	158.5	109.2	12.7
10	Credit Valuation Adjustment (CVA)	128.6	101.1	10.3
11	*Equity positions under the simple risk weight approach*			
12	*Equity investments in funds - look -through approach*	14.7		1.2
13	*Equity investments in funds - mandate-based approach*			
14	Equity investments in funds - fall-back approach			
14a	*Equity investments in funds - simplified approach*			
15	*Settlement risks*	0.5	0.8	0.0
16	Securitisation exposures in banking book			
17	*Of which internal ratings-based approach (SEC-IRBA)*			
18	*Of which external ratings-based approach (SEC-ERBA), including internal assessment approach (IAA)*			
19	*Of which standardised approach (SEC-SA)*			
20	Market risk	786.1	977.5	62.9
21	Of which standardised approach	786.1	977.5	62.9
23	Capital charge for switch between trading book and banking book			
24	Operational risk	1,978.0	1,978.0	158.2
25	Amounts below the thresholds for deduction (subject to 250% risk weight)			
26	Floor adjustment			
27	**Total (1+6+10+11+12+13+14+14a+15+16+20+23+24+25+26)**	**9,954.9**	**9,918.8**	**796.4**

[2] FINMA Circular 2016/1 Table OV1

4. Liquidity Risk

EFG International 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 EFG International's own cash flow needs within all of its business entities.

EFG International has a liquidity risk management process in place that includes contingency funding plans, and stress tests that are undertaken to highlight EFG International's liquidity profile in adverse conditions, analysing also intraday liquidity stress scenarios.

The liquidity excess is quite typical for EFG International's private banking activity.

As a result, liquidity risks are limited.

Financial assets are constantly monitored, and a significant portion of safe and highly liquid assets is maintained. Cash and balances with central banks represent 21% of total assets, to which additional 11% derive from high-quality liquid securities.

At the end of June 2021, EFG International is well positioned with a liquidity coverage ratio of 202%.

Liquidity risk management process

EFG International's liquidity risk management process is carried out by the Asset & Liability Management Committee and monitored by the Financial Risk Committee, in accordance with the principles and the risk appetite defined in the liquidity risk policy, which defines the organisational structure, responsibilities, limit systems and maximum acceptable risk set by the Board of Directors. The operative management is undertaken by Treasury. The liquidity risk management 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 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 funding

EFG International aims to avoid concentrations of its funding facilities. It observes its current liquidity situation and determines the pricing of its assets and credit business through the liquidity transfer pricing model. The liquidity risk management process also includes EFG International's contingency funding plans. The contingency measures include, among other actions, the activation of repo transactions with prime counterparties, the liquidation of marketable securities and/or drawdowns on lines of credit (liquidity shortage financing) with the Swiss National Bank.

EFG International complies with all regulatory requirements.

Funding approach

Overall, EFG International, through its business units, enjoys a favourable funding base with stable and diversified customer deposits, which provide the vast majority of EFG International'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.

EFG International 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 EFG International'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's overall committed level of risk appetite. Sources of liquidity are regularly assessed in terms of diversification by currency, geography, provider, term and product.

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

- Monitoring of compliance with asset and liability management (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

EFG International'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 allows to credit providers of funds for the benefit of liquidity and to charge 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.

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 is 100% in 2021.

Note that the FINMA require disclosure of the average quarterly LCR (see section 7.1) that reflects the average of ratio throughout the reporting periods. The table below summarises the LCR at 30 June 2021.

CHF millions	30 June 2021 Weighted values	31 December 2020 Weighted values
Total high-quality liquid assets (HQLA)	13,382.5	12,111.9
Total cash outflows	10,808.1	10,408.5
Total cash inflows	4,175.9	3,971.8
Total net cash outflows	6,632.2	6,436.7
Liquidity coverage ratio (in %)	**202%**	**188%**

The LCR for the Group has increased to 202 % as at 30 June 2021 in comparison to the 188 % reported as at 31 December 2020. The main driver to this increase has been a decrease in total net cash outflows of CHF 233 mm.

The Bank's SNB account makes up 28% and Bank of England represent 16% of total 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 83% 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 81% of potential cash inflows. The remaining cash inflows primarily come from derivatives maturing within 30 days. The LCR in Swiss francs is 309%, 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 2021 CHF millions	31 December 2020 CHF millions
Total RWA: Swiss GAAP	**9,954.9**	**9,918.8**
Difference between FINMA and BIS rules	(557.0)	(534.6)
IFRS 9 impacts	(34.3)	(40.8)
Other financial assets not recognised under Swiss GAAP	114.2	110.4
Total RWA: IFRS	**9,477.8**	**9,453.8**
Total Regulatory Capital: Swiss GAAP	**2,209.5**	**1,969.4**
Common Equity Tier 1 (CET1) Capital adjustments	(108.0)	(347.1)
Tier 2 (T2) adjustments	17.2	10.5
Total Regulatory Capital: IFRS	**2,118.7**	**1,632.8**
The main variances in CET1 above relate to the following:		
– IAS 19 Pension (net of tax)	(17.9)	(95.5)
– Investment securities valuation differences	(79.9)	(234.4)
– Other	(10.2)	(17.2)
Total CET1 adjustments	**(108.0)**	**(347.1)**
IFRS Common Equity Tier 1 Ratio	**16.4%**	**13.4%**
IFRS Total Eligible Capital Ratio	**22.4%**	**17.3%**

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 2021, 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 any actuarial pension liability calculated based on short term interest rates 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 17.9 million is recognised on the balance sheet.
- valuation differences : financial instruments are valued on an amortised cost basis under Swiss ARB, while valued at fair value under IFRS. As a result, CHF 79.9 million difference arises from the following categories:
  - Swiss ARB value for life insurance insurance related assets is CHF 171.7 million higher than under IFRS, offset by
  - Swiss ARB values being lower for equity instruments by CHF 76.1 million, and
  - Swiss ARB values being lower for debt instruments by CHF 15.7 million.

6. Leverage ratio

The leverage ratio at 30 June 2021 is 4.5% compared to the regulatory requirement of 3.0%

The denominator of the ratio is effectively the Tier 1 capital of CHF 2,026.9 million divided by the Total Exposure of CHF 44.9 billion. 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[3]

	CHF millions	30 June 2021 Unweighted values[1]	30 June 2021 Weighted values[1]	31 March 2021 Unweighted values[1]	31 March 2021 Weighted values[1]	31 December 2020 Unweighted values[1]	31 December 2020 Weighted values[1]
1	**Total high-quality liquid assets (HQLA)**	**12,993.1**	**12,833.9**	**12,383.6**	**12,252.3**	**12,356.6**	**12,222.7**
B.	**Cash outflows**						
2	Retail deposits	15,672.6	1,861.4	15,806.0	1,826.1	15,402.1	1,783.0
3	*of which, stable deposits*						
4	*of which, less stable deposits*	15,672.6	1,861.4	15,806.0	1,826.1	15,402.1	1,783.0
5	*Unsecured wholesale funding*	16,981.1	7,211.7	16,536.0	7,047.1	16,623.8	7,083.8
6	*of which, operational deposits (all counterparties) and deposits in networks of cooperative banks*						
7	*of which, non-operational deposits (all counterparties)*	16,863.1	7,093.6	16,535.5	7,046.6	16,623.1	7,083.1
8	*of which, unsecured debt*	117.7	117.7	0.5	0.5	0.7	0.7
9	*Secured wholesale funding and collateral swaps*	342.9	342.9	328.5	328.5	277.3	277.3
10	*Other outflows Additional requirements*	1,180.1	916.1	1,182.3	916.6	1,286.8	925.7
11	*of which, outflows related to derivative exposures and other transactions*	1,026.9	883.6	1,076.6	884.0	1,201.5	901.0
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*						
13	*of which, outflows related to committed credit and liquidity facilities*	62.8	14.0	102.8	31.4	83.6	24.1
14	*Other contractual funding obligations*	1.9		3.5		6.5	
15	*Other contingent funding obligations*	15,824.4	310.2	1,169.6	570.0	1,271.2	912.1
16	**Total cash outflows**	**50,003.0**	**10,642.3**	**35,025.8**	**10,688.3**	**34,867.7**	**10,981.9**
C.	**Cash inflows**						
17	Secured lending (e.g. reverse repos)	–	–	7.4	7.4		
18	Inflows from fully performing exposures	5,417.0	3,916.2	5,196.6	3,813.6	4,868.5	3,520.6
19	Other cash inflows	575.8	305.5	513.8	282.3	371.5	318.1
20	**Total cash inflows**	**5,992.8**	**4,221.7**	**5,717.9**	**4,103.4**	**5,240.0**	**3,838.7**
21	**Total high-quality liquid assets (HQLA)**		**12,833.9**		**12,252.3**		**12,222.7**
22	**Total net cash outflows**		**6,420.6**		**6,584.9**		**7,143.2**
23	Liquidity coverage ratio (in %)		200%		186%		171%

1 Monthly averages

[3] FINMA Circular 2016/1 Table LIQ1

7.2 Regulatory capital instruments

The below table summarises the Tier 1 and Tier 2 capital instruments and their key features[4].

		30 June 2021			
		Ordinary Shares	Bons de Participation	Additional Tier I	Tier 2
1	Issuer	EFG International AG	Banque de Luxembourg (on a fiduciary basis)	EFG International AG	EFG International (Guernsey) Limited. Guaranteed by EFG International AG
2	Unique identifier	CH0022268228	XS0204324890	CH0593093229	XS1591573180
3	Governing law of the instrument	Zurich, Switzerland / Swiss law	Luxembourg / Laws of the Grand Duchy of Luxembourg	Zurich, Switzerland / Swiss law	Zurich, Switzerland / Swiss law
	Regulatory treatment				
5	Under post-transitional Basel III rules (CET1/AT1/T2)	Common equity tier 1	Additional tier 1	Additional tier 1	Tier 2
6	Eligible at single-entity, group/single-entity and group levels	Group	Group	Group	Group
7	*Equity securities/debt securities/hybrid instruments/other instruments*	*Equity securities*	*Subordinated debt*	*Subordinated debt*	*Subordinated debt*
8	Amount recognised in regulatory capital (CHF millions)	150.0	14.6	369.6	182.6
9	Par value of instrument	CHF 0.50	EUR 1000	USD 1000	USD 1000
10	Accounting classification (Swiss ARB)	Equity	Equity	Liability	Liability
11	Original date of issuance	12.10.2005	10.11.2004	21.01.2021	05.04.2017
12	*Perpetual or dated*	*Perpetual*	*Perpetual*	*Perpetual*	*Dated*
13	*Original maturity date*	*N/A*	*N/A*	*N/A*	*05.04.2027*
14	Issuer call (subject to prior approval from supervisory authority)	No	Yes	Yes	Yes
15	*Optional call date/contingent call dates/redemption amount*	*N/A*	*30.04.2010*	*25.07.2027 - 25.01.2028*	*05.04.2022*
16	*Subsequent call dates, if applicable*		*Every Dividend Payment Date following 30.04.2010 at par*	*Every interest payment date after 25.01.2028; callable upon Tax Event or Regulatory Event*	*No regular subsequent call date; callable upon Tax Event or Capital Event only*

[4] FINMA Circular 2016/1 Table CCA

		30 June 2021			
		Ordinary Shares	**Bons de Participation**	**Additional Tier I**	**Tier 2**
	Coupons / dividends				
17	Fixed/floating rate/initially fixed and subsequently floating rate/initially floating rate and subsequently fixed	Variable	Variable	Fixed	Fixed
18	Coupon rate and any related index		EUR 10year swap + 0.25%, capped at 8%	5.5% up to 25 January 2028 then CMT rate + 4.659%	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	Yes	Yes	No
20	Coupon payment/dividends: fully discretionary/partially discretionary/mandatory	Fully discretionary	Fully discretionary	Fully discretionary	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
30	Write-down feature	No	No	Yes	Yes
31	*Write-down trigger(s)*			*High trigger (7% CET1 Ratio); Viability Event (FINMA, Public Support)*	*Viability Event (FINMA, Public Support)*
32	*Full/partial*			*Partial*	*Full write down*
33	*Permanent or temporary*			*Permanent*	*Permanent*
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Additional Tier 1 capital	Additional Tier 1 capital	Tier 2 capital	Senior debt
36	Features that prevent full recognition under Basel III	No	No	No	No
37	*If yes, specify non-compliant features*				

7.3 Detailed regulatory capital calculation[5]

	CHF millions	30 June 2021 Net amounts (after consideration of the transitional provisions)	Reference
	Common Equity Tier 1 (CET1)		
1	Issued fully paid-up capital, fully eligible	150.0	d
2	Retained earnings	(196.1)	
3	Capital reserves	1,875.7	
5	Minority interests	43.7	e
6	**Common Equity Tier 1 (CET1) before adjustments**	**1,873.3**	
	Adjustments referring to Common Equity Tier 1		
8	Goodwill (net of related tax liability)	(35.9)	a
9	Other intangibles other than mortgage servicing rights (net of related tax liability)		b
10	Deferred tax assets that rely on future profitability	(77.0)	c
26b	Other deductions	(117.7)	
28	**Total regulatory adjustments to CET1**	**(230.6)**	
29	**Common Equity Tier 1 capital (net CET1)**	**1,642.7**	
	Additional Tier 1 Capital (AT1)		
30	Issued and paid in instruments, fully eligible	384.2	
31	*of which: classified as equity under applicable accounting standards*	*14.6*	
32	*of which: classified as liabilities under applicable accounting standards*	*369.6*	
44	**Additional Tier 1 capital (net AT1)**	**384.2**	
45	**Tier 1 Capital (T1 = CET1 + AT1)**	**2,026.9**	
	Eligible Tier 2 capital (T2)		
46	Issued and paid in instruments, fully eligible	182.6	
58	**Tier 2 capital (net T2)**	**182.6**	
59	**Regulatory capital (net T1 & T2)**	**2,209.5**	

[5] FINMA Circular 2018/1 Table CC1

8. FINMA requirements table

The FINMA requirements are covered in this report by reference to the following tables and sections:

FINMA table number	Description	EFG section reference
KM1	Basic regulatory key figures	Section 2
CC2	Reconciliation of regulatory capital to balance sheet	Not required
CC1	Composition of regulatory capital	Not required
CCyB1	Geographic separation of exposures for the extended countercyclical buffer accordong to the Basel Minimum Standards	Not required
PV1	Prudential value adjustements	Not required
OVA	Bank risk management approach	Not required
OV1	Overview of risk-weighted assets	Section 3
LI1	Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories	Not required
LI2	Main sources of differences between regulatory exposure amounts and carrying values in financial statements	Not required
LIA	Explanations of differences between accounting and regulatory exposure amounts	Not required
CRA	Credit risk: general information	Not required
CR1	Credit risk: credit quality of assets	Not required
CR2	Credit risk: changes in stock of defaulted loans and debt securities	Not required
CRB	Credit risk: additional disclosure related to the credit quality of assets	Not required
CRC	Credit risk: qualitative disclosure requirements related to mitigation techniques	Not required
CR3	Credit risk: overview of mitigation techniques	Not required
CRD	Credit risk: qualitative disclosures of banks' use of external credit ratings under the standardised approach	Not required
CR4	Credit risk: exposure and credit risk mitigation (CRM) effects under the standardised approach	Not required
CR5	Credit risk: exposures by exposure category and risk weights under the standardised approach	Not required
CRE	IRB: qualitative disclosures related to IRB models	Not required
CR6	IRB: credit risk exposures by portfolio and PD range	Not required
CR7	IRB: effect on RWA of credit derivatives used as CRM techniques	Not required
CR8	IRB: RWA flow statements of credit risk exposures	Not required
CR9	IRB: backtesting of probability of default (PD) per portfolio	Not required
CR10	IRB: specialised lending and equities under the simple risk weight method	Not required
CCRA	Counterparty credit risk: qualitative disclosure	Not required
CCR1	Counterparty credit risk: analysis by approach	Not required
CCR2	Counterparty credit risk: credit valuation adjustment (CVA) capital charge	Not required
CCR3	Counterparty credit risk: standardised approach to CCR exposures by exposure category and risk weights	Not required
CCR4	IRB: CCR exposures by exposure category and PD scale	Not required
CCR5	Counterparty credit risk: composition of collateral for CCR exposure	Not required
CCR6	Counterparty credit risk: credit derivatives exposures	Not required
CCR7	Counterparty credit risk: RWA flow statements of CCR exposures under the IMM (EPE model method)	Not required
CCR8	Counterparty credit risk: exposures to central counterparties	Not required
SECA	Securitisations: qualitative disclosure requirements related to securitisation exposures	Not required
SEC1	Securitisation: exposures in the banking book	Not required

FINMA table number	Description	EFG section reference
SEC2	Securitisations: exposures in the trading book	Not required
SEC3	Securitisations: exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as sponsor	Not required
SEC4	Securitisation: exposures in the banking book and associated capital requirements – bank acting as investor	Not required
MRA	Market risk: general information	Not required
MRB	Market risk: qualitative disclosures for banks using the Internal Models Approach (IMA)	Not required
MR1	Market risk: minimum capital requirements under standardised approach	Not required
MR2	Market risk: RWA flow statements of market risk exposures under an IMA	Not required
MR3	Market risk: IMA values for trading portfolios	Not required
MR4	Market risk: comparison of VaR estimates with gains/losses	Not required
ORA	Qualitative disclosure requirements related to operational risks	Not required
IRRBB	Interest rate risk in the banking book	Not required
IRRBBA1	Interest rate risk: quantitative information on the exposure's structure and interest rate fixing date	Not required
IRRBB1	Interest rate risk: quantitative information on the exposure's net present value and interest rate income	Not required
IRRBBA	Interest rate risk: Objectives and guidelines for the management of interest rate risk in the banking book	Not required
CCA	Presentation of material features of regulatory capital instruments	Section 7.2
LR1	Leverage ratio: comparison of accounting assets versus leverage ratio exposure measure	Not required
LR2	Leverage ratio: detailed presentation	Not required
LIQ1	Information about the liquidity coverage ratio	Section 7.1

9. 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
EBA	European Banking Authority
EVE	Economic value of equity
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
ICAAP	Internal capital adequacy assessment program
ICS	Internal control system
IRRBB	Interest rate risk in the banking book
ISDA	International Swaps and Derivatives Association
LCR	Liquidity coverage ratio
NII	Net interest income
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