

This Programme is dated as of 8 June 2016



EFG INTERNATIONAL FINANCE (GUERNSEY) LTD
(incorporated in Guernsey)

Derivative Programme

optionally guaranteed by

EFG INTERNATIONAL AG
(incorporated in Switzerland)

or

EFG INTERNATIONAL AG
(incorporated in Switzerland)

with

EFG BANK AG
(incorporated in Switzerland)
as Payment Undertaking Obligor

or

EFG BANK AG
(incorporated in Switzerland)

Under the terms of its Derivative Programme (the "**Programme**") EFG International Finance (Guernsey) Ltd (the "**Issuer**" or "**EFGIF LTD**") may issue structured products and warrants in securitized or uncertificated form (the "**Products**").

The Products may include, but not be limited to, warrants (the "**Warrants**") and structured products (the "**Structured Products**"). The Structured Products may include certificates (the "**Certificates**"), notes (the "**Notes**"), reverse convertibles (the "**Reverse Convertibles**") or any other form of structured products based on any kind of (or several) underlying(s), including but not limited to shares, depositary receipts, indices, currencies, interest rates, commodities and baskets thereof or a combination thereof.

The Products will be issued based on (i) the information set out in this Programme, including the General Terms and Conditions (the "**General Terms and Conditions**"), as amended, and on (ii) the relevant final termsheet of each Product (the "**Final Termsheet**"), together they form the product documentation (including the Guarantees (as defined below) "**Product Documentation**"). The Programme and the relevant Final Termsheet shall form the entire documentation for each Product and should always be read in conjunction with each other. In case of inconsistencies between the General Terms and Conditions and the Final Termsheet, the Final Termsheet shall prevail.

All Products of the Issuer that are listed on the SIX Swiss Exchange are guaranteed by either EFG International AG ("**EFGI**") or EFG Bank AG ("**EFG Bank**"), as specified in the Final Termsheet (each a "**Guarantor**"). Products of EFGIF LTD that are not listed on the SIX Swiss Exchange are only guaranteed if the Final Termsheet expressly indicates such Guarantor. Unless indicated otherwise, the term "**Guarantor**" is used interchangeably for EFGI and EFG Bank. In addition, EFG BANK may, where specified in the Final Termsheet, act as Payment Undertaking Obligor for any of the Products guaranteed by EFGI (EFG Bank's obligations as Payment Undertaker, together with the Guarantors obligations under the guarantees described above, the "**Guarantees**").

Potential Investors (as defined in section "Risk Factors" hereafter) should ensure that they understand the nature of the relevant Products and the extent of their exposure to risks and they should consider the suitability of the relevant Products as an investment in the light of their own circumstances and financial condition. Products involve a high degree of risk, including the risk of expiring worthless. Potential Investors should be prepared in certain circumstances to sustain a total loss of the capital invested. See section "Risk Factors" herein and any additional risk factors as set out in the relevant Final Termsheet.

Lead Manager
Leonteq Securities AG

The SIX Swiss Exchange (the "**SIX Swiss Exchange**" or "**SIX**") has approved this Programme as of 8 June 2016 as an issuance programme pursuant to Article 22 of the SIX Additional Rules for the Listing of Derivatives for the purpose of giving certain information with regard to the Issuer, the Guarantor, the General Terms and Conditions applying to the Products and certain other details in connection with the issuance of Products under the Programme. Where Products are listed, this Programme, as amended or supplemented, together with the relevant Final Termsheet comprises the listing prospectus pursuant to Article 21(3) of the SIX Additional Rules for the Listing of Derivatives.

No person is authorized to give any information or to make any representation not contained in or not consistent with this Programme, an applicable Final Termsheet or any other information supplied in connection with the Programme. Potential Investors should not rely upon information or representations that have not been given or confirmed by the relevant Issuer, Guarantor, Lead Manager or Calculation Agent (as defined in the applicable Final Termsheet).

The Issuer, the Guarantor, the Lead Manager or any of their affiliates may hold, retain, buy or sell the Underlying (as defined in the General Terms and Conditions). They further may hold, retain, buy or sell the Products of each issue and/or enter into transactions relating thereto or derived therefrom, in such amounts, with such purchasers and/or counterparties and at such prices (including at different prices) and on such terms as any such entity may determine, be as part of its business and/or any hedging transactions as described in this Programme or for any other reason. There is no obligation upon the Issuer and/or the Lead Manager to sell all of the Products of any issue. The Products of any issue may be offered or sold in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer and/or the Lead Manager, as the case may be, subject as provided above.

Neither this Programme nor any other information supplied in connection with the Programme (i) is to be used as the basis of any credit assessment or other evaluation or (ii) is to be considered as a recommendation by the Issuer, the Guarantor, the Lead Manager or the Calculation Agent that any recipient of this Programme (or any other information supplied in connection with the Programme) should purchase any Products. Each Potential Investor contemplating purchasing any Products should make his or her own independent enquiries regarding the financial condition and business development of the Issuers and Guarantor, and his or her own appraisal of their creditworthiness. Potential Investors should review, inter alia, the most recently published annual report and financial results of the Issuer and the Guarantor when deciding whether to purchase any Products.

Neither this Programme nor any other information supplied in connection with the Programme constitutes an offer or an invitation by or on behalf of the Issuer, the Guarantor, the Lead Manager or any person to subscribe for or to purchase any Products. The delivery of this Programme does not at any time imply that the information contained herein concerning the Issuer and/or the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Lead Manager does not undertake to review the financial condition or course of business of the Issuer and/or the Guarantor during the life of the Programme.

The offering or sale of the Products in certain jurisdictions may be restricted by law. Persons who obtain possession of the Product Documentation are required to inform themselves about and to adhere to any such restrictions as set out in more detail in the relevant Final Termsheet. The Product Documentation does not constitute, and may not be used for the purposes of, an offer or solicitation to subscribe for or to purchase any Product in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. Accordingly the Product Documentation should not be used by anyone for this purpose.

The Products are derivative financial instruments which do not qualify as units of a collective investment scheme according to the relevant provisions of the Swiss Federal Act on Collective Investment Schemes ("CISA"), as amended, and are not registered thereunder. Therefore, the Products are neither governed by the CISA nor supervised by the Swiss Financial Market Supervisory Authority ("FINMA"). Accordingly, Investors do not have the benefit of the specific Investor protection provided under the CISA.

Unless specified otherwise, Investors are exposed to the credit risk of the Issuer and the Guarantor of the Products. The Products constitute unsubordinated and unsecured obligations of the Issuer and/or the Guarantor and rank *pari passu* with each and all other current and future unsubordinated and unsecured obligations of the Issuer and/or the Guarantor. The insolvency of each of the Issuer and the Guarantor may lead to a partial or total loss of the invested capital.

Collateralization, as further described in section "Collateral Secured Instruments (COSI)" herein, eliminates the credit risk of the Issuer only to the extent that the proceeds from the liquidation of collateral upon occurrence of a Liquidation Event (less the costs of liquidation and payout) meet the Investors' claims. The Investor bears the following risk, among others: the market risk associated with the collateral results in insufficient liquidation proceeds or, in extreme circumstances, the collateral might lose its value entirely prior to the liquidation can take place. The costs for the COSI service provided by SIX Swiss Exchange with respect to the collateralization of the Products may be taken into account for the pricing of a specific Product and may therefore be borne by the Investors. With regard to the payment of the pro-rata share of the net liquidation proceeds the Investor shall bear the solvency risks of SIX Swiss Exchange and the financial intermediaries along the payout chain. The payment to the Investors may be delayed for factual or legal reasons. To the extent the calculation of the current value of Products proves to be incorrect, the collateralization of the Products may be insufficient.

During the term of the Products, the Product Documentation can be ordered free of charge from the Lead Manager at Brandschenkestrasse 90, Postfach 1686, 8027 Zurich, Switzerland, via telephone +41 58 800 1000, fax +41 58 800 1010 or via e-mail termsheet@leonteq.com.

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I. RISK FACTORS

Certain capitalized terms used in this section are defined in the General Terms and Conditions and/or the relevant Final Termsheet.

An investment in the Products involves certain risks. If one or more of the risks described below occur, potential investors in the Products (the "**Potential Investors**") may incur a partial or even a total loss of their invested capital. Potential Investors should consider the following factors prior to investing in the Products.

Investment decisions should **not** be made solely on the basis of the risk warnings set out in the Product Documentation, since such information cannot serve as a substitute for individual advice and information which is tailored to the requirements, objectives, experience, knowledge and circumstances of each Investor.

Unless indicated otherwise, the references in this section to "**EFGI**" refer to EFG International AG. On 22 February 2016, the EFGI Group announced EFGI's agreement to acquire all of the share capital of BSI Holdings AG ("**BSI Holdings**") from Banco BTG Pactual and its indirect subsidiary, BTGP-BSI Limited (the "**Acquisition**"). For more details, see and references "VI. EFG INTERNATIONAL AG". Because, following completion of the Acquisition, BSI Holdings and its subsidiaries will be a substantial part of the enlarged EFGI Group, this section also includes risk factors with respect to BSI. References to "**BSI**" are references to BSI SA, Lugano, including its parent company BSI Holdings AG, Zurich, and its consolidated subsidiaries. References to the "**EFGI Group, EFGI Group's**" and similar terms refer to, as the context requires, EFGI and its subsidiaries, including EFG Bank, and including, unless the context requires otherwise, upon completion of the Acquisition, BSI and its subsidiaries. References to "**BSI Matters**" refer to the matters set out in section "LEGAL, ADMINISTRATIVE AND REGULATORY PROCEEDINGS REGARDING BSI" of "VI. EFG INTERNATIONAL AG".

1. GENERAL RISK FACTORS

1.1 Advice from your Principal Bank

This information is not intended to replace the advice Potential Investors should always obtain from their respective principal bank or any other financial advisor before making an investment decision with regards to the Products. Only Potential Investors who are fully aware of the risks associated with investing in the Products and who are financially able to bear any losses that may arise, should consider engaging in transactions of this type.

1.2 Buying Products on Credit

Potential Investors financing the purchase of Products with loans should note that, should their expectations fail to materialize, they would not only have to bear the loss resulting from the investment in the Products, but also have to pay interest on the loan as well as repay the principal amount. It is therefore imperative that Potential Investors verify their financial resources in advance in order to determine whether they would be able to pay the interest and repay the loan at short notice should they incur losses instead of realizing the anticipated profit.

1.3 Independent Review and Advice

Prior to entering into a transaction, Potential Investors should consult their own legal, regulatory, tax, financial and accounting advisors, as far as they consider necessary, and make their own investment, hedging, and trading decisions (including decisions regarding the suitability of an investment in the Products) based upon their own independent review and assessment and advice taken from those advisers they consider necessary.

Furthermore, Potential Investors should conduct such independent investigation and analysis regarding the Issuer and all other relevant persons or entities and such market and economic factors as they deem appropriate to evaluate the merits and risks of the investment in the Products. As part of such independent investigation and analysis, Potential Investors should consider carefully all the information set forth in the Product Documentation. Investment in the Products may involve a loss of the capital invested by virtue of the terms and conditions of the Products even where there is no default or insolvency of the Issuer and/or Guarantor. Potential Investors will at all times be solely responsible for making their own independent appraisal of, and investigation into, the business, financial condition, prospects and creditworthiness, status, and course of business of the Issuer and the Guarantor, respectively. None of the Issuer, the Guarantor, the Lead Manager, the Paying Agent, the Calculation Agent or any other agent or affiliate of the aforementioned (or any person or entity on their behalf) will have responsibility or duty to make investigations, to review matters or to provide the Potential Investors with advice in relation to accompanying risks.

1.4 Investor Suitability

The purchase of the Products involves substantial risks. Potential Investors should be familiar with financial instruments having the characteristics of the Products and should fully understand the terms and conditions set out in the Product Documentation and the nature and extent of their exposure to risk of loss.

In addition, Potential Investors must evaluate, based on their own independent review and any legal, business, tax and other advice as they deem necessary under the circumstances, that the acquisition of the Products (i) is fully consistent with their financial needs, objectives, and conditions, (ii) complies and is fully consistent with all corporate law documents, investment policies, guidelines, authorisations and restrictions (including in terms of their capacity) applicable to them, (iii) has been duly approved in accordance with all applicable laws and procedures and (iv) is an adequate, reasonable and suitable investment for them.

1.5 Changes in Tax Law and Tax Call

The tax considerations contained in the Product Documentation reflect the view of the Issuer based on the legislation applicable at the date of the issuance of the Product Documentation. It cannot, however, be ruled out that the tax treatment by the tax authorities and courts could be interpreted differently or could be subject to changes in the future. Additionally, the tax considerations contained herein may not be used as the sole basis for the decision to invest in the Products from a tax perspective, since the individual situation of each Potential Investor must also be taken into account. Thus, the considerations regarding taxation contained in the Product Documentation do not constitute any sort of material information or tax advice nor are they in any way to be construed as a representation or warranty with respect to specific tax consequences.

In accordance with the General Terms and Conditions, the Issuer may redeem all outstanding Products early, *inter alia*, for tax reasons. Accordingly, Potential Investors should consult their personal tax advisors before making any decision to purchase the Products and must be aware of and be prepared to bear the risk of a potential early redemption due to tax reasons. The Issuer, the Guarantor and/or the Lead Manager and their affiliates do not accept any liability for adverse tax consequences of an investment in the Products.

1.6 Effect of Ancillary Costs

Commissions and other transaction costs incurred in connection with the purchase or sale of Products may result in charges, particularly in combination with a low order value, which can substantially reduce any redemption amount. Before acquiring Products, Potential Investors should therefore inform themselves of all costs incurred with the purchase or sale of the Product, including any costs charged by their custodian bank upon purchase and redemption of the Products.

1.7 No Reliance

The Issuer, the Guarantor and/or the Lead Manager and all of their affiliates, respectively, disclaim any responsibility to advise Potential Investors of the risks and investment considerations associated with the purchase of the Products as they may exist at the date hereof or hereafter.

1.8 Legality of Purchase

The Issuer and/or the Guarantor and/or the Lead Manager respectively their affiliates have no and assume no responsibility for (i) the lawfulness of the acquisition of the Products by Potential Investors or for (ii) the compliance by Potential Investors with any law, regulation or regulatory policy applicable to them.

2. MARKET RISK FACTORS

2.1 General Market Risks

Changes in interest, foreign exchange rates, financial instruments, real estate valuations and increases in volatility can increase credit and market risks and may also affect revenues of Potential Investors.

Concerns about geopolitical developments, oil prices, and natural disasters, among other things, can affect the global financial markets and investor confidence. Also corporate or other incidents may have a significant effect on Investor and investor confidence.

2.2 No Liquidity or lack of Secondary Market in the Products

As the Products might not be listed or traded on any exchange, pricing information regarding the Products may be more difficult to obtain and the liquidity of the Products may be adversely affected. The liquidity of the Products may also be affected by restrictions on the purchase and sale of the Products in some jurisdictions.

The Issuer and/or the Lead Manager or any third party appointed by the Issuer, as applicable, intend, under normal market conditions, to provide bid and offer prices for the Products on a regular basis. However, the Issuer or the Lead Manager, as applicable, make no firm commitment to provide liquidity by means of bid and offer prices for the Products, and assume no legal obligation to quote any such prices or with respect to the level or determination of such prices. **Potential Investors of Products listed on the SIX Swiss**

Exchange should be aware that the SIX Swiss Exchange generally does not require a mandatory market making for Products listed on the SIX Swiss Exchange. Limited exemptions apply to, for example actively managed certificates or COSI Products, as required by the SIX Swiss Exchange regulations. Potential Investors therefore cannot rely on the ability to sell Products at a specific time or at a specific price even if the Products are listed or traded on an exchange. Additionally, the Issuer has the right (but no obligation) to purchase Products at any time and at any price in the open market or by tender or private agreement. Any Products so purchased may be held or resold or surrendered for cancellation.

2.3 Illiquidity of the Underlying(s)

In accordance with the General Terms and Conditions, the Calculation Agent may determine in its sole and duly executed discretion (billiges Ermessen) that an Underlying is illiquid at a relevant time. Underlying Illiquidity might lead to larger bid/offer spreads of the Product, for an extended time period for buying and/or selling the Underlying respectively to acquire, unwind or dispose of the hedging transaction(s) or asset(s) or to realise, recover or remit the proceeds of such hedging transaction(s) or asset(s), as well as to a Modified Redemption Amount, a postponed fixing and/or redemption. Thus, any such determination may have an adverse effect on the market value of the Products.

2.4 Hedging Activity relating to the Underlying

The Hedging Entity shall execute its trading and hedging activities (including unwind and termination of already executed hedging transaction) on a best efforts basis, taking into account the possibility of unduly affecting the market and consequently to limit its activities related to the Underlying. To minimize the market impact the Hedging Entity is entitled to suspend or to stop entirely its trading activities related to an Underlying.

This market conduct of the Hedging Entity as well as the limitation of its trading or hedging activities related to the Underlying may impact the Product negatively, in particular it may lead to

- an occurrence or non-occurrence of a barrier event;
- an extended bid-ask spread;
- an occurrence of a stop loss event, which can impact the liquidation price negatively, which under extraordinary conditions, can be zero.

Investors should consider that the market conduct of the Hedging Entity respectively the limitations of its trading activities can impact the redemption amount or the liquidation price of the Product negatively.

2.5 Expansion of the Spread between Bid and Offer Prices

In special market situations, where the Issuer and/or the Lead Manager is/are unable to enter into hedging transactions or where such transactions are very difficult to enter into, the spread between the bid and offer prices may be temporarily expanded in order to limit the economic risks of the Issuer and/or the Lead Manager.

2.6 Emerging Markets

Investments in emerging markets should only be made by Potential Investors who have a sound knowledge of these markets, who are well aware of and are able to weigh the diverse risks (inter alia political, social, and economic risks, currency, liquidity and settlement risks, regulatory and legal risks) involved and who have sufficient financial resources to bear the substantial risks associated with such investments.

2.7 Risk Factors associated with Currency Exchange Rates

An investment in the Products may be affected by the exchange rate risk of the relevant currencies in which the Products are denominated and the Underlying is traded or evaluated. For example (i) the Underlying(s) may be denominated in a currency other than that of the Products, (ii) the Products may be denominated in a currency other than the currency of the Investor's home jurisdiction and/or (iii) the Products may be denominated in a currency other than the currency in which an Investor wishes to receive funds.

Currency values may be affected by complex political and economic factors, including governmental action to fix or support the value, regardless of other market forces.

If the Investor's right vested in the Products is determined on the basis of a currency other than the Settlement Currency, or if the value of the Underlying is determined in a currency other than the Settlement Currency, Potential Investors should be aware that investments in these Products could entail risks due to fluctuating exchange rates and that the risk of loss does not depend solely on the performance of the Underlying, but also on unfavourable developments in the value of any currency involved. Investors should be aware that the above mentioned risks may arise during the entire lifetime of the Product if the currency of the product and/or of the underlying will be replaced by a different or a new currency.

2.8 Quanto Feature

If applicable, the quanto feature cancels the currency exposure on the Product payoff on the Redemption Date or the Expiration Date. Hence, on the Redemption Date or Expiration Date, a Product denominated in a currency different from the Underlying's currency, will have a payoff calculated only on the performance of the Underlying. The exchange rate between the two currencies will not be taken into account at such time. During the life of the Product, the non-exposure to currency risk may come at a cost or benefit depending on the difference between the domestic and foreign interest rates and the exchange rates between the currencies.

3. RISK FACTORS RELATING TO THE PRODUCTS

3.1 Risk-hedging Transactions

The ability to eliminate or to restrict the initial risks of the Products arising from their purchase by concluding any hedging transactions during their lifetime depends mainly on the market conditions and the terms of the specific Product. As a consequence, such transactions may be concluded at unfavourable market prices to the effect that corresponding losses may arise.

Potential Investors should therefore not rely on the ability to conclude transactions at any time during the term of the Products that will allow them to offset or limit relevant risks.

3.2 Features of Products related to Currencies, Exchange Rates or Commodities

In case of Products where the Underlyings are currencies, exchange rates or commodities, it should be noted that such Underlyings are traded 24 hours a day through the time zones of Australia, Asia, Europe and America. It is therefore possible that a relevant limit, barrier or threshold pursuant to the relevant Final Termsheet may be reached, exceeded or fallen below outside of the local or Lead Manager's business hours.

3.3 Early Termination and Notice of Products in accordance with General Terms and Conditions 17 and Reinvestment Risk

Following certain events (as defined in General Terms and Conditions 17), the respective Issuer has the right to terminate early the Products issued under this Programme. In the case of such a termination, the Issuer will, if and to the extent permitted by applicable law, pay an amount determined by the Calculation Agent in its duly executed discretion (*billiges Ermessen*), but in accordance with established market practice. This amount is representing the Fair Market Value of such Products immediately prior to such termination (notwithstanding any illegality or impossibility). Instead of paying a cash amount corresponding to the Fair Market Value of a Product, the Issuer may – in its duly executed discretion (*billiges Ermessen*) – deliver the Underlying of such Product.

Investors should be aware that a cash amount corresponding to the Fair Market Value may be less than the initial investment. Where the Issuer delivers the Underlying of a Product, instead of paying the redemption amount, the Investor will not receive a redemption amount. The Investor will therefore be exposed to the risk associated with such Underlying. The Investor should not assume that he or she will be able to sell such Underlying for a specific price after the redemption of the Products, in particular not the same amount paid to purchase the Products. Any early termination of Products pursuant to General Terms and Conditions 17 may, therefore, result in a partial or total loss of the invested capital.

Investors should also be aware that following any early redemption of the Products, they may not be able to reinvest the redemption proceeds or may only be able to do so on more unfavourable terms. Investors should consider reinvestment risk in light of other investments available at that time.

3.4 Market Disruption Events

In accordance with the General Terms and Conditions, the Calculation Agent may determine in its duly executed discretion (*billiges Ermessen*) that a Market Disruption Event has occurred or exists at a relevant time. Any such determination may have an adverse effect on the market value of the Products, which may result in a partial or total loss of the invested capital.

3.5 Other Factors affecting Market Value

The market value of a Product is determined not only by changes in the price of the Underlying but also a number of other factors. Since several risk factors may have simultaneous effects on the Products, the effect of a particular risk factor cannot be predicted. In addition, several risk factors may have a compounding effect which may not be predictable. No assurance can be given with regard to the effect that any combination of risk factors may have on the market value of the Products.

These factors include, *inter alia*, the terms of the specific Product, the frequency and intensity of price fluctuations (volatility) in the Underlying, as well as the prevailing interest rate and the creditworthiness of the Issuer and the Guarantor, which may change during the lifetime of the Product. A decline in the market

value of the Product may therefore occur even if the price or level, as the case may be, of the Underlying remains constant or increases, depending on the product type.

Potential Investors should be aware that an investment in the Products involves a valuation risk with regard to the Underlying. They should have experience with transactions in Products with a value derived from an Underlying. The value of an Underlying may increase or decrease over time by reference to a variety of factors which may include corporate actions, macro-economic factors and speculation. If the Underlying is a basket comprised of various assets, fluctuations in the value of any of the assets may be offset or intensified by fluctuations in the value of other basket components. In addition, the historical performance of an Underlying is not an indication of its future performance. The historical price of an Underlying does not indicate its future performance. Changes in the market price of an Underlying will affect the trading price of the Products, and it is impossible to predict whether the market price of an Underlying will rise or fall.

3.6 Information with regard to the Underlying

Information with regard to the Underlying consists of extracts or summaries of information that is publicly available and that is not necessarily the latest information available. The Issuer accepts responsibility for accurately extracting and summarizing the Underlying information. No further or other responsibility (express or implied) in respect of the Underlying information is accepted by the Issuer. The Issuer makes no representation that the Underlying information, any other publicly available information or any other publicly available documents regarding the Underlying or other item(s) to which the Products relate are accurate, up-to-date, or complete. There can be no assurance that all events occurring prior to the Initial Fixing Date (as defined in the General Terms and Conditions) of the relevant Products that would affect the trading price of the Underlying or other item(s) to which the Products relate (and therefore the trading price and market value of the Products) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure or failure to disclose material future events concerning the Underlying or other item(s) to which the Products relate could affect the trading price and market value of the Products.

3.7 Possible impact of fluctuations in Market Volatility to the Market Value of Products

Market volatility reflects the degree of instability and expected instability of the performance of the equity, debt or commodity market over time. The level of market volatility is not purely a measurement of actual market volatility, but is largely determined by the prices for derivative instruments that offer Potential Investors protection against such market volatility. The prices of these instruments are determined by forces such as actual market volatility, expected market volatility, other economic and financial conditions and trading speculations.

3.8 Risks of Products on a Share or on a Basket of Shares

Neither the Issuer nor any affiliates of the Issuer have performed any investigations or review of any company issuing any share, including any public filings by such companies. Potential Investors should not conclude that the inclusion of the shares is any form of investment recommendation. Consequently, there can be no assurance that all events occurring prior to the relevant Issue Date (as defined in the Final Termsheet), affecting the trading price of the share(s), will have been publicly disclosed. Subsequent disclosure of or failure to disclose material future events concerning a company issuing any Underlying could affect the trading price of the share and therefore the trading price of the Product.

3.9 Risks related to Products linked to indices

In case of Products linked to indices, the redemption amount depends on the performance of the respective Index and thus of the components contained in the respective Index. During the term, the market value of the Products can deviate from the performance of the Index or components contained in the Index since other factors such as the correlation, volatilities, interest level and, for example in the case of performance indices, the reinvestment of any dividend payments relating to the components contained in the Index, may have an impact on the performance of the Products. The Investor can therefore not rely on recovery of the price of the Product. In the case of a price Index as Underlying, Investors should note that dividend payments are in principle not taken into account (whereas in the case of performance indices the calculation of such Index takes into account all dividend payments). Investors therefore should note that they do not participate in any dividend payments with regard to the components contained in the Index.

The Investor bears an additional risk if an Index is calculated and determined at the discretion of the Index Sponsor, the Index Calculation Agent or any other person responsible for determining and calculating the Index as there is no guaranty that such decisions will lead to a positive performance of the Index. The performance of the Index and hence the Product depends, inter alia, on the quality of the Index Sponsor's investment decisions. Investors need to do their own due diligence with respect to the Index Sponsor.

Neither the Issuer, the Guarantor and/or the Lead Manager nor any of their affiliates take any responsibility for the selection of Index components or the success of the intended strategy as long as they are not taking this responsibility explicitly as part of their capacity as Index-Sponsor, Index Calculation Agent or as a person responsible for calculating the Index.

3.10 Risks of Products based on Collective Investment Schemes or Funds or a Basket of Collective Investment Schemes or Funds

Due to possible premiums or fees levied on Collective Investment Schemes or Funds by their management, the performance of a Collective Investment Scheme or Fund might not exactly reflect the performance of its underlying asset. A Potential Investor therefore should be aware that the value of the Products is not solely depending on the value of the Collective Investment Scheme's or Funds' underlying asset, but also on other aspects.

3.11 Risks of Products based on Commodities, a Basket of Commodities or Commodities Indices

Commodities, as defined by the Product Documentation, comprise physical commodities, which need to be stored and transported, and commodity contracts, which are agreements either to buy or sell a set amount of a physical commodity at a predetermined price and delivery date (e.g. future contracts).

The majority of commodities are traded globally on specialized exchanges or directly between market participants (interbank trading) over-the-counter by means of largely standardized contracts. Commodity prices are more volatile than other investment categories and, in particular, commodity markets are less liquid than bond, currency or stock markets. This means that changes in the supply and demand have a larger impact on prices and volatility, making commodities riskier and more complex than other investments.

The factors that influence commodity prices are both numerous and complex. Examples of some typical factors affecting commodities prices are: limited scope for action for commodities on the supply side and differences in regional demand; unfavourable weather conditions, diseases and epidemics; influence of the

overall yield with commodities, e.g. through costs (for example for transport, storage and insurance) in the case of direct investments in commodities; strong speculation; production in emerging markets that often have an unstable political and economic situation, high inflation, increased risk of currency fluctuations as well as political and legal risks and changes in tax rates and customs duties.

The majority of commodities are usually traded in U.S. dollars, therefore Investors may bear an exchange rate risk between the currency in which the commodity is traded and the Settlement Currency of the Product.

The price of a commodity contract (Future) will generally be at a premium or at a discount to the spot price of the relevant physical commodity. This discrepancy is due to factors such as the need to adjust the spot price due to related expenses and different methods being used to evaluate general factors affecting the spot and the futures markets. Products with the physical commodity as Underlying may therefore provide a different return than Products with a commodity contract as Underlying.

Investors should also consider that commodities are traded 24 hours a day as a result of the time zones of Australia, Asia, Europe and America. For this reason it is possible that an event that is material in accordance with the respective Product or a factor relevant to the determination of the right granted by the Product may occur or be determined outside the business hours of the place where the Products are offered and/or traded.

Markets where commodities are traded may become in whole or in part, subject to future additional regulation which could significantly impact the performance of the Issuer's obligations under the Products. Furthermore, arrangements made to hedge the Issuer's obligations under the Products may become invalid in whole or in part. In such a case the Issuer has the right to terminate the Products by providing notice to Investors.

3.12 Investing in the Products does not correspond to a direct investment in the Underlying

Potential Investors should be aware that the market value of the Products may not have a direct relationship with the prevailing price of the Underlying and changes in the prevailing price of the Underlying will not necessarily result in a comparable change in the market value of the Product(s).

The Investors will not have voting rights or rights to receive dividends, interest, or other distributions, as applicable, or any other rights with respect to any Underlying share. The responsibility for registration of any shares delivered to the Investor, where applicable, is borne by the Investor if "Delivery of Underlying" is provided in the relevant Final Termsheet and if the shares are delivered.

3.13 Possible decrease in Underlying Value in case of Delivery of Underlying

To the extent that "Delivery of Underlying" is provided for in the relevant Final Termsheet, Potential Investors should note that any fluctuations in the price of the Underlying between the Expiration Date of the Product and the delivery of the Underlying on the Redemption Date need to be borne by the Investors. Losses in the value of the Underlying can therefore still occur after the corresponding Expiration Date and are to be borne by the Investors.

3.14 Protection Amount

If and to the extent that a capital protection has been declared applicable in the relevant Final Termsheet, the Products will be redeemed at maturity for an amount no less than the specified protection. A capital protection may apply at a level below, at or above the nominal of the Product. The capital protection, if any, will not be due if the Products are redeemed prior to their Redemption Date, upon the occurrence of a Market Disruption Event, or upon a Tax Call, as defined in the General Terms and Conditions. If no capital protection is applicable, the full amount invested by the Investor may be lost. Even if a capital protection applies, the return may be less than the capital protection specified in the Final Termsheet. The payment of the protection amount may be affected by the condition (financial or otherwise) of the Issuer and the Guarantor.

In particular, Investors are exposed to the credit risk of the Issuer and the Guarantor (see 3.5, 3.17, 4.2 and 4.7).

Investors must be willing and prepared to hold their Product until the Expiration Date. The invested amount is protected only if the Investor holds the Product until the Expiration Date. If an Investor sells the Product in the secondary market prior to the Expiration Date, the Investor will not have capital protection on the Product sold.

3.15 Views of the Issuer, the Guarantor and/or the Lead Manager and Research Reports published by the Issuer and/or the Guarantor

The Issuer, the Guarantor and/or the Lead Manager and their affiliates may express views on expected movements in any relevant markets in the ordinary course of their businesses. These views are sometimes communicated to clients who participate in these markets. However, these views, depending upon world-wide economic, political and other developments, may vary over differing time-horizons and are subject to change. Moreover, other professionals who deal in these markets may at any time have significantly different views from the views of the Issuer, the Guarantor and/or the Lead Manager and their affiliates. Investors must derive information about the relevant markets from multiple sources. Investors should investigate these markets and not rely on views which may be expressed by the Issuer, the Guarantor and/or the Lead Manager or their affiliates in the ordinary course of the Issuer's, the Guarantor's and/or the Lead Manager's or their affiliates' businesses with respect to future market movements.

The Issuer, the Guarantor and/or the Lead Manager or one or more of their affiliates may, at present or in the future, publish research reports with respect to movements in equity, commodity or other financial markets generally or in the relevant market's prices specifically. Such research is modified without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the Products. Any of these activities may affect the market value of the Products.

3.16 Products listed on the SIX Swiss Exchange or any other exchanges may be suspended from trading

SIX provides for rules determining admissible underlying instruments for derivatives (including Structured Products). It cannot be excluded that during the lifetime of the Product, the Underlying is suspended from trading or de-listed from SIX or any other applicable exchange for reasons beyond reasonable control of the Issuer and/or Guarantor. In case the Underlying of a Product is suspended from trading or de-listed, this might have material adverse effects on the Product and/or, among other reasons, might also lead to the suspension or de-listing of the Product.

In addition, it cannot be excluded that the Products may be suspended from trading or de-listed from SIX or any other applicable exchange during the lifetime of the respective Product for other reasons.

3.17 No Supervision by the Swiss Financial Market Supervisory Authority (FINMA)

The Products are derivative financial instruments. They do not qualify as units of a collective investment scheme according to the relevant provisions of the Federal Act on Collective Investment Schemes ("CISA"), as amended, and are not registered thereunder. Therefore, the Products are neither governed by the CISA nor supervised by the Swiss Financial Market Supervisory Authority ("FINMA"). Accordingly, the Investor does not have the benefit of the specific Investor protection provided under the CISA. Investors should be aware that they are exposed to the credit risk of the Issuer and the Guarantor.

3.18 Legal regulations concerning dividend equivalent payments

Under Section 1471 through 1474 of the U.S. Internal Revenue Code, as amended and the regulations promulgated thereunder ("FATCA"), the Issuer may, under certain circumstances, be required by FATCA to withhold U.S. tax at a rate of 30 percent on all or a portion of payments of principal and interest on the Products which are treated as "passthru payments" made to foreign financial institutions unless such foreign financial institution payee complies with applicable FATCA reporting requirements. On 12 July 2013, the U.S. Internal Revenue Service issued a notice to change the date from which the withholding tax under FATCA described above shall apply instead of from 1 January 2014, from 1 July 2014 onwards. As a result, Products issued and outstanding as of 30 June 2014 generally should not be subject to this withholding tax, provided that after 30 June 2014, the terms of the Products are not modified in a way that would cause the notes to be treated as reissued for U.S. tax purposes.

If an amount in respect of FATCA withholding tax were to be deducted or withheld from interest, principal or other payments on the Products as a result of a payee's or holder's failure to comply with FATCA, none of the Issuer, any Paying Agent or any other person would, pursuant to the Terms and Conditions, be required to pay additional amounts as a result of the deduction or withholding of such tax.

If an amount in respect of Section 871(m) of the U.S. Tax Code were to be deducted or withheld from interest, principal or other payments on the Products, none of the Issuer, any Paying Agent or any other person would, pursuant to the Terms and Conditions, be required to pay additional amounts as a result of the deduction or withholding of such tax.

3.19 Discounts and Reimbursements by the Issuer and related Conflicts of Interests of Financial Institutions / Remuneration received by the Issuer and/or the Lead Manager from Third Parties

The Issuer and/or the Lead Manager will offer the Products to banks, securities dealers, and other financial intermediaries or institutions (together the "FI"), who buy the Products for purposes of, or with a view to, sell on such Products to their clients. The Issuer and/or the Lead Manager will offer the Products to FI's (i) at a discount of a) up to 2% p.a. to the Issue Price ("**Relevant Fees**"), b) up to 3.5% p.a. to the Issue Price ("**Significant Fees**"), c) more than 3.5% p.a. to the Issue Price ("**Substantial Fees**"), as may be determined in the Final Termsheet, or d) with a fee explicitly specified in the Final Termsheet, or (ii) at the Issue Price but reimbursing an amount of a) up to 2% p.a. of the Issue Price ("**Relevant Fees**"), b) up to 3.5% p.a. of the Issue Price ("**Significant Fees**") or c) more than 3.5% p.a. of the Issue Price ("**Substantial Fees**"), as may be determined in the Final Termsheet, or d) with a fee explicitly specified in the Final Termsheet to the FI, meaning that if and to the extent such discount or reimbursement, on the basis of statutory law, would have

to be forwarded by the FI to the Investor, each Investor hereby takes note and unconditionally waives any right in respect of such discount or reimbursement and accepts that the FI may retain and keep such discount or reimbursement. Further information is available from the Issuer, the Lead Manager and/or the FI.

In addition, for certain services rendered and in order to increase quality and services relating to Products issued by the Issuer, the Issuer and/or the Lead Manager may pay trailer fees to distribution partners. The individual rates will be specified in the Final Termsheet. If and to the extent such trailer fees, on the basis of statutory law, would have to be forwarded by the FI to the Investor, each Investor hereby takes note and unconditionally waives any right in respect of such trailer fees and accepts that the FI may retain and keep such trailer fees.

Potential Investors should be aware that such discounts, reimbursements and trailer fees may, depending on the circumstances, cause potential conflicts of interests at the FI. FI are obliged, however, to implement organizational measures designed to prevent such potential conflicts of interest that may adversely affect the interests of their clients.

The Issuer and/or the Lead Manager may receive remuneration, discounts, and/or soft-commissions (the "**Retrocessions**") in the range of overall up to 2% p.a. of the Issue Price from third parties, in particular from the issuers, managers or lead managers of financial products or indexes that serve as Underlyings. If and to the extent such Retrocessions, on the basis of statutory law, would have to be credited to the Product or forwarded to the Investor, each Investor hereby takes note and unconditionally accepts that the Issuer and/or the Lead Manager will retain and keep such Retrocessions. Potential Investors should be aware that such Retrocessions may cause conflicts of interests to the Issuer and/or the Lead Manager and that there are organizational measures in place to reduce the risk that such conflicts of interest adversely affect the interests of Investors. Further information is available from the Issuer or the Lead Manager.

4. RISK FACTORS RELATING TO THE ISSUER AND/OR THE GUARANTOR AND/OR EFG GROUP AND/OR BSI

4.1 Non-reliance on Financial Information of the Issuer and/or the Guarantor

As a financial services provider, the business activities of the Issuer and/or the Guarantor are affected by the prevailing market situation. Different risk factors can impair the Issuer's and/or the Guarantor's ability to implement business strategies and may have a direct negative impact on earnings. Accordingly, the Issuer's and/or the Guarantor's revenues and earnings are subject to fluctuations. The revenues and earnings figures from a specific period thus, are not evidence of sustainable results. They can change from one year to the next and affect the Issuer's ability to achieve their strategic objectives.

In particular the Issuer's financial situation may also be affected, if it is obliged to fulfil its obligations under the financial guarantee issued in favour of EFG Bank AG. The Issuer has issued an irrevocable financial guarantee to EFG Bank up to the maximum amount of the outstanding cash and term deposits of the Issuer held with EFG Bank in case predefined subsidiaries of EFGI fail to make payments due to EFG Bank. In order to primarily secure the Issuer's obligations under this financial guarantee, certain term deposits are pledged to EFG Bank. At 31 December 2015 the total balance of EFG Bank receivables that were guaranteed under such contract was equal to CHF 801 million. In addition, the Issuer entered into a pledge and assignment agreement dated 19 February 2016 effective for a term ending on 19 February 2017 in favour of EFG Bank, inter alia, pledging assets (including outstanding cash and term deposits) held by or placed at the disposal of EFG Bank up to the amount of USD 85 million as a security for the payment and

performance of all debts and obligations, whether present or future, due or to become due, conditional or unconditional, plus interest, commissions, expenses and all others charges owed to EFG Bank by Transamerica Occidental Life Insurance Company under 13 life insurance policies held by EFG Bank and issued by Transamerica Occidental Life Insurance Company. The Issuer's financial situation and its ability to fulfil its obligations under any products issued by it may be affected if it is obliged to fulfil its obligations under this financial guarantee.

4.2 General Insolvency Risk

Each Investor bears the general risk that the financial situation of the Issuer, the Guarantor and/or EFG Group (as defined in the section "Organisational Chart of EFG Group" herein) could deteriorate.

Unless specified otherwise, Investors are exposed to the credit risk of the Issuer and/or the Guarantor of the Products. The Products constitute unsubordinated and unsecured obligations of the Issuer and/or the Guarantor and rank *pari passu* with each and all other current and future unsubordinated and unsecured obligations of the Issuer and/or the Guarantor. The insolvency of each of the Issuer and the Guarantor may lead to a partial or total loss of the invested capital. The Issuer, Guarantor and the Products are subject to the Swiss bank insolvency rules and FINMA's bank insolvency ordinance, which empowers FINMA as the competent authority to apply certain recovery and resolution measures. If FINMA applies such measures this may have a significant negative impact on the Investor's rights by suspending, modifying and wholly or partially extinguishing obligations under the Products and may lead to a partial or total loss of the invested capital.

Collateralization, as further described in section "Collateral Secured Instruments (COSI)" herein, eliminates the credit risk of the Issuer only to the extent that the proceeds from the liquidation of collateral upon occurrence of a Liquidation Event (less the costs of liquidation and payout) meet the Investors' claims. The Investor bears the following risk, among others: the market risk associated with the collateral results in insufficient liquidation proceeds or, in extreme circumstances, the collateral might lose its value entirely until the liquidation can take place. The costs for the COSI service provided by SIX Swiss Exchange with respect to the collateralization of the Products may be taken into account for the pricing of a specific Product and may therefore be borne by the Investors, as the case may be. Please also refer to section 17. With regard to the payment of the pro-rata share of the net liquidation proceeds the Investor shall bear the solvency risks of SIX Swiss Exchange and the financial intermediaries along the payout chain. The payment to the Investors may be delayed for factual or legal reasons. To the extent the calculation of the current value of Products proves to be incorrect, the collateralization of the Products may be insufficient.

4.3 Liquidity

Liquidity and liquidity management are of critical importance to the Issuer's, the Guarantor's and/ or EFG Group's industry. Liquidity could be affected by the inability to access the long-term or short-term debt, repurchase, or securities lending markets or to enter into credit facilities, whether due to factors specific to the Issuer, the Guarantor and/ or EFG Group or to general market conditions. In addition, the amount and timing of contingent events, such as unfunded commitments and guarantees, could adversely affect cash requirements and liquidity.

4.4 Competitive and Business Environment

All aspects of the Issuer's, the Guarantor's and/or EFG Group's (as defined in the section "Organisational Chart of EFG Group") business are highly competitive. EFG Group's, including the Issuer's and the Guarantor's, competitive ability 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.

4.5 Potential Conflicts of Interest

The Issuer and/or the Guarantor and affiliated companies may participate in transactions related to the Products in some way, for their own account or for account of a client. Such transactions may not serve to benefit the Investors and may have a positive or negative effect on the value of the Underlying and consequently on the market value of the Products. Furthermore, companies affiliated with the Issuer and/or the Guarantor may become counterparties in hedging transactions relating to obligations of the Issuer and/or the Guarantor stemming from the Products. As a result, conflicts of interest can arise between companies affiliated with the Issuer and/or the Guarantor, as well as between these companies and Investors, in relation to obligations regarding the calculation of the price of the Products and other associated determinations. In addition, the Issuer and/or the Guarantor and their affiliates may act in other capacities with regard to the Products, such as Calculation Agent, Paying Agent and/or Index Sponsor.

Furthermore, the Issuer and/or the Guarantor, or affiliated companies of the Issuer and/or the Guarantor, may issue other derivative instruments relating to the respective Underlying; introduction of such competing products may affect the market value of the Products. The Issuer and/or the Guarantor and their respective affiliated companies may receive non-public information relating to the Underlying and neither the Issuer nor the Guarantor nor any of their affiliates undertake to make this information available to Investors. In addition, one or more of the Issuer's and/or the Guarantor's affiliated companies may publish research reports on the Underlying. Such activities could present conflicts of interest and may affect the market value of the Products.

4.6 Significance of Credit Ratings

Access to the unsecured funding markets is dependent on the Guarantor's credit ratings, if existing (as indicated in the Final Termsheet). A reduction in the Issuer's and/or the Guarantor's credit ratings could adversely affect the Issuer's access to liquidity alternatives and its competitive position and could increase the cost of funding or trigger additional collateral requirements.

Guarantor's credit ratings were placed on review for further downgrade to reflect the transformational nature of the Acquisition and execution challenges. It shall be noted that BSI SA's credit ratings are currently below the Guarantor's credit ratings.

Taking into account the different ratings and outlooks provided by certain rating agencies the rating of the Guarantor and/or the EFG Group enlarged by the Acquisition of BSI Holding AG may deteriorate as a result of the Acquisition.

Anticipated or actual upgrades or downgrades in the Issuer's and/or the Guarantor's credit ratings, if any, may have an impact on its creditworthiness and, therefore, the market value of a Product (see 3.5 above).

4.7 Credit Exposure

The credit exposure represents the possibility that a counterparty will be unable to attend to its contractual obligations. Although the Issuer, the Guarantor and/or EFG Group actively manage credit exposure on a daily basis as part of their/its risk management frameworks a counterparty default risk may arise from unforeseen events or circumstances.

4.8 Operational Risk

Operational risk indicates a risk of loss resulting from inadequate or failed internal or outsourced processes, people, infrastructure and technology, or from external events. The Issuer, the Guarantor and/or EFG Group seek to minimize these risks through an effective internal control environment.

4.9 Legal, Regulatory and Reputational Risks

EFG International AG is regulated by FINMA as a consolidated supervised entity, and as such, it is subject to group-wide supervision and examination by FINMA, and accordingly, subject to minimum capital requirements on a consolidated basis.

EFG Bank AG is supervised by FINMA as a regulated entity and, as such, it is subject to bank-wide supervision and examination by FINMA, and accordingly, EFG Bank AG is subject to minimum capital requirements.

Violation of applicable regulations could result in legal and/or administrative proceedings, which may impose censures, fines, cease-and-desist orders or suspension of a firm, its officers or employees. The supervision of the financial services industry has increased over the past several years, which has led to increased regulatory investigations and litigation against financial services firms.

Legislation and rules adopted both in Switzerland and around the world have imposed substantial new and more stringent regulations, internal practices, capital requirements, procedures and controls and disclosure requirements. This is 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 EFG Group (as such term is defined in section IV hereafter), including the Issuer and/or the Guarantor, to invest in additional resources to ensure compliance.

The trend and scope of increased compliance requirements has increased costs necessary to ensure compliance. The EFG Group's reputation is critical in maintaining the EFG Group's relationships with clients, Investors, regulators and the general public and is a key focus in the EFG Group's risk management efforts.

EFG Group is or may become involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising in connection with the conduct of its business.

4.10 Risks relating to platform partner partnership

The Issuer has entered into certain agreements in connection with its platform partnership with a Service Provider and certain other Group Companies of the Service Provider the ("**platform partnership**").

Because the Issuer depends on services rendered by a Service Provider and Group Companies of the Service Provider under the platform partnership, the Issuer has the right to terminate the Products early upon a Service Provider Default Event.

A Service Provider Default Event will occur if the Service Provider or a Group Company of the Service Provider terminates or is in default of any material obligations under certain material agreements in relation to the platform partnership as more fully described in General Terms and Conditions 17.

Upon a Service Provider Default Event, the Issuer has the right to terminate early the Products issued hereunder. Following such termination the Issuer will, if and to the extent permitted by applicable law, pay an amount determined by the Calculation Agent in its duly executed discretion (*billiges Ermessen*), but in accordance with established market practice, as representing the Fair Market Value of such Products immediately prior to such termination (notwithstanding any illegality or impossibility). Instead of paying a cash amount corresponding to the Fair Market Value of a Product, the Issuer may – in its duly executed discretion – deliver the Underlying of such Product.

Investors of Products should be aware that this cash amount may be less than the purchaser's initial investment and should not assume that he or she will be able to sell such Underlying for a specific price, each of which may result in a partial or total loss of the invested capital. For a description of additional risks in connection with an early redemption of Products (see 3.3).

4.11 Industry risks

EFGI Group and BSI are exposed to risks relating to global economic and market conditions.

As a global private bank, EFGI Group's business and also BSI's business is materially affected by global economic and financial market conditions. Weak macroeconomic conditions, recession and global financial market turmoil and volatility have affected and may continue to affect the EFGI Group's and BSI's businesses, the activity level and behavior of clients, EFGI Group's and BSI's results from operations, financial performance and profitability, shareholders equity and regulatory capital. These external global economic and market factors include unemployment levels, consumer and government spending levels, inflation rates, credit spreads, currency exchange rates, the availability and cost of capital, market indices, investor sentiment and confidence in the financial markets, consumer confidence, the liquidity in financial markets, the level and volatility of equity prices, commodity prices and interest rates and real estate prices. Furthermore, other factors or events may affect global economic conditions, such as a potential exit of countries from the Eurozone, such as Greece, and the United Kingdom from the European Union, a sharp slowdown in the emerging markets, including Brazil and China, and market reactions to interest rate increases or decreases by the United States Federal Reserve.

For example, it is possible that the planned U.K. referendum (to be held on 23 June 2016) results in the United Kingdom exiting the European Union. The implications of such exit are uncertain with respect to the European integration process, the relationship between the United Kingdom and the European Union, and

the impact on economies and businesses. EFGI Group could be adversely impacted by related market developments such as higher market volatility or increased exchange rate movements of the GBP versus CHF, which could for example reduce the value of earnings from its operations in the United Kingdom, as well as reduce the value of the equity invested in the UK subsidiary of EFGI. EFGI Group is also exposed to the risk that an exit of the United Kingdom from the European Union may result in lower housing prices in the United Kingdom, which may adversely affect the credit quality of mortgage loans secured by property in the United Kingdom.

In 2015, unfavorable investment sentiment in emerging markets (particularly in the second half of the year) impacted EFGI Group's operations following volatility in the Brazilian and Chinese markets. Meanwhile, the Russian economy was particularly impacted by ongoing economic sanctions, negative ramifications of a lower oil price on government finances and the weakness of the Russian ruble against the US dollar. These factors combined have had a negative impact on growth in emerging markets. EFGI Group's growth strategy is focused, in particular, on attracting clients and assets under management from emerging markets, including Russia, China, the Middle East, Latin America and South Asia. Instability and weak macroeconomic conditions in these regions is expected to adversely affect wealth creation in these regions and therefore reduce the market for the EFGI Group's products and services.

In addition, the EFGI Group and BSI are affected by the monetary policies adopted by the central banks and regulatory authorities of Switzerland, the Eurozone, the UK, the U.S. and other countries. The actions of the SNB and other central banking authorities directly impact the EFGI Group's and BSI's cost of funds for lending, capital raising and investment activities and may impact the value of financial instruments held and the competitive and operating environment for the financial services industry. Many central banks have implemented significant changes to their monetary policy and may implement further changes. For example, following the decision of the Swiss National Bank in January 2015 to end the three-year CHF 1.20 per euro floor, the Swiss franc immediately appreciated by more than 20% against the euro, which had a material adverse effect on the Swiss franc amounts of the EFGI Group's Revenue Generating AUM and the EFGI Group's operating income. Any changes in monetary policy are beyond the EFGI Group's control and difficult to predict. The EFGI Group also cannot predict whether these changes will have a material adverse effect on EFGI Group and/or BSI's operations. In addition, changes in monetary policy may affect the credit quality of the EFGI Group's and BSI's clients.

An important portion of EFGI Group's revenues is derived from investment advisory contracts with the EFGI Group's clients. The EFGI Group's income from investment advisory services is generated directly from advisory fees and, with respect to nondiscretionary accounts, indirectly from commission fees the EFGI Group charges for performing brokerage, trading or custody services. The fee arrangement for a discretionary managed portfolio is usually a flat-fee arrangement, according to which EFGI Group charges a percentage of Revenue Generating AUM in the portfolio that also includes the advisory fees (although fees may include a performance-related component in some cases). In either case, the revenues associated with investment advisory and ancillary services are typically proportionate to Revenue Generating AUM. If the market value of the EFGI Group's Revenue Generating AUM were to decline as a result of a decline in financial and other markets, changes in foreign exchange rates, or as a result of poor investment performance, or if clients were to withdraw Revenue Generating AUM, the EFGI Group's revenues and profits would likely decline as a result, which could have a material adverse effect on the EFGI Group's financial condition. In terms of revenues generated from the EFGI Group's non-discretionary accounts, the EFGI Group's revenues may also decline in unfavorable market conditions in connection with reduced client trading activity resulting in lower commission fee income. In addition, the EFGI Group maintains positions for its own account ("nostro") in selected areas, primarily relating to fixed income investments. These

investments are susceptible to market volatility and any downturn in global financial markets could lead to lower credit quality and increased credit spreads, which could significantly decrease their value.

Thus, adverse global and financial market conditions or trends could materially and adversely EFGI Group's and BSI's business, financial condition and results of operations and, as a result, the Issuer's and Guarantors' ability to perform their obligations under the Product Documentation.

The EFGI Group and BSI operate in markets that are highly competitive and face an increase in the intensity of competition.

All aspects of the EFGI Group's and BSI's business are highly competitive and the competitive conditions are expected to continue to intensify, also as a result of the globalization, which has the effect of increasing the number of competitors the EFGI Group faces from other jurisdictions and supports the mobility of clients. The EFGI Group and BSI compete with a number of large global commercial banks and other broad-based financial institutions that have the ability to offer a wide range of products internationally, including loans, deposits, securities, investment banking and asset management services, all of which may enhance their competitive position. Generally, they also have substantial financial resources and, accordingly, have the ability to support securities, investment banking and asset management services in an effort to gain market share, which could result in pricing and other competitive pressures on EFGI Group's and BSI's business. The EFGI Group and BSI also compete with established local and regional competitors, including Swiss private banks and private banks based in other local markets in which the EFGI Group operates.

In general, the type and degree of competition depends on the location. In Switzerland, for example, the EFGI Group and BSI primarily compete against a number of well-established Swiss global and private banks with long-standing client relationships. In other markets, such as those in Asia, the EFGI Group faces intense competition from large international banks, including several Swiss global banks, which are seeking to further increase their presence in a growing region. Indeed, many of the EFGI Group's and BSI's competitors form part of larger financial services groups and attract business through numerous avenues which are not available to the EFGI Group and BSI, including retail bank offices, commercial credit lending, and investment banking contacts and relationships. In addition, many of the EFGI Group's and BSI's competitors are systemically important financial institutions that are more likely to benefit from government support in times of crisis. As a result, these competitors may be perceived by clients to provide greater security and stability, which may adversely affect the EFGI Group's and BSI's ability to attract or retain client relationships and Revenue Generating AUM.

The market for Swiss and international private banking is currently fragmented. Meanwhile the cost of doing business has increased substantially as a result of recent financial market reforms and increased regulatory scrutiny. The EFGI Group and BSI believe that these factors combined are driving consolidation in the private banking industry and have resulted in significant changes in the competitive landscape as many institutions and private banks have merged, altered the scope of their business, declared bankruptcy, received government assistance or changed their regulatory status, which affected how they conduct their business. As a result of such industry consolidation and transformation, certain financial institutions may emerge with substantial scope and scale, which could present significant competitive advantages.

Thus, the EFGI Group's and BSI's ability to compete depends on many factors, including investment performance, personal relationships, products, pricing, distribution systems, customer service, reputation, brand recognition and perceived financial strength. The EFGI Group's or BSI's inability to compete

effectively could materially and adversely affect the EFGI Group's or BSI's business, financial condition and results of operations and, as a result, the ability of the Issuer and the Guarantors to perform their obligations under the Product Documentation.

The EFGI Group and BSI have been and could in the future again be materially and adversely affected by the weakness or the perceived weakness of other financial institutions.

The EFGI Group and BSI have been and could in the future again be materially and adversely affected by the weakness or the perceived weakness of other financial institutions. Such weakness or perceived weakness could result in systemic liquidity problems, losses or defaults by the EFGI Group, BSI or other financial institutions and counterparties, and could materially and adversely affect the EFGI Group's or BSI's liquidity and prospects. Within the financial services industry, the default of any one institution could lead to defaults by other institutions, including private banks such as the EFGI Group. This risk is sometimes referred to as systemic risk. In addition, concerns or even rumors about or a default by one institution could lead to significant liquidity problems, losses or defaults by other institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships between institutions. Concerns about defaults by and failures of many financial institutions, particularly those with significant exposure to the Eurozone, continued in 2014 and 2015 and could continue to lead to losses or defaults by financial institutions or financial intermediaries with which the EFGI Group and BSI interact on a daily basis, such as clearing agencies, clearing houses, banks, securities firms and exchanges. Such systemic risk could materially and adversely affect the EFGI Group's or BSI's business, financial condition and results of operations, including EFGI Group's or BSI's ability to raise new funding, and, as a result, the Issuer's and the Guarantors' ability to perform their obligations under the Product Documentation.

Any damage to the EFGI Group's or BSI's reputation could materially and adversely affect the EFGI Group's or BSI's business, financial condition and results of operations.

In the highly competitive environment arising from globalization and convergence in the financial services industry, a reputation for financial strength and integrity is critical to the EFGI Group's and BSI's performance, including with regard to the ability to attract and retain clients and employees, and to the ability to engage and transact with counterparties. The EFGI Group and BSI are exposed to the risk that negative publicity, media reports, press speculation and threatened or actual legal proceedings concerning the EFGI Group's business, employees, clients, external asset managers, business introducers or counterparties may harm the EFGI Group's or BSI's reputation.

In particular, EFGI Group is exposed to legal liability in connection with pending and threatened litigation and regulatory proceedings. Any adverse outcome of such matters as well as any related negative publicity could significantly damage the EFGI Group's reputation. Furthermore, negative publicity or potential or actual legal proceedings may result in greater regulatory scrutiny and influence market perception of the EFGI Group.

In addition, negative publicity could arise, from misconduct by an existing or newly acquired client, which could have a negative impact as a result of allegations that the EFGI Group or BSI do not comply with regulatory requirements or anti-money laundering rules, publicity about politically exposed persons in the EFGI Group's or BSI's client base or a regulator or prosecutor conducting investigations involving the EFGI Group, BSI or the EFGI Group's clients.

Furthermore, the EFGI Group and BSI could suffer harm to their reputation if investments or financial products the EFGI Group or BSI recommend do not perform as expected. The EFGI Group and BSI could also experience negative publicity or become subject to legal proceedings in the event that the EFGI Group and/or BSI are not successful in protecting clients' data or confidential information or in the event of fraud or misconduct committed by employees, agents, external asset managers, business introducers or third-party distributors. Moreover, in the financial services industry, there have been a number of highly publicized cases involving fraud, tax evasion and money laundering, which, if the EFGI Group or BSI were implicated or allegations of implications were made, would impact the EFGI Group's or BSI's reputation and ability to engage with counterparties.

In addition, the EFGI Group's reputation may be impacted by, among other things, BSI's reputation, media reports and speculation regarding BSI's current owners and certain legal and regulatory matters BSI has been involved with in the past and is currently involved in.

Any damage to the EFGI Group's or BSI's reputation or, following the Acquisition, the reputation of the Enlarged Group, could cause existing clients to withdraw their assets and potential clients and/or counterparties to be reluctant to do business with EFGI Group or BSI. Likewise, if media or others speculate negatively about the EFGI Group, BSI or certain of the EFGI Group's or BSI's existing or prospective beneficial owners, this could potentially disrupt the EFGI Group's or BSI's ability to do business with counterparties who give weight to media comment and distract the EFGI Group's or BSI's executive officers from their management responsibilities. For example, BSI suffered significant outflows of Revenue Generating AUM following the negative publicity in connection with the arrest of Mr. André Esteves, the Chairperson and CEO of Banco BTG Pactual, in November 2015 in relation to a corruption investigation in Brazil.

Any of these negative effects could materially and adversely affect the EFGI Group's or BSI's business, financial condition and results of operations and, as a result, the Issuer's and/or the Guarantors' ability to perform their obligations under the Product Documentations.

The EFGI Group may incur losses from market making and proprietary trading activities due to market fluctuations, EFGI Group's market risk mitigating strategies may not be fully effective in mitigating its risk exposure.

Following the Acquisition, the EFGI Group's operations will extend to certain limited market making activities, principally in respect of BSI's existing structured products and proprietary trading activities in foreign exchange and fixed-income products, including related derivatives markets. The EFGI Group will therefore be exposed to losses in the event of adverse market movements (whether up or down) in specific foreign exchange, fixed-income or other products, baskets of securities, indices and the markets generally. The EFGI Group's trading positions may also be adversely affected by the level of volatility in the financial markets (that is, the degree to which prices fluctuate over a particular period) regardless of market levels.

There can be no assurance that future results from market making and proprietary trading will not be materially and adversely different from those experienced by BSI in the past.

In connection with BSI's market making and proprietary trading activities, BSI also attempts to mitigate related market risks by entering into hedging transactions, which may include over-the-counter derivative contracts, the purchase or sale of securities, financial futures, options or forward contracts. Following the Acquisition, if any of the instruments and strategies the EFGI Group uses to hedge the EFGI Group's

exposure to market risks are not effective, the EFGI Group may incur losses. In addition, many of BSI's current strategies are based on historical trading patterns and correlations. However, these strategies may not be fully effective in mitigating risk exposure in all market environments or against all types of risk. Unexpected market developments may in the future also affect a number of hedging strategies. Any of these negative developments could materially and adversely affect EFGI Group's business, financial condition and results of operations.

The EFGI Group and BSI use third parties, including third party asset managers, for certain services and third party financial products, which exposes them to risks if these third parties or third party financial products do not perform as contractually required or expected.

In providing private banking services to clients, the EFGI Group and BSI also depend on third parties for certain services. Although the EFGI Group and BSI engage in due diligence and closely scrutinize such third parties, ultimately the EFGI Group and BSI do not control these third parties and are therefore subject to risk if these third parties do not perform as expected, including as contractually or legally required.

The EFGI Group and BSI also invest in, and may advise clients to invest in, third party investment funds which the EFGI Group and BSI do not control. If third party investment funds in which clients' assets are invested do not deliver expected results or in the case of fraud in respect of such funds, or if financial products distributed do not perform as expected, the EFGI Group's and BSI's reputation, ability to retain clients, financial condition and results of operations may be negatively affected. For example, the EFGI Group is a defendant in a number of proceedings arising from certain exposure to funds that suffered significant losses as a result of the Madoff fraud.

Thus, to the extent that third parties or third party financial products do not perform as contractually required or expected, the EFGI Group and BSI may be subject to the risk of client attrition, legal action, the EFGI Group's and BSI's reputation may suffer and the EFGI Group's businesses may not perform as expected, all of which could materially and adversely affect the EFGI Group's business, financial condition and results of operations and, as a result, the Issuer's and/or the Guarantors' ability to perform their obligations under the Product Documentations.

In connection with the structuring, issuance, hedging, product documentation, life cycle management, market making as well as redemption of structured investment products the EFGI Group relies significantly on Leonteq, which exposes the EFGI Group to risks if Leonteq does not perform as contractually required or expected.

EFGI Group issues structured products and notes through its subsidiary, EFG International Finance (Guernsey) Ltd., with an outstanding market value of CHF 2,759.3 million as of 31 December 2015. In connection with this the EFGI Group has entered into a platform partner agreement (i.e., a white-labeling agreement) with Leonteq to manage the structured notes issuance program and hedge the derivative component of the structured notes. Specifically, Leonteq provides services in connection with the structuring, issuance, hedging, product documentation, life cycle management, market making as well as redemption of the structured investment products. The EFGI Group does not control Leonteq and are exposed to the risk that Leonteq does not perform its services as contractually agreed. Operational or other errors by Leonteq may adversely affect the EFGI Group's reputation and may cause losses, which the EFGI Group may be unable to claim from Leonteq. In addition, should Leonteq default on its obligations, the EFGI Group would be unable to hedge the market risks associated with the EFGI Group's structured notes program and would be forced to terminate the program and to repay the outstanding notes within a period of

30 business days from termination. Thus, to the extent that Leonteq does not perform as contractually required or expected, this could damage the EFGI Group's reputation and adversely affect the EFGI Group's business, results of operations, liquidity and financial condition and, as a result, the Issuer's and/or the Guarantors' ability to perform their obligations under the Product Documentations.

The EFGI Group and BSI may suffer losses due to employee fraud, misconduct or improper practice.

The EFGI Group's and BSI's businesses have in the past been, and will continue to be, exposed to risk from employee fraud, misconduct, negligence or non-compliance with laws and policies. Such fraud, misconduct and improper practice could involve, for example, fraudulent transactions entered into for a client's account, the intentional or inadvertent release of confidential client information or failure to follow internal policies and procedures. Such actions by employees may require the EFGI Group or BSI to reimburse clients, pay fines or bear other regulatory sanctions, face the risk of legal action and may damage the EFGI Group's reputation. It is not always possible to deter employee misconduct and the precautions the EFGI Group take to prevent and detect this activity may not always be effective. For example, in January 2016, the Swiss Federal Court rendered two judgments against EFG Bank in connection with fraudulently approved contracts between EFG Bank and certain clients for a total amount of approximately EUR 20.8 million. Such losses and reputational damages could adversely affect the EFGI Group's business, results of operations and financial condition and, as a result, the Issuer's and/or the Guarantors' ability to perform their obligations under the Product Documentations.

The EFGI Group and BSI may suffer losses due to fraud, misconduct or improper practice by external asset managers.

A significant part of the Revenue Generating AUM of BSI and, to a lesser extent, of the EFGI Group is managed by external asset managers. While these external asset managers operate under a direct mandate with EFGI Group's and BSI's clients, it cannot be excluded that in case of fraud, misconduct and improper practice by such external asset managers, clients may seek to make EFGI Group or BSI responsible for such improper acts. Even if the EFGI Group and BSI were able to successfully defend ourselves against such claims, the EFGI Group or BSI may suffer losses due to loss of clients, withdrawal or loss of Revenue Generating AUM and revenues and the costs of defense. In addition, any fraud, misconduct or improper practice by external asset managers could harm the EFGI Group's reputation and adversely affect the EFGI Group's or BSI's business, results of operations and financial condition and, as a result, the Issuer's and/or the Guarantors' ability to perform their obligations under the Product Documentations.

The EFGI Group and BSI must recruit and retain highly skilled employees, including experienced CROs.

The EFGI Group's and BSI's performance is largely dependent on the talents and efforts of highly experienced and highly skilled individuals, and in the case of CROs, those with a client following. The ability to continue to attract, train, motivate and retain highly qualified professionals is a key element of the EFGI Group's strategy. Competition for qualified and experienced employees, including CROs, is intense, in particular in Asia where CROs tend to move more easily and regularly between employers. In addition, competition for skilled management and other employees (including those in key functional areas, such as IT and compliance) is particularly high in a number of the geographic areas in which the EFGI Group and BSI operate, mostly in emerging markets.

To compete effectively, the EFGI Group and BSI must continue to focus on satisfying client needs in both global and local markets and on retaining and recruiting CROs who are able to meet clients' needs. Thus,

the EFGI Group and BSI have devoted considerable resources to recruiting, training, compensating and incentivizing the EFGI Group's employees. Failure to recruit or retain CROs and other investment management professionals could lead to a loss of clients and a decline in revenues. As a result, the EFGI Group's and BSI's ability to attract and retain experienced CROs is central to the ability to maintain and grow Revenue Generating AUM and revenues.

The continued public focus on compensation practices in the financial services industry, and related regulatory changes, may have an adverse impact on the EFGI Group's and BSI's ability to attract and retain highly skilled employees. In particular, new limits on the amount and form of executive compensation imposed by recent regulatory initiatives, including for example the Compensation Ordinance in Switzerland or FINMA regulations, could potentially have an adverse impact on the ability to retain certain of the EFGI Group's most highly experienced employees and hire new qualified employees in certain businesses. Any failure to recruit or retain suitably experienced CROs and other investment management professionals could limit the EFGI Group's and BSI's ability to grow Revenue Generating AUM, which could materially and adversely affect the EFGI Group's business, financial condition and results of operations and, as a result, the Issuer's and/or the Guarantors' ability to perform their obligations under the Product Documentations.

The EFGI Group's and BSI's IT systems and networks are susceptible to malfunctions and interruptions, including as a result of unauthorized access or other cyber-attacks.

Information security, data confidentiality and integrity are of critical importance to the EFGI Group's and BSI's businesses. Despite the EFGI Group's security measures to protect the confidentiality, integrity and availability of systems and information, it is not always possible to anticipate the evolving threat landscape and mitigate all risks to systems and information. The EFGI Group and BSI could also be affected by risks to the systems and information of clients, vendors, service providers, counterparties and other third parties.

Given the EFGI Group's and BSI's global footprint and the high volume of transactions processed, the large number of clients, partners and counterparties, and the increasing sophistication of cyber-attacks, a cyber-attack could occur without detection, without warning and/or for an extended period of time. In addition, the EFGI Group expects that any investigation of a cyber-attack will be inherently unpredictable and it may take time before any investigation is complete. During such time, the EFGI Group may not know the extent of the harm or the best approach to remediate it and certain errors or actions may be repeated or compounded before they are discovered and rectified, all or any of which would further increase the costs and consequences of a cyber-attack.

If any of EFGI Group's or BSI's systems do not operate properly or are compromised as a result of cyber-attacks, security breaches, unauthorized access, loss or destruction of data, unavailability of service, computer viruses or other events that could have an adverse security impact, the EFGI Group or BSI could be subject to litigation or suffer financial loss not covered by insurance, a disruption of the EFGI Group's businesses, liability to the EFGI Group's clients, regulatory intervention or reputational damage. Any such event could also require the EFGI Group or BSI to expend significant additional resources to modify protective measures or to investigate and remediate vulnerabilities or other exposures, all of which could adversely affect the EFGI Group's or BSI's business, results of operations and financial condition and, as a result, the Issuer's and/or the Guarantors' ability to perform their obligations under the Product Documentations.

The EFGI Group and BSI depend on the accuracy and completeness of information about clients and counterparties.

In the course of business operations, the EFGI Group and BSI require certain information from the EFGI Group's clients and counterparties to be able to establish client and counterparty profiles and structure transactions properly, to comply with anti-money laundering and suitability requirements, and to avoid taking unnecessary commercial risks. For example, when deciding whether to extend credit to or enter into other transactions with clients and counterparties, the EFGI Group and BSI rely on information furnished by or on behalf of clients and counterparties, including their financial statements and other financial information. The EFGI Group and BSI may also rely on auditor reports covering financial statements of clients and counterparties and on ratings provided by independent rating agencies with respect to clients and counterparties.

In addition, the EFGI Group and BSI are subject to rules and regulations which require the EFGI Group to obtain information from the EFGI Group's clients and counterparties, for example to perform customer due diligence (including know your customer procedures) and to establish risk profiles. If the EFGI Group or BSI do not request such information or if the information or records the EFGI Group receives are insufficient, inaccurate, not up-to-date or incomplete, the EFGI Group or BSI may not use the correct documentation, take incorrect commercial decisions, offer unsuitable products, engage in incorrect commercial transactions such as over-crediting and incur unanticipated risks. This may also result in violation of laws, rules and regulations, for example if the EFGI Group does not identify that a client and/or counterparty is subject to sanctions or if the EFGI Group or BSI sell a product that is not suitable for the client. It could also lead to the violation of duty of care towards clients and third parties. In addition, incorrect or incomplete client or counterparty data could result in supplying incorrect or incomplete information to supervisory and tax authorities or not supplying information in a timely manner. If information about clients and counterparties is not available, turns out to be materially inaccurate, insufficient, not up-to-date or incomplete this could damage the EFGI Group's reputation, lead to fines or regulatory action and could materially and adversely affect the EFGI Group's or BSI's business, financial condition, reputation or results of operations and, as a result, the Issuer's and/or the Guarantors' ability to perform their obligations under the Product Documentations.

The EFGI Group may not achieve all of the expected benefits of its costs savings and similar initiatives.

In order to manage the EFGI Group's cost-income ratio the EFGI Group regularly reviews how costs can be reduced. For example, on 23 November 2015 EFGI Group announced measures to improve profitability (the "**MARS Program**"). The MARS Program targets overall annual cost savings of circa 5%, or CHF 30 million, by year-end 2016, offsetting increases following the strong CRO recruitment in the second half of 2015. One-off restructuring charges associated with the cost reduction program are expected to be up to 50% of this amount. BSI has launched similar initiatives in recent years. The EFGI Group's and BSI's ability to implement such programs and initiatives is limited by, among other things, legal, regulatory and contractual restrictions, which may limit the EFGI Group's or BSI's ability to achieve some or all of the expected benefits of this strategy. Factors beyond the EFGI Group's or BSI's control, including but not limited to the market and economic conditions, changes in laws, rules or regulations, execution risk and other challenges and risk factors discussed in this Offering Memorandum, could limit the EFGI Group's or BSI's ability to achieve some or all of the expected benefits of this initiative or of other strategic initiatives which the EFGI Group or BSI may undertake in the future, which could materially and adversely affect the EFGI Group's business, financial condition, reputation or results of operations and, as a result, the Issuer's and/or the Guarantors' ability to perform their obligations under the Product Documentations.

EFGI's acquisition strategies may not be successful.

The EFGI Group made a number of acquisitions in the past and the EFGI Group may, from time to time, evaluate potential acquisitions that it believes would provide a strategic fit with the EFGI Group's businesses. However, the EFGI Group may not be able to identify and successfully negotiate suitable acquisitions, obtain financing for such acquisitions on satisfactory terms, obtain regulatory approvals or otherwise complete acquisitions in the future.

Even if the EFGI Group is able to complete acquisitions in the future, it will need to integrate any acquired businesses with its existing operations. The EFGI Group cannot assure you that it will effectively assimilate the business into the EFGI Group's operations or realize anticipated operational synergies. In connection with the integration of acquired businesses, the EFGI Group may periodically restructure its businesses, sell assets or portions of its business and/or reevaluate business and client relationships based on the EFGI Group's risk appetite and compliance protocols. Integrating the operations and personnel, including CROs, of acquired businesses into EFGI Group's existing operations may result in difficulties, significant expense, disruption to the EFGI Group's existing businesses or the diversion of the EFGI's management's time and attention. In addition, acquisitions involve numerous other risks, including, but not limited to:

- the possibility that the acquired companies will not be successfully integrated or that anticipated cost savings, synergies or other benefits will not be realized;
- the final determinations and appraisals of the fair value of assets acquired and liabilities assumed in EFGI's acquisitions may vary materially from earlier estimates;
- a decrease in the EFGI Group's cash or regulatory capital position, or an increase in the EFGI Group's indebtedness and a limitation of the EFGI Group's ability to access additional capital when needed;
- the incurrence of unexpected liabilities; and
- the loss of CROs and clients of acquired businesses.

Failure to effectively identify, consummate or manage future acquisitions may adversely harm the EFGI Group's existing businesses, inter alia, due to large write-offs, contingent liabilities, substantial depreciation, adverse tax or other consequences, all of which could adversely affect the EFGI Group's business, results of operations and financial condition.

Failure to properly manage change, such as change driven by new or changed products, activities, processes, systems, organization or additional legal or regulatory requirements, could have a material adverse effect on the EFGI Group's or BSI's business, results of operations, financial condition and prospects

The EFGI Group and BSI are subject to risks associated with the development and implementation of regulatory changes, new or changed products, activities, processes, systems or organizations. Examples of events subject to this risk include changes in the IT infrastructure or the acquisition of another business. In addition, the implementation of certain changes is driven by or may result in additional legal or regulatory requirements. Change risks include project execution risks, such as not meeting project requirements and exceeding budget or timelines, and end-state risks, which are risks arising after implementation of a change. Examples of end-state risks include not meeting the income or cost reduction objectives of the change and the remaining risks from the implementation after closing of a project. Furthermore, the development and implementation of change may be dependent on the cooperation and competencies of third party vendors. To the extent that such legal or regulatory requirements cannot be timely met or at all, the EFGI Group risk

performing certain operations in breach of such requirements. Failure to properly manage change could materially and adversely affect the EFGI Group's business, financial condition and results of operations and, as a result, the Issuer's and/or the Guarantors' ability to perform their obligations under the Product Documentations.

Operational risks may disrupt the EFGI Group's businesses, result in regulatory action against the EFGI Group or limit the EFGI Group's or BSI's growth.

As global private banks, the EFGI Group and BSI rely heavily on financial, accounting and other data processing systems, which are varied and complex. The EFGI Group's and BSI's businesses depend on the ability to process a large volume of diverse and complex transactions in a secure and confidential manner. The EFGI Group and BSI are exposed to operational risk arising from errors made in the execution, confirmation or settlement of transactions or in transactions not being properly recorded or accounted for. In addition, the EFGI Group and BSI may introduce new products or services or change processes, for example in connection with the Acquisition, resulting in new operational risk that the EFGI Group or BSI may not fully appreciate or identify. These threats may arise from human error, fraud or malice, or may result from accidental technological failure. There may also be attempts to fraudulently induce employees, clients, third parties or other users of the EFGI Group's systems to disclose sensitive information in order to gain access to the EFGI Group's or BSI's data or that of the EFGI Group's or BSI's clients. Furthermore, regulatory requirements in this area have increased and are expected to increase further, exposing the EFGI Group's or BSI's operations to additional risks that could materially and adversely affect the EFGI Group's or BSI's business, financial condition and results of operations and, as a result, the Issuer's and/or the Guarantors' ability to perform their obligations under the Product Documentations.

The EFGI Group's and BSI's financial statements require the exercise of judgments and use of assumptions and estimates.

The EFGI Group and BSI make estimates and valuations that affect reported results, including measuring the fair value of certain assets and liabilities, establishing provisions for contingencies and losses for loans, litigation and regulatory proceedings, accounting for goodwill and intangible asset impairments, evaluating the EFGI Group's ability to realize deferred tax assets, valuing equity-based compensation awards, life insurance portfolio estimates/assumptions, modeling risk exposure and calculating expenses and liabilities associated with pension plans. These estimates are based upon judgment and available information, and actual results may differ materially from these estimates, which, in turn, could materially and adversely affect the EFGI Group's or BSI's business, financial condition and results of operations and, as a result, the Issuer's and/or the Guarantors' ability to perform their obligations under the Product Documentations.

The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgments and estimates which may change over time or that may ultimately turn out not to be accurate.

In order to establish the value of financial instruments which are recognized under IFRS at fair value, the EFGI Group and BSI rely on quoted market prices or, where the market for a financial instrument is not sufficiently active, internal valuation models that utilize observable market data or the EFGI Group's own assumptions. These internal valuation models are complex, and the assumptions, judgments and estimates are required to be made often relate to matters that are inherently uncertain, such as expected cash flows, the ability of borrowers to service debt, asset price appreciation and depreciation, and relative levels of defaults and deficiencies. Such assumptions, judgments and estimates may need to be updated to reflect new

information, changing trends and market conditions. In certain circumstances, the data for individual financial instruments or classes of financial instruments utilized by such valuation models may not be available, or may become unavailable, due to changes in market conditions, as has been the case at times since the second half of 2007. To the extent the EFGI Group's or BSI's models and processes become less predictive due to unforeseen market conditions, illiquidity or volatility, the EFGI Group's ability to make accurate estimates and valuations could be adversely affected, which, in turn, could materially and adversely affect the EFGI Group's or BSI's business, financial condition and results of operations and, as a result, the Issuer's and/or the Guarantors' ability to perform their obligations under the Product Documentations.

The EFGI Group's and BSI's risk management procedures and policies may not be sufficient, accurate, up-to-date or properly evaluated.

The EFGI Group and BSI have risk management procedures and policies designed to manage credit risk, country risk, market risk, currency risk, liquidity risk, operational risk, compliance risk, legal risk and reputational risk. These procedures and policies, however, may not always be effective or adequate to address all the risks faced, particularly in highly volatile markets. In addition, such risks may be exacerbated to the extent that procedures and policies are not properly adhered to. The EFGI Group and BSI continue to adapt the EFGI Group's risk management techniques, in particular value-at-risk and economic capital, which rely on historical data to reflect changes in the financial and credit markets. However, no risk management procedures can anticipate every market development or event and the EFGI Group's or BSI's risk management procedures and the judgments behind them may not fully mitigate the EFGI Group's risk exposure in all markets or against all types of risks. This is particularly true during times of extreme market conditions when, for instance, historically observed patterns of correlation and volatility of asset values break down, market-wide liquidity constraints materialize and counterparty risk increases to dramatic levels.

Other risk management methods depend upon the evaluation of information regarding markets, clients or other matters that is publicly available or otherwise accessible. This information may not in all cases be sufficient, accurate, up-to-date or properly evaluated. For a more detailed discussion of the policies and procedures the EFGI Group uses to identify, monitor and manage the risks the EFGI Group assumes in conducting the EFGI Group's businesses and, as a result, the Issuer's and/or the Guarantors' ability to perform their obligations under the Product Documentations.

4.12 Risks related to market, credit and liquidity exposures

The EFGI Group and BSI may incur losses due to interest rate fluctuations.

Like all banking groups, the EFGI Group and BSI earn interest from loans and other assets and pay interest to depositors and other creditors. Thus, changes in interest rates will affect both level of interest income and interest expense. The net effect of changes in interest rates on net interest income will depend on the relative level of assets and liabilities that are affected by the change in interest rates.

Interest rate fluctuations also influence the value of the EFGI Group's fixed income portfolios. In general, an increase in interest rates will result in a reduction in the value of these investments, leading to a reduction in the market value of these portfolios. Because these fixed income investments are classified as "available for sale" for accounting purposes, a reduction in the market value of these investments will not directly impact the EFGI Group's reported earnings. Rather, a reduction in market value will result in the reduction of the EFGI Group's equity and regulatory capital and will, in turn, limit the EFGI Group's ability to sell positions and recognize capital gains on these investments through profit and loss. In connection with the Acquisition,

BSI maintains a significant fixed income sales and trading business and, therefore, has significant fixed income positions that are classified as "held for trading" in its financial statements. Thus, a reduction in the value of these investments will result in a reduction of operating income even if the positions are not sold, the result of which could materially and adversely affect the EFGI Group's business, financial condition and results of operations following completion of the Acquisition and, as a result, the Issuer's and/or the Guarantors' ability to perform their obligations under the Product Documentations.

The EFGI Group and BSI are exposed to historically low and/or negative interest rate levels.

The EFGI Group's and BSI's earnings have traditionally benefitted from ability to earn a spread between the interest paid on client deposits and the interest earned through the treasury activities. In particular, a substantial portion of the EFGI Group's client deposits are non-remunerated current account balances, which have been invested in highly rated sovereign debt and, to a lesser extent, highly rated debt of financial institutions and corporate issuers. Low interest rate levels, including negative interest rate levels in CHF and Euro, have reduced the returns on these investments and have adversely affected the interest income that the EFGI Group is able to earn from investing funds relating to non-remunerated current accounts. In addition, the EFGI Group and BSI currently hold significant balances at the SNB and pay negative interest rates on these balances above the threshold of CHF 722.6 million with respect to the EFGI and BSI Group and CHF 1.5 billion with respect to BSI. To the extent these thresholds are reduced or eliminated, the EFGI Group would be required to pay negative interest rates on a larger amount, which would reduce the EFGI Group's earnings. In addition, low and/or even negative interest rates negatively impact the volume and growth of the EFGI Group's Revenue Generating AUM, which adversely impacts revenues.

Thus, such a sustained economic environment of low and/or negative interest rates does and could continue to adversely affect the EFGI Group's and BSI's business, results of operations and financial condition and, as a result, the Issuer's and/or the Guarantors' ability to perform their obligations under the Product Documentations.

Currency fluctuations may adversely affect the EFGI Group's results of operations, the EFGI Group's and BSI's equity and the EFGI Group's regulatory capital ratios.

The EFGI Group and BSI are exposed to risks from fluctuations in exchange rates, specifically the exchange rates for USD, GBP and EUR against the Swiss franc.

The Swiss franc is the EFGI Group's primary reporting currency but the majority of the EFGI Group's Revenue Generating AUM are denominated in currencies other than the Swiss franc. As a result, the EFGI Group's reported Revenue Generating AUM in Swiss francs will vary as a result of the exchange rates of the USD, GBP and EUR or other currencies against the Swiss franc. Similarly, because revenues are generally proportional to the EFGI Group's Revenue Generating AUMs, changes in the EFGI Group's Revenue Generating AUM resulting from currency fluctuations will affect the EFGI Group's revenues expressed in Swiss francs.

Moreover, many of the EFGI Group's operating subsidiaries use local currencies, in particular the GBP and EUR, as their functional reporting currencies. As a result, the equity of these subsidiaries is denominated in currencies other than the Swiss franc. A depreciation of these currencies against the Swiss franc would reduce the EFGI Group's shareholders' equity.

The EFGI Group's risk weighted assets are also denominated in currencies other than Swiss francs, most notably the USD, GBP and EUR. The proportion of the EFGI Group's risk weighted assets denominated in these currencies differs from the denomination of the EFGI Group's regulatory capital. In particular, the proportion of the EFGI Group's risk weighted assets denominated in USD is significantly larger than the regulatory capital of the EFGI Group's subsidiaries denominated in USD. As a result, an appreciation of the USD against the Swiss franc will reduce the EFGI Group's regulatory capital ratios. Conversely, the proportion of the EFGI Group's risk weighted assets denominated in GBP is smaller than the portion of the EFGI Group's equity denominated in GBP. Therefore, a depreciation of the GBP against the Swiss franc will reduce the EFGI Group's regulatory capital ratios.

The EFGI Group is further exposed to currency fluctuations in connection with small foreign exchange trading positions the EFGI Group maintains in order to manage client transaction flow. However, following the Acquisition, the EFGI Group will have additional exposure to foreign exchange trading positions as BSI engages in a significant foreign exchange sales and trading business. Thus, changes to exchange rates relating to these positions may also result in losses.

Finally, the EFGI Group's Revenue Generating AUM and operating income are in large part denominated in a number of foreign currencies, including USD, GBP and EUR, while a larger portion of the EFGI Group's expenses are denominated in Swiss francs. As a result of this mismatch between the denomination of the EFGI Group's Revenue Generating AUM and the EFGI Group's operating income and the EFGI Group's expenses, the EFGI Group's profits are influenced by the value of the Swiss franc relative to the USD, GBP and EUR. Specifically, the value of the EFGI Group's reported Revenue Generating AUM, operating income and profits are negatively affected by an appreciation of the Swiss Franc relative to those currencies due to translation differences. For instance, Revenue Generating AUM expressed in Swiss franc terms decreased in

2015 due to the depreciation of the EUR and GBP exchange rates against the Swiss franc. In particular, the decision of the Swiss National Bank to abandon the CHF 1.20 per euro floor had a large impact on EFGI

Group's Revenue Generating AUM for the year ended 31 December 2015, which decreased by CHF 3.4 billion or 4% compared to 31 December 2014 due to currency fluctuations.

Thus, given their multifaceted impact on the EFGI Group's and BSI's operations, currency fluctuations will continue to materially and adversely affect the EFGI Group's and BSI's business, financial condition and results of operations and, as a result, the Issuer's and/or the Guarantors' ability to perform their obligations under the Product Documentations.

The EFGI Group may incur losses from the EFGI Group's investment of surplus liquidity from clients' deposits in fixed income portfolios.

The EFGI Group invests a significant portion of the EFGI Group's surplus liquidity in fixed income securities issued by highly rated sovereigns, quasi-sovereigns, corporates and financial institutions. These investments are intended to be longer-term investments and are not held for trading purposes. The EFGI Group cannot provide assurances that the EFGI Group's investments will perform as in the past or as the EFGI Group expects. The EFGI Group may also be forced to sell these investments earlier than anticipated and may incur losses. In addition, there is a risk that interest due under these investments will not be paid. These investments are susceptible to market volatility and any downturn in global financial markets could lead to lower credit quality and increased credit spreads, which could significantly decrease their value. The

realization of any of these factors could materially and adversely affect the EFGI Group's business, financial condition and results of operations and, as a result, the Issuer's and/or the Guarantors' ability to perform their obligations under the Product Documentations.

EFGI Group is exposed to risks relating to the value of its life insurance policies.

EFGI Group holds significant investments in life insurance policies issued by US insurance companies. The most significant part of the Group's holdings of life insurance policies were acquired in 2007 and 2008 and are classified as held-to-maturity. EFGI Group is responsible for paying premiums relating to these policies in order to keep them in force and is entitled to collect the death benefit from the US insurance companies when the insured individual passes away. The Group holds 213 such policies with a total death benefit of USD 1'457.2 million that are classified as held-to-maturity for the purposes of EFGI Group's consolidated financial statements. In addition, EFGI Group holds 313 such policies that are classified as held at fair value through profit or loss with a total death benefit of USD 1'055.7 million. The majority of the longevity risk relating to 309 of these policies with a death benefit of USD 1'038.7 million is hedged by derivative transactions referencing

326 policies with a death benefit of USD 1'079.0 million entered into with a major investment bank. Finally, the Group is exposed to 26 policies with a death benefit of USD 156.8 million, 50% of which are classified as available for sale and 50% of which are classified at fair value through profit or loss and 15 policies with a death benefit of USD 17.8 million which are classified as available for sale.

The fair value of EFGI Group's portfolio of life insurance policies and related investments is calculated in accordance with a discounted cash flow model. This model combines mortality projections obtained from a third party medical underwriter with information relating to expected premium payments and death benefits in order to estimate the probability weighted expected cash flows for the portfolio. These expected cash flows are then adjusted for certain risk factors, including, most importantly, the risk that the insured will live longer than expected and the possibility that premiums to be paid will be higher than currently estimated. These expected cash flows are then discounted to present value using US dollar risk free rates. The fair value of EFGI Group's portfolio of life insurance policies will, therefore, be negatively impacted if the insured individuals live longer, or are expected to live longer, than currently projected as this will increase premiums that the EFGI Group is required to pay and will delay receipt of the death benefits from the policies. The fair value of EFGI Group's life insurance policies will also be affected by changes in the US dollar risk-free interest rate curve used to discount the projected cash flows. Namely, higher interest rates will result in higher discount factors applied to future cash flows, which will thereby reduce the estimated fair value of EFGI Group's portfolio.

In addition, US insurance companies have the right to increase the premiums charged to policy holders under certain circumstances. These increases typically apply to all life insurance policies within specific life insurance product categories, though notifications of premium increases by the relevant insurance company with respect to all policies falling within a particular category may not be made at the same time. An increase in premiums will decrease the fair value of the related life insurance policies held in EFGI's portfolio. Recently, a number of insurance companies, including AXA in 2015 and Transamerica in 2016, have increased or announced plans to increase very significantly premiums on life insurance policies held by the EFGI Group. Changes in premium forecasts resulted in a reduction in the fair value of EFGI Group's portfolio of life insurance policies of USD 39.4 million in 2015. For further information regarding the sensitivities of EFGI Group's holdings of life insurance policies, please refer to Note 4.2.1(c) of EFGI Group's audited consolidated financial statements as of and for the year ended 31 December 2015.

Transamerica has announced significant increases in premiums for certain life insurance policies in the first quarter of 2016, including products held by EFGI Group. EFGI Group holds 48 policies issued by Transamerica in the portfolio classified as held-to-maturity. The EFGI Group received notices of premium increase relating to 12 of these 48 insurance policies, all of which are similar products, during 2016, which the EFGI Group estimate will result in a total increase in EFGI Group's premium requirements of approximately USD 33.7 million until the policies mature. On 10 May 2016, EFGI announced that it has been informed of significant premium increases relating to an additional 15 policies issued by Transamerica, and it is likely that the EFGI Group will receive additional such notices with respect to the remainder of the policies. These premium increases are significant and EFGI Group intends to challenge the implementation of these increases in the US courts.

Should EFGI Group receive further notices of premiums relating to additional policies from Transamerica or from any other insurance carrier, the current carrying value of EFGI Group's holdings of life insurance policies will exceed the total death benefits of the portfolio, less EFGI Group's estimates of the total premiums required to be paid until the maturities of all policies in the portfolio. EFGI Group would, therefore, be required to record additional impairment charges equivalent to EFGI Group's estimate of the amount of any additional premium requirements (excluding those already communicated to the EFGI Group) in relation to EFGI Group's holding of life insurance policies. While the EFGI Group is unable at present to assess the specific amount of any such impairment charges, they would be significant and could have a material adverse effect on EFGI Group's reported results of operations in the future.

The risks described above relate to all of EFGI Group's holdings of life insurance policies, including those where the longevity risk is hedged by derivative transactions. In particular, while these hedges have reduced the longevity risk relating to the EFGI Group's holding of the policies, the estimated fair value, and therefore the balance sheet value, of EFGI Group's holdings of life insurance policies for which the longevity risk has is hedged through derivatives transactions net of the estimated fair value of the hedges may incur losses if the insurance companies issuing these policies announce increases in premiums, if the discount rate used to value the policies and the related hedges decreases or, to a lesser extent, if life expectancy estimates increase significantly.

Furthermore, although changes in the fair value of the portion of EFGI Group's life insurance portfolio classified as held-to-maturity will not affect equity or regulatory capital in accordance with the current accounting standards, the new accounting standard IFRS 9 "Financial Instruments: Classification and Measurement", which comes into effect in 2018, will require that the EFGI Group's portfolio of life insurance policies be recorded on the EFGI Group's balance sheet at fair value. As a result, changes in fair value of the portfolio currently classified as held-to-maturity will affect the EFGI Group's equity and regulatory capital starting in 2018.

Expected changes to accounting standards will negatively affect EFGI Group's shareholders equity and regulatory capital and will impact EFGI Group's results of operations.

IFRS 9 "Financial Instruments: Classification and Measurement" is expected to replace IAS 39 for annual periods beginning on or after 1 January 2018. Pursuant to IFRS 9, financial investments, including the EFGI Group's portfolio of life insurance policies, will be classified into three measurement categories: (i) those to be measured subsequently at amortized cost, (ii) those to be measured subsequently at fair value through other comprehensive income ("**FVOCI**") and (iii) those to be measured subsequently at fair value through profit or loss ("**FVPL**"). For further information regarding the sensitivities of EFGI Group's holdings of life

insurance policies, please refer to Note 4.2(b) of the EFGI Group's audited consolidated financial statements as of and for the year ended 31 December 2015.

The EFGI Group expects the implementation of IFRS 9 to primarily impact the EFGI Group's assets currently classified as held-to-maturity, including EFGI Group's portfolio of life insurance policies (except those life insurance policies with an embedded premium return feature). These investments will no longer qualify to be measured on an amortized cost basis, but will likely be classified as FVOCI. In addition, EFGI Group's EUR 320.0 million portfolio of bonds with an embedded constant maturity swap pursuant to which a floating interest rate is linked to 10-year euro swap rates may no longer be classified as being held at amortized cost. If EFGI Group's holding of bonds with an embedded constant maturity swap had been classified as FVOCI as of and for the year ended 31 December 2015, EFGI Group's equity and regulatory capital would have been CHF 20.0 million lower, with no significant effect on EFGI Group's net interest income.

If the EFGI Group's portfolio of life insurance policies (excluding those with a premium return feature) had been classified as FVOCI as of and for the year ended 31 December 2015, the EFGI Group's shareholders equity and regulatory capital would have been approximately CHF 210 million lower, while EFGI Group's net interest income would have been approximately CHF 20 million higher.

In addition, IFRS 9 introduces a new model for the recognition of impairment losses, specifically the expected credit losses ("**ECL**") model. The ECL model has a "three stage" approach which is based on the change in credit quality of financial assets since initial recognition. Under the new rules, entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment will be measured using lifetime ECL rather than 12-month ECL. The implementation of the ECL model may adversely affect the Enlarged Group's earnings as a result of the acquisition of BSI's commercial lending and other businesses that have historically reported significant losses. Therefore, EFGI Group's earnings may be adversely affected by the implementation of the ECL model from 2018.

Thus, following the implementation of IFRS 9, EFGI Group's shareholders equity and regulatory capital may be negatively affected. EFGI Group's reported net interest income could be adversely affected, both of which could adversely affect the EFGI Group's business, results of operations and financial condition and, as a result, the Issuer's and/or the Guarantors' ability to perform their obligations under the Product Documentations.

The EFGI Group and BSI are exposed to credit risks due to credit exposures to entities outside of Switzerland.

The EFGI Group and BSI are exposed to country risk, which encompasses sovereign risk, i.e. the default risk of sovereign or state entities acting as borrowers, guarantors or issuers, as well as the risk of currency controls, devaluation of currencies and broadly based instability affecting an entire country. Other than the EFGI Group's and BSI's client lending activities, the EFGI Group's and BSI's operations are subject to risk of loss from unfavorable economic, political, legal and other developments in the countries to which the EFGI Group is exposed. Specifically, the EFGI Group and BSI are exposed to country risk as a result of the EFGI Group's and BSI's exposures as a creditor to sovereign and quasi-sovereign institutions and to banks, other financial institutions and corporations located outside of Switzerland, in particular China. In addition, the EFGI Group and BSI are exposed to economic instability in certain emerging market countries. Economic or political pressures in a country or region, including those arising from local market

disruptions, currency crises, monetary controls or other factors, may adversely affect the ability of clients or counterparties located in that country or region to obtain foreign currency or credit and, therefore, to perform their obligations to the EFGI Group and BSI, which, in turn, may materially and adversely affect the EFGI Group's and BSI's business, financial condition and results of operations and, as a result, the Issuer's and/or the Guarantors' ability to perform their obligations under the Product Documentations.

The EFGI Group and BSI may suffer significant losses from counterparty credit exposures.

The EFGI Group's and BSI's businesses are subject to the fundamental risk that borrowers and other counterparties, including, but not limited to trading counterparties, clearing agents, exchanges, clearing houses and other financial institutions, will be unable to perform their obligations. Other than client lending activities, counterparty credit exposures result primarily from exposures to financial institutions, insurance companies, sovereigns and quasi-sovereign entities and corporations. These parties may default on their obligations due to lack of liquidity, operational failure, bankruptcy or other reasons. This exposure can be exacerbated by adverse changes in the credit quality of the borrowers and counterparties and a general deterioration in the Swiss, European, U.S. or global economic conditions. Should any of the EFGI Group's and BSI's counterparties default, the EFGI Group may suffer losses which could adversely affect the EFGI Group's or BSI's business, financial condition and results of operations and, as a result, the Issuer's and/or the Guarantors' ability to perform their obligations under the Product Documentations.

The EFGI Group and BSI may suffer losses related to client exposures.

Lending to private banking clients is a significant part of the EFGI Group's business with an overall exposure of the EFGI Group as of 31 December 2015 amounting CHF 12 billion. The EFGI Group's client lending business primarily consists of (i) lending secured by cash and other financial collateral and/or (ii) lending secured by real estate, particularly in the UK, the South of France and the French alpine resorts. In addition to the inherent risk that the EFGI Group's clients may default of their loan obligations, the EFGI Group may suffer additional losses in relation to its client lending business if, for example, the value of the financial collateral securing such loans decreases in value and is insufficient to cover the exposure as a result of sudden declines in market values. In addition, disruptions in the liquidity or transparency of the financial markets may affect the recoverability and value of the EFGI Group's assets and require an increase in the provisions for bad and doubtful debts and investments.

The EFGI Group is also exposed to the risk of significant downward fluctuations in the prices of properties securing the EFGI Group's mortgage portfolio. Should the value of these properties decline significantly, the realizable value from the sale of properties securing the EFGI Group's loans may be insufficient to cover the EFGI Group's exposure. As the EFGI Group is primarily active in lending against properties in the UK, the South of France and the French alpine resorts, the EFGI Group is particularly exposed to declines in the value of properties in these areas.

Furthermore, following the Acquisition, the EFGI Group's credit exposure will increase as a result of BSI's lending portfolio booked as loans and advances to customers, which as of 31 December 2015 amounted to CHF 10.4 billion and included commercial lending, commercial real estate and other non-private banking exposures.

Thus, to the extent that the EFGI Group's or BSI's clients default on their obligations and the value of the collateral is insufficient to cover the overall exposure, the EFGI Group's business, financial condition and

results of operations could be adversely affected and, as a result, the Issuer's and/or the Guarantors' ability to perform their obligations under the Product Documentations.

A deterioration of the Guarantors' credit rating could result in increased funding costs and may have a negative impact on the EFGI Group's reputation.

Rating agencies assess the creditworthiness of EFGI and its subsidiary, EFG Bank, and their operating environment and they have assigned ratings to EFGI and EFG Bank and certain of their financial instruments they have issued for funding and capital management purposes. EFGI has the following credit ratings: Moody's: A2 with negative outlook (last updated 25 February 2016); Fitch: A with negative outlook (last updated 25 February 2016). EFG Bank has the following credit ratings: Moody's: Aa3 with negative outlook (last updated 25 February 2016); Fitch: A with negative outlook (last updated 25 February 2016).

EFGI and EFG Bank Moody's ratings were placed on review for further downgrade to reflect the transformational nature of the deal and execution challenges of the Acquisition. Fitch placed EFGI and EFG Bank's ratings on rating watch negative due to the various Acquisition related risks.

Rating agencies assess the creditworthiness of BSI SA and have assigned ratings to BSI SA. BSI has the following credit ratings: Moody's: A3 with positive outlook (last updated 25 February 2016).

Taking into account the above described different ratings and outlooks provided by certain rating agencies the rating of the Guarantors may deteriorate as a result of the Acquisition.

A rating agency assessment is based on various factors and is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. These credit ratings and related perceptions of the EFGI Group's credit-worthiness affect the terms on which counterparties are willing to transact with the EFGI Group. For example, because the interest rate and other terms of debt agreements depend in part on credit ratings, any deterioration in the Guarantors' credit ratings or a negative outlook given by a rating agency could result in increased funding costs and may limit the EFGI Group's funding sources or impact the EFGI Group's liquidity. Actual or expected rating downgrades or changes in perceptions of the EFGI Group's credit worthiness may also affect the volume and terms on which the EFGI Group is able to conduct foreign exchange transactions, enter into derivative agreements as part of hedging activities and may cause clients to be reluctant to do business with the EFGI Group. In addition, an actual or expected rating downgrade would likely affect the EFGI Group's ability to issue financial instruments or raise capital on markets generally, which could further negatively affect the EFGI Group's funding costs, capital position and liquidity and, as a result, the Issuer's and/or the Guarantors' ability to perform their obligations under the Product Documentations.

The EFGI Group and BSI are subject to liquidity risks which may impact the ability to operate their business.

EFGI Group's Liquidity is critical to the ability to operate the EFGI Group's and BSI's business, to grow and be profitable. The EFGI Group's and BSI's businesses benefit from short-term funding sources, including, primarily, demand deposits and time deposits from clients. Although deposits have been, over time, a stable sources of funding, this may not continue. In that case, the EFGI Group's liquidity position could be adversely affected and the EFGI Group might be unable to meet deposit withdrawals on demand or at their contractual maturity, repay borrowings as they mature or fund new loans, investments and businesses, the occurrence of any of which could adversely affect the EFGI Group's and BSI's business,

results of operations and financial condition and, as a result, the Issuer's and/or the Guarantors' ability to perform their obligations under the Product Documentations.

The EFGI Group has substantial pension obligations and an increase in the net present value of its pension obligations, additional provisioning requirements or a decrease of the value of fund assets covering the EFGI Group's pension commitments might adversely affect its financial position.

The EFGI Group has made commitments to current and former employees with regard to EFG Bank AG, Switzerland pension payments, both in the form of defined benefit and defined contribution pension plans. Only part of these pension plan commitments in Switzerland are covered by fund assets. As of 31 December 2015, the fair value of plan assets for EFG Bank AG, Switzerland was CHF 236.0 million (BSI: CHF 1,135.1 million), whereas the present value of defined benefit obligation was CHF 293.2 million (BSI: CHF 1,503.0 million). Thus, the EFGI Group had to book under "other liability" an amount of CHF 57.2 million (BSI: CHF 367.9 million) in connection with this deficit, leading to a corresponding reduction of equity as reflected on the balance sheet. In determining EFGI Group's pension provisions, the EFGI Group uses certain actuarial assumptions regarding, for example, mortality rates, discount rates, changes in salaries and pension levels and staff turnover. If these actuarial assumptions prove to be inaccurate or need to be revised, for example due to increasing longevity; reductions in the interest rates or increasing salaries or pensions, this could lead to a significant increase in the net present value of EFGI Group's pension obligations and to additional provisioning requirements. Indeed, the current valuation of EFGI Group's Swiss pension plan commitments is predominantly driven by the current market environment with historically low interest rates that have persisted over a number of years. The EFGI Group is also exposed to the significant risk of volatility and decrease of the value of fund assets covering EFGI Group's pension commitments. In addition, the accounting standards and legal conditions governing EFGI Group's pension obligations are subject to changes in applicable policy, legislation or case law, which may also lead to new or more extensive pension obligations or may impact EFGI Group's previous pension obligation calculations. Any of these factors or developments could have a material adverse effect on the EFGI Group's business, financial condition and results of operations and, as a result, the Issuer's and/or the Guarantors' ability to perform their obligations under the Product Documentations.

4.13 Risks related to legal and regulatory matters

(i) EFGI Group's exposure to legal liability is significant.

The EFGI Group faces significant legal risks in EFGI Group's businesses. The volume and amount of damages claimed in litigation, regulatory proceedings and other adversarial proceedings against financial services firms are generally increasing. EFGI Group is currently subject to a number of legal proceedings, regulatory actions and investigations, including in particular the matters described below.

An adverse result in one or more of these matters could potentially have a material adverse effect on EFGI Group's business, financial condition, results of operations and reputation. In addition, the foregoing matters may result in further regulatory scrutiny and actions. Moreover, in connection with any defense, the EFGI Group may incur substantial costs as well as the diversion of management from the day to day operations of EFGI Group's business.

In addition, it has become increasingly difficult to predict or quantify the outcome of many of the legal proceedings, regulatory and governmental actions and investigations that the EFGI Group is involved in, and therefore it has become harder to create sufficient levels of legal, regulatory and accounting provisions. The uncertainty of outcomes of settlements or litigation and the changing views of regulators is increased by

the apparent recent trend of increasing fines and settlement amounts. In addition, EFGI Group's management may make estimates regarding the outcome of legal, regulatory and arbitration matters and make a charge to income when losses with respect to such matters are probable and can be reasonably estimated. If provisions taken turn out to be insufficient, the EFGI Group will incur further losses. Such losses may occur potentially years after the event that caused them. Insufficient provisions, changes in estimates or judgmental errors when provisioning may have a material adverse effect on EFGI Group's business, financial condition and results of operations. All of these factors combined could materially and adversely affect EFGI Group's business, financial condition and results of operations and, as a result, the Issuer's and/or the Guarantors' ability to perform their obligations under the Product Documentations.

(ii) The EFGI Group and BSI are exposed to risks relating to regulatory changes and increased compliance requirements and costs.

As a global participant in the financial services industry, the EFGI Group and BSI are subject to extensive regulation by governmental agencies, supervisory authorities and self-regulatory organizations in Switzerland, the EU, the UK, the U.S. and other jurisdictions in which the EFGI Group and BSI operate around the world. Such regulation is increasingly more extensive and complex and, in recent years, costs related to compliance with these requirements and the penalties and fines sought and imposed on the financial services industry by regulatory authorities have all increased significantly and may increase further. These regulations often serve to limit activities, including through the application of increased capital and liquidity requirements, customer protection and market conduct regulations, such as regarding transparency, independence, heightened duties to customers and restrictions on fees as well as cross-border compliance, and direct or indirect restrictions on the businesses in which the EFGI Group or BSI may operate or invest. Such limitations can have a negative effect on the EFGI Group's or BSI's business, financial condition and results of operations as well as on the EFGI Group's or BSI's ability to implement strategic initiatives.

For example, in most countries today cross-border financial services are highly regulated. Such regulations pertain to many markets in which the EFGI Group or BSI traditionally have had operations, including Switzerland, the European Union, Americas and Asia. Due to the increasing complexity and tougher enforcement of cross-border rules, the interpretation of those rules by regulators such as FINMA has become more strict leading to increased compliance efforts and costs. Furthermore, BSI and, to a lesser extent EFGI Group, are exiting jurisdictions where they believe that they do not have a critical mass to conduct operations economically in light of the increased regulatory burden. This has resulted and may continue to result in a reduction of Revenue Generating AUM and loss of revenues. For example, in 2015 BSI reported an outflow of Revenue Generating AUM of CHF 10.6 bn, of which a significant portion can be attributed to the exit from certain countries under a program initiated by BSI at the end of 2014 to exit from, or cease servicing clients in more than 50 jurisdictions. This process is ongoing.

In addition, to the extent EFGI Group or BSI decide or are required to divest certain businesses, they could incur losses, because they may be forced to sell such businesses at a discount to their fair value, which in certain instances could be substantial, as a result of both the constrained timing of such sales and the possibility that other financial institutions are liquidating similar investments at the same time, and if such disposals are not successful EFGI Group or BSI may even be forced to wind-down such operations, which may result in additional costs and losses.

Changes in laws, rules or regulations, or in their interpretation or enforcement, or the implementation of new laws, rules or regulations, may adversely affect the EFGI Group's or BSI's results of operations. Despite the EFGI Group's or BSI's best efforts to comply with applicable regulations, a number of risks

remain, particularly in areas where applicable regulations may be unclear or inconsistent among jurisdictions or where regulators revise their previous interpretation or guidance or courts overturn previous rulings. Authorities in many jurisdictions have the power to bring administrative or judicial proceedings against the EFGI Group or BSI, which could result in, among other things, suspension or revocation of licenses, cease and desist orders, fines, civil penalties, criminal penalties or other disciplinary action which could materially adversely affect the EFGI Group's or BSI's results of operations and seriously harm the EFGI Group's or BSI's reputation.

These trends and scope of increased compliance requirements, together with a general increase of the scrutiny of the financial services industry over the past several years, which has led to increased regulatory investigations and litigation against financial services firms, as well as an increased focus on regulatory and tax compliance, have required and may continue to require the EFGI Group and BSI to invest in additional resources and incur additional costs to ensure compliance, and may result in increased general operating, legal and compliance expenses that may affect the EFGI Group's profitability and make it more difficult to serve clients. Furthermore, failing adequately to comply with legal and regulatory requirements may have an impact on the EFGI Group's or BSI's reputation and could materially and adversely affect the EFGI Group's or BSI's business, financial condition and results of operations.

Enforcement actions carry significant cost for the institutions involved, including the expense of resources to correcting the problems identified, the payment of restitution to the aggrieved parties and/or pay fines and the reputational cost to the business.

(iii) Failure to comply with anti-money laundering, terrorist financing, tax, anti-bribery, anti-corruption or international sanctions laws could lead to fines or harm the EFGI Group's or BSI's reputation and could disrupt the EFGI Group's or BSI's business and result in a material adverse effect on the EFGI Group's or BSI's business, financial condition and results of operations.

Combating money laundering, terrorist financing, tax evasion, bribery corruption, and sanctions violations is a major focus of government policy relating to financial institutions (most notably for the Enlarged Group in Switzerland, the US, the European Union, Asia, Latin America and the Middle East). These laws and regulations generally impose obligations on the EFGI Group and BSI or provide incentives for the EFGI Group and BSI to maintain appropriate policies, procedures and controls to detect and prevent money laundering, tax evasion and terrorist financing, report unusual transactions and suspicions of money laundering and terrorist financing, comply with economic sanctions and combat bribery and corruption. In this connection the EFGI Group and BSI depend on sufficient awareness and compliance by staff of these relevant laws and regulations and related risks for the execution of policies, procedures and controls. As an example, the EFGI Group and BSI may be exposed to a heightened risk of corruption since some of the EFGI Group's clients are active in countries with relatively high scores on corruption indices.

The EFGI Group and BSI run the risk of violating anti-money laundering, counter terrorism financing rules, tax evasion, and sanctions rules and regulations, and to incur reputational risk, if the EFGI Group or BSI do not properly (i) identify and verify the identity of a client or potential client, determine a client's or potential client's source of funds and the reason of the banking relationship or whether a client or potential client is subject to sanctions, or (ii) adequately monitor transactions with regard to anti-money laundering, counter terrorism financing and other sanctioned or prohibited activities.

Despite compliance programmes and internal control policies and procedures, there remains a risk of breaches of anti-money laundering, terrorist financing, tax, anti-bribery, anti-corruption or international

sanctions law, in the event the EFGI Group or BSI were unable to detect non-compliant behavior in time or at all.

The legislation, rules and regulations which establish sanctions regimes are often broad in scope and complex, and in recent years, governments have increased the scope and reach of and strengthened such regimes. As a consequence, the EFGI Group and BSI may be forced to restrict certain business operations or unwind certain ongoing transactions or services, which may cause material losses.

In addition, the extra-territorial reach of US regulations in respect of sanctions requires the EFGI Group to establish effective controls and procedures in order to prevent violations of US sanctions against designated foreign countries, regions, individuals, entities, business sectors and others. The EFGI Group's and BSI's operations and the products and services the EFGI Group and BSI offer generally bring the EFGI Group and BSI within the scope of this U.S. sanctions regime.

Failure by the EFGI Group or BSI to implement and maintain adequate programmes to combat money laundering, terrorist financing, tax evasion, bribery, corruption, and sanctions violations could lead to fines or harm the EFGI Group's reputation and could disrupt the EFGI Group's and BSI's business and result in a material adverse effect on the EFGI Group's and BSI's business, financial condition, results of operations and prospects and, as a result, the Issuer's and/or the Guarantors' ability to perform their obligations under the Product Documentations.

(iv) Failure to implement governance and process improvements agreed with the EFGI Group's regulators may result in regulatory sanctions, which may adversely affect its business, financial condition and results of operations.

The EFGI Group has agreed to implement various governance and process improvements with the EFGI Group's regulators, as well as deadlines for the implementation of these improvements. These improvements may result from issues raised as a result of particular regulatory enquiries or as a result of routine oversight such as regulatory audits performed by the EFGI Group's auditors in certain countries or on-going oversight by EFGI Group's regulators.

The EFGI Group has, for example, been requested by regulatory authorities in the United Kingdom to enact certain changes to the EFGI Group's corporate and risk governance, including changes in the board of directors of the EFGI Group's subsidiary in the United Kingdom to increase the independence and experience of the board of directors, to improve the independence of the EFGI Group's risk management function in the EFGI Group's subsidiary in the United Kingdom through the hiring of a local chief risk officer and the establishment of an improved risk appetite framework, as well as the implementation of improved processes and procedures relating to the production of the EFGI Group's subsidiary's Individual Capital Adequacy Assessment (ICAAP), its Individual Liquidity Adequacy Assessment (ILAA) and its Recovery and Resolution Plan (RRP).

Similarly, the EFGI Group have been requested by FINMA to implement various improvements to the EFGI Group's compliance and credit processes and procedures, including enhanced central oversight of local compliance departments, increased involvement of the compliance department in the credit approval process and the establishment of a more defined framework for approving and reporting of credits qualifying as exceptions to the EFGI Group's credit policy.

The EFGI Group is also subject to regular reviews by regulators, either through routine inspections or the conduct of regulatory audits conducted by the EFGI Group's auditors and reported to the EFGI Group's

regulators. These routine reviews frequently identify areas of improvement and the establishment of deadlines to implement the agreed improvements to the EFGI Group's processes and procedures.

Should the EFGI Group fail to implement improvements in governance or process improvements agreed with regulators in accordance with the deadlines agreed with EFGI Group's regulators or auditors, the EFGI Group may be subject to sanctions by EFGI Group's regulators, including the introduction of enhanced compliance requirements, restrictions on the EFGI Group's business, the imposition of Pillar 2 capital requirements and other sanctions. Such sanctions have the potential to require the EFGI Group to incur increased costs to comply with increased requirements, to negatively affect EFGI Group's profitability or to increase EFGI Group's capital requirements. This may therefore adversely affect EFGI Group's business, financial condition and results of operations and, as a result, the Issuer's and/or the Guarantors' ability to perform their obligations under the Product Documentations.

(v) The EFGI Group and BSI are subject to the risk that changes in regulatory and tax regimes as well as tax amnesties could impact the demand for the EFGI Group's or BSI's services and the EFGI Group's and BSI's ability to effectively and efficiently serve clients.

The EFGI Group and BSI are subject to the risk that governments in the jurisdictions in which the EFGI Group or BSI do business will introduce changes in their tax or regulatory regimes that could adversely affect the EFGI Group's or BSI's ability to offer certain products and services and/or the favorable tax treatment of those products and services. The EFGI Group and BSI are also exposed to the risk that one or more jurisdictions in which client assets are booked may become a less attractive location for clients to hold their assets. In particular, legal, regulatory or tax changes in such jurisdictions might cause clients to move their assets to other jurisdictions. For example, clients may also have an incentive, through beneficial tax treatments due to changes in tax laws or tax amnesties, such as in recent years in Spain or Italy, to move their assets into jurisdictions, including the clients' home jurisdictions, where the EFGI Group or BSI do not have banking operations, thereby negatively impacting EFGI Group's Revenue Generating AUM. Because a significant portion of the EFGI Group's and BSI's Revenue Generating AUM are booked in locations other than the clients' home jurisdictions, the EFGI Group and BSI are particularly exposed to regulatory and tax changes that make the EFGI Group's or BSI's global booking centers less attractive locations for clients to hold their assets. Additionally, the EFGI Group and BSI are exposed to changes in tax legislation, rulings and interpretations of existing tax laws that may affect the EFGI Group's or BSI's tax situation. The realization of any of these risks could materially and adversely affect EFGI Group's business, financial condition and results of operations.

(vi) The implementation of MiFID II and similar regulation may adversely affect the EFGI Group's and BSI's ability to generate fee and commission income.

The Markets in Financial Instruments Directive ("**MiFID II**") prohibits banks that provide advice on an independent basis from accepting or receiving fees, commissions or any other monetary benefits paid or provided by any third party, and also introduces new investor protection measures which include product governance requirements and enhanced suitability requirements. MiFID II entered into force on 2 July 2014 and was set to generally apply within EU member states by 3 January 2017. However, in February 2016 the European Commission formally delayed the implementation date by a year. The new deadline is January 2018. The extension allows for the building of complex IT systems to enable enforcement of the new package. In addition to the MiFID II, in the United Kingdom, the Financial Services Authority (the "FSA") introduced new rules (effective from 31 December 2012) which impact the distribution of retail investment products to clients within the United Kingdom (known as the "Retail Distribution Review"). The rules include provisions to address the potential for product and remuneration bias. Firms giving investment

advice may only be remunerated for the specific investment advice given and will be required to set their own adviser charges, which they must agree with their clients. In addition, firms must meet new standards on how these charges are determined and operate. Moreover, commission bias is expected to end as a result of a ban on product provider commission being paid to investment advisers, which will prevent investment advisers from automatically recommending products that pay commissions. Similar rules may be implemented by other EU member states in the future, which will impact the EFGI Group's ability to generate fee and commission income. The impact of MiFID II and similar rules, including the Swiss Federal Financial Services Act (FinSA) and Swiss Financial Institutions Act (FinIA) which are in the process of being adopted in Switzerland to bring related Swiss regulation more in line with EU regulation, could materially and adversely affect the EFGI Group's or BSI's business, financial condition and results of operations and, as a result, the Issuer's and/or the Guarantors' ability to perform their obligations under the Product Documentations.

(vii) The EFGI Group's and BSI's regulatory capital position is subject to change and the EFGI Group's and BSI's business as well as the EFGI Group's and BSI's ability to pay dividends could be adversely affected as a result of changes to capital adequacy and liquidity requirements.

As of 1 January 2013, the Basel III framework was implemented in Switzerland. Together with the related implementing ordinances and the circulars issued by FINMA, the legislation includes capital, liquidity, leverage and large exposure requirements. Certain requirements under the legislation, including those regarding capital, are to be phased in through year-end 2018 Pursuant to the applicable Swiss rules, banks are divided into five categories based on size. Under those rules, the EFGI Group qualifies, and EFGI Group expects that, after the Acquisition, it will continue to qualify, as a "Category 3 bank" and as such the EFGI Group is subject to a so-called "Swiss-finish" on regulatory capital that imposes on the EFGI Group a risk-weighted capital adequacy target ratio of total capital to risk weighted assets ("**RWA**") of at least 12% (of which at least 7.8% CET1 capital, 1.8% AT1 capital (or better), and 2.4% T2 capital (or better)). The minimum total capital to RWA ratio is 11%. In addition, FINMA has broad powers to impose additional regulatory capital requirements on an individual basis on a bank to cover specific risks of such bank that it believes are not adequately covered by the statutory regulatory capital requirements. FINMA has required such additional regulatory capital buffers from both EFGI Group and BSI in relation to certain risks and contingencies described elsewhere in this Offering Memorandum. It cannot be excluded that FINMA will increase the additional regulatory capital requirements applicable to EFGI and/or BSI in the future. A breach of the minimum total capital ratio, including any additional capital requirements, may trigger an immediate and substantial intervention by FINMA including requiring a capital plan, replacing EFGI Group's management ordering the EFGI Group to reduce or refrain entirely from dividend payments, share buybacks and discretionary remuneration components or to carry out a capital increase. If the intervention threshold is breached, FINMA may, in addition order the institution to reduce its risk-weighted assets, sell specific assets or withdraw from specific areas of business, and impose other far reaching measures. Furthermore, the additional tier 1 securities that the EFGI Group intends to issue to fund, in part, the Acquisition may prevent EFGI from paying dividends in the future.

In addition to the risk weighted capital ratios, a leverage ratio has been introduced to prevent excessive leverage. Broadly, the leverage ratio is a ratio of capital against certain unweighted exposures. In line with Swiss law requirements the EFGI Group is required to maintain a minimum leverage ratio of 3%; as of 31 December 2015, EFGI Group's FINMA leverage ratio was 3.1%.

Furthermore, under Basel III, banks are required to meet two new liquidity standards, namely: (i) a liquidity coverage ratio ("**LCR**") requirement, which addresses short-term liquidity issues and has applied to the

EFGI Group since 1 January 2015, and (ii) a net stable funding ratio requirement ("NSFR"), which requires a bank to have long-term stable funding; the date of entry into force of the NSFR has not yet been decided.

In addition, local regulators may apply capital and liquidity requirements at the level of local subsidiaries. This also applies to subsidiaries in EU countries where local regulators apply non-harmonized EU rules and regulations. If the EFGI Group was unable to upstream capital and liquidity, for example from local deposits, or have to fund EFGI Group's operations locally, this might give rise to inefficiencies and increased costs. As a result of the implementation of the above changes to capital adequacy and liquidity requirements, it is possible that certain of EFGI Group's subsidiaries will not be able to grow their client lending business without growing local deposits. This could materially and adversely affect EFGI Group's business, financial condition and results of operations and, as a result, the Issuer's and/or the Guarantors' ability to perform their obligations under the Product Documentations.

BSI has an outstanding subordinated debt instrument that is not Basel III compliant and that will phase out in 2018. As a consequence hereof, it is estimated that the total capital ratio at BSI level will decrease by 0.7%.

(viii) If the Swiss government is unsuccessful in managing pressures on client confidentiality, the EFGI Group or BSI could experience outflows of Revenue Generating AUM.

Swiss banking legislation protecting client confidentiality has historically been an important factor influencing clients' choice to hold their assets in Switzerland. Because a significant portion of the Revenue Generating AUM of EFGI Group's clients is booked in Switzerland, the EFGI Group, BSI and other private Swiss banks are exposed to the risk that changes in law or in interpretation of laws by authorities and/or courts that affect client confidentiality may make Switzerland a less attractive location for clients to hold their assets. Pressure on client confidentiality continues to increase worldwide and the UK, the United States and other countries as well as a number of institutions, such as the OECD, have increasingly put pressure on Switzerland to limit the scope of its bank client confidentiality laws and their application. For example, Article 26 of the OECD Model Tax Convention on Income and Capital (the "**OECD Model Tax Convention**"), upon which many double taxation treaties to which Switzerland is party are based, creates an obligation to exchange information that is foreseeably relevant to the correct application of a tax convention as well as for purposes of the administration and enforcement of domestic tax laws of the contracting states. This has facilitated requests for client data under double taxation treaties. In 2013, the Swiss Tax Administrative Act, a national act on the exchange of information, came into force which also allows group requests based on a behavioral pattern. In addition, in 2013, Switzerland signed an agreement with the United States for the implementation of FATCA in Switzerland. In parallel, Switzerland has tried to preserve, in part, the Swiss bank secrecy tradition through proposing a final withholding tax (*Abgeltungssteuer*) in order to regularize past non-declared Swiss bank accounts and for non-Swiss resident bank customers who have opted not to declare their Swiss bank accounts towards non-Swiss tax authorities. Such agreements have been concluded with the UK and Austria, both of which came into effect in 2013. In addition, it is expected that the Swiss parliament will follow the recommendation of the Swiss Counsel to implement automatic exchange of information with EU countries as well as Australia, Canada, Iceland, Norway, Japan and South Korea from 2017 onwards, meaning that the data collection will start on 1 January 2017 and the information will be exchanged beginning in 2018 onwards. Assuming that these agreements will be confirmed by the Swiss parliament, it is expected that the list of countries with which information will be automatically exchanged will be extended in the coming years. With the implementation of an automatic exchange of information with EU countries, the current agreements with the UK and Austria will be dissolved, meaning that such bank customers will no longer have the possibility to opt for a final

withholding tax instead of having their bank account information transmitted to the tax authorities in the UK and Austria. To the extent that EFGI Group's clients no longer want to hold their assets in Switzerland as a result of such initiatives, the EFGI Group's or BSI's business, financial condition and results of operations could be materially and adversely affected and, as a result, the Issuer's and/or the Guarantors' ability to perform their obligations under the Product Documentations.

(ix) Swiss resolution proceedings may affect EFGI Group's shareholders and creditors.

On 1 January 2016, an amendment to the Swiss banking laws entered into force that extends FINMA's existing bank resolution powers to Swiss-domiciled parent companies of financial groups and certain other unregulated Swiss-domiciled companies belonging to financial groups. In addition, it extends FINMA's power to order a stay on termination or termination rights, including the exercise of netting, realization and certain transfer rights, linked to resolution measures to cover all contracts and restructuring scenarios. In the context of contracts that are subject to foreign law or jurisdiction, banks need to make sure that on a legal entity and group level that the counterparties recognize FINMA's power to order a stay. Thus, pursuant to this resolution regime, FINMA will be able to exercise its resolution powers to, among other things, cancel EFGI's outstanding equity, convert debt instruments and other liabilities of EFGI into equity and cancel such liabilities in whole or in part in restructuring proceedings.

(x) The EFGI Group is exposed to a variety of political, legal, social, reputational, economic and other risks due to EFGI Group's international growth strategy and existing international presence.

The EFGI Group is exposed to a variety of political, legal, social, reputational, economic and other risks due to EFGI Group's international growth strategy and existing international presence. The EFGI Group is a global private bank and as part of EFGI Group's strategy, the EFGI Group has identified targeted growth markets where the EFGI Group believes there are attractive business opportunities, specifically Europe (in particular Russia and Central and Eastern Europe), China, the Middle East, Latin America and the South Asians resident outside of their home country (South Asian Diaspora).

The risks the EFGI Group is exposed to as a result of its international growth strategy, in particular in certain emerging markets, relate to a wide range of factors, including but not limited to the following: currency restrictions and exchange controls, other restrictive or protectionist policies and actions, diverse systems of laws and regulation, the imposition of unexpected taxes or other payment obligations, changes in political, regulatory and economic frameworks, economic sanctions, the expropriation, nationalization or confiscation of assets, risks relating to modification of contract terms, or other government actions, capital controls and restrictions on EFGI Group's ability to transfer cash to or repatriate cash from EFGI Group's subsidiaries, restrictions in certain countries on investments by foreign companies, divergent labour regulations and cultural expectations regarding employment, and divergent cultural expectations regarding industrialisation, international business and business relationships. Sometimes, in certain jurisdictions, uncertainty may exist as to whether security interests vested for EFGI Group's benefit can be enforced as a legal or as a practical matter. The EFGI Group is also subject to the risk that the government of a sovereign state or political or administrative subdivisions thereof defaults on its financial obligations.

Further to risks relating to EFGI Group's international growth strategy, it is exposed to risks relating to EFGI Group's existing international presence as it has a number of subsidiaries, branches, representative offices, businesses and operations located outside Switzerland and clients who operate internationally.

Furthermore, the EFGI Group renders services and sells products in countries where the EFGI Group does not have offices. As a result, the EFGI Group might not be fully aware of all regulatory requirements or the

applicable legal frameworks. Local registration or license requirements can vary for different types of investors and services. As long as the EFGI Group is not locally registered or have obtained a license, restrictions might apply with respect to marketing activities. Thus, the EFGI Group risks incurring regulatory fines if the EFGI Group breaches any local requirements and such breach may have a financial and reputational impact.

No predictions can be made as to governmental regulations applicable to EFGI Group's operations that may be enacted in the future, changes in political regimes or other political, social and economic instability, or as to risk of wars, terrorism, sabotage, other armed conflicts and general unrest. If any of the risks mentioned above were to materialize, EFGI Group's reputation could materially and adversely be affected, which may limit EFGI Group's ability to pursue EFGI Group's international growth strategy in regions where the EFGI Group currently operates or where it may plan to operate in the future. Such limitations could materially and adversely affect EFGI Group's business, financial condition and results of operations and, as a result, the Issuer's and/or the Guarantors' ability to perform their obligations under the Product Documentations.

4.14 Risks related to the Acquisition

(i) Risks relating to purchase price adjustment and dilution protection of BTG under the Acquisition Agreement

On the closing of the Acquisition, the purchase price will be subject to various upwards or downwards adjustments relating to (i) the change in the IFRS tangible book value of BSI, (ii) certain tax benefits (if any) realized before the closing of the Acquisition by Swiss Holdco and its affiliates; and (iii) net new money of the Swiss Holdco group. As a result, there is a risk that the purchase price for the Acquisition will be higher than originally anticipated. See "Summary of the Acquisition Agreement–Consideration".

In addition, the Acquisition Agreement includes protections for the benefit of the Seller in the case of certain dilution events, including in connection with the Offering, if either (i) the price of shares offered in connection with the Offering is less than CHF 8.55 per share, or (ii) the gross proceeds from the Offering are in excess of CHF 250 million. In addition, the Acquisition Agreement contains provisions for BTG protection in the event that, during the six months following the closing date of the Acquisition, the Company agrees to dispose of an equity interest of more than CHF 10 million at a price below that of the Consideration Shares issued to BTG, at an issue price equal to the nominal value of the Company shares, in order to render the total number of Company shares issued to BTG in the context of the Acquisition equal to the number that would have been issued to the BTG if the share price of such disposition had been used to calculate the number of Consideration Shares.

(ii) The operation of the indemnification provisions of the Acquisition Agreement could negatively impact the price of the Shares and EFGI Group's ability to raise debt or equity capital in the future

Under the terms of the Acquisition Agreement, the Seller may, at its option, raise funds to satisfy indemnification claims of the Buyer (including in respect of the BSI Matters, for which the maximum aggregate liability of the Seller is capped at the purchase price for the Acquisition in the case of losses resulting from the actions of the DoJ in the case of FIFA and Petrobras and, in the case of the Malaysian Matter, all losses) by requesting that certain Shares that formed part of the consideration paid by the Company in the Acquisition, but are currently held in escrow, be sold on SIX for the two-year term of the escrow arrangements in question. Sales of a substantial number of Shares in the public market as a result of the BSI Matters, or the perception in the market that a large number of Shares may be sold in the near

future, may have negative effects on EFGI Group's ability to raise debt or equity capital in the international capital markets.

(iii) The EFGI Group may be unable to successfully integrate the operations of BSI

The Acquisition involves the integration of two private banks that have previously operated independently. The difficulties of combining the operations of BSI with the EFGI Group include:

- Attrition of BSI's clients, Revenue Generating AUM, CROs and other key personnel, as well as retention of the EFGI Group's own clients and Revenue Generating AUM, CROs and other key personnel;
- retention of the EFGI Group's senior management as well as members of BSI's management team that are expected to join the EFGI Group;
- attrition of external asset managers who manage Revenue Generating AUM of BSI's clients;
- integration of BSI into the EFGI Group in a timely and cost-effective manner, including integration of management information, financial controls and information technology platforms, including the incurrence of penalties in connection with the termination of IT agreements;
- aligning credit, liquidity and operational risk policies;
- conforming client documentation and renewing compliance and suitability checks;
- integration of businesses operated by BSI which are not currently offered by the EFGI Group, such as BSI's capital markets and commercial lending businesses;
- marketing, sales forces and client service units and product offerings, including the introduction of a combined EFGI and BSI brand;
- aligning different company and management cultures;
- ensuring that management retains sufficient capacity to conduct the daily business; and
- legal, regulatory, contractual, labor or other issues that could arise from the Acquisition.

The process of integrating operations may be more expensive and time-consuming than expected and could cause an interruption of, or loss of momentum in, the activities of EFGI Group's current business and/or the loss of key personnel. The diversion of EFGI Group's management's attention and any delays or difficulties encountered in connection with the Acquisition and the integration of BSI could result in the disruption of EFGI Group's ongoing business or inconsistencies in the standards, controls, level of client care, procedures and policies that could negatively affect EFGI Group's ability to maintain relationships with clients and counterparties and, as a result, the Issuer's and/or the Guarantors' ability to perform their obligations under the Product Documentations.

EFGI Group's targets and commercial objectives are based on the assumption that the potential reduction of profits before tax of the EFGI Group following the Acquisition due to AUM attrition during the period through 2019 will be approximately CHF 67 million and that the revenue loss due to the exit from non-private banking businesses during the same period will be CHF 15 million. This total attrition estimate of

approximately CHF 82 million profit before tax is based on a cumulative Revenue Generating AUM attrition of CHF 12.9 billion (assuming the mid-point of EFGI Group's expected 5–10% attrition rate of combined AUM in the first three years following the Acquisition) and excludes positive net new asset effects during that period as well as potential revenue synergies. If the actual attrition rate will be higher than expected, the EFGI Group may not be able to achieve EFGI Group's targets or the expected benefits of the Acquisition including EFGI Group's expected cost savings and earnings accretion.

In addition, the EFGI Group may experience difficulties in ensuring that the CROs that join the EFGI Group from BSI or that external asset managers which manage Revenue Generating AUM of BSI's clients and BSI's business introducers meet EFGI Group's standards. BSI's operations may also prove to be less compatible with EFGI Group's business than the EFGI Group had initially anticipated. EFGI Group's CROs and/or other key employees may also be uncomfortable with the Acquisition or feel otherwise affected by it, which could have an impact on work quality and retention. Thus, there can be no assurance that the EFGI Group will be successful in integrating BSI's CROs into EFGI Group's business or avoiding increased attrition among EFGI Group's own CROs during the integration.

Furthermore, the EFGI Group may experience legal, compliance, regulatory, contractual, labor or other issues in connection with the integration of clients, Revenue Generating AUM and CROs from BSI or with continuing a business relationship with external asset managers who manage Revenue Generating AUM of BSI's clients.

If the EFGI Group is not able successfully to integrate BSI's operations, the anticipated benefits of the Acquisition may not be realized fully or at all or may take longer to realize than expected. In addition, the EFGI Group may incur unanticipated expenses in order to maintain, improve or sustain BSI's operations or assets and the EFGI Group may be subject to unanticipated or unknown liabilities relating to BSI and its business. These factors could harm EFGI Group's reputation and could make it more difficult for the EFGI Group to realize the anticipated benefits of the Acquisition.

(iv) The EFGI Group may be unable to retain BSI's clients, CROs and other key personnel and maintain a business relationship with BSI's external asset managers.

In acquisitions in the private banking sector, attrition of clients and AUM can be significant. While BSI's clients may keep their assets with the EFGI Group following the Acquisition, there can be no assurance that the EFGI Group will be successful in retaining those clients in the long term. If clients remove their assets from accounts held with the EFGI Group, whether as a result of the departure of CROs, external asset managers or otherwise, the EFGI Group may not be able to achieve the revenue growth and Revenue Generating AUM the EFGI Group expects following the Acquisition or maintain EFGI Group's historical Revenue Generating AUM and revenue levels. The EFGI Group may need to expend significant financial and management resources in order to retain BSI's clients, Revenue Generating AUM, CROs and external asset managers, and the EFGI Group cannot assure you that these efforts will be successful. Furthermore, there can be no assurance that the EFGI Group will be successful in retaining EFGI Group's own existing clients, Revenue Generating AUM, CROs or key personnel following the Acquisition. If the EFGI Group is unable to retain clients, Revenue Generating AUM and CROs, the EFGI Group will not be able to achieve the potential benefits of the Acquisition, which could materially and adversely affect EFGI Group's business, financial condition and results of operations.

EFGI Group's continued ability to compete effectively in EFGI Group's businesses and EFGI Group's ability to integrate BSI depends on the EFGI Group being able to retain, incentivize and motivate EFGI Group's existing employees. In addition, as a consequence of the Acquisition and the greater importance of

growth markets resulting therefrom, EFGI Group's management structure will be realigned. The EFGI Group is therefore also dependent upon EFGI Group's ability to retain, incentivize and motivate prospective members of EFGI Group's management team. The EFGI Group can give no assurance that steps taken by the EFGI Group to encourage the continued service of the prospective management team after the Offering and the Acquisition will be effective. The EFGI Group may not be able to increase retention payments or otherwise increase the compensation pay to attract, retain and motivate EFGI Group's current and expected senior executives. If key senior executives do leave, EFGI Group's ability to integrate BSI could be impaired and, as competition in the financial services industry for qualified employees is intense, the EFGI Group may need to incur significant costs to replace departing senior executives in a timely manner. EFGI Group's business, results of operations and financial condition may be adversely affected by the departure of any of EFGI Group's current or expected senior executives.

(v) The EFGI Group may have to terminate more of BSI's business and client relationships than expected.

Following the Acquisition, the EFGI Group intends to undertake a review of BSI's existing business and client relationships based on, among other things, EFGI Group's current risk management policies, including KYC compliance and suitability protocols. As a result of this exercise, the EFGI Group may be required to terminate more business and client relationships than initially estimated, resulting in reduced volume of Revenue Generating AUM and a loss of revenues.

(vi) The EFGI Group may be unable to successfully achieve EFGI Group's targets to realize the anticipated benefits of the Acquisition.

The EFGI Group expects to realize synergies by combining the operating platforms of EFGI Group and BSI. In particular, the EFGI Group expect to realize substantial cost savings in relation to IT/operations and premises, corporate structure, front office as well as governance functions. EFGI Group's ability to realize these benefits will be limited by, among other things, legal, regulatory and contractual restrictions. These synergies and other benefits may not be realized within the time periods contemplated or at all. If the EFGI Group is not able to successfully achieve these synergies and other benefits, the anticipated benefits of the Acquisition may not be realized fully or at all or may take longer to realize than expected.

Furthermore, the EFGI Group may incur unanticipated expenses in order to maintain, improve or sustain BSI's operations or assets and the EFGI Group may be subject to unanticipated or unknown liabilities relating to BSI and its business. These factors could harm EFGI Group's reputation and could make it more difficult for the EFGI Group to realize the anticipated benefits of the Acquisition.

(vii) The EFGI Group may discover contingent or other liabilities within BSI or other facts of which it is not aware that could expose the EFGI Group to loss, and any indemnification it receive from BTG may be insufficient to protect the EFGI Group from such risks, which may result in unexpected liabilities and costs to the EFGI Group.

The success of an acquisition depends, in part, on EFGI Group's ability to perform adequate due diligence before the acquisition. While the EFGI Group has committed significant resources to conducting due diligence on BSI, the EFGI Group may discover issues relating to newly acquired clients or otherwise relating to BSI's business, including legal, regulatory, internal controls, compliance and operational problems, during the course of BSI's integration into the EFGI Group that may have a material adverse effect on the EFGI Group's reputation as well as on the business, results of operations and financial condition of the Enlarged Group. In addition, unexpected liabilities associated with BSI's business may be substantial and may exceed the amount of liabilities the EFGI Group anticipates. This could lead to adverse

business, accounting and/or financial consequences, such as the need to make large provisions against the acquired assets or to write down acquired assets. These difficulties could materially and adversely affect EFGI Group's business, financial condition and results of operations.

When conducting due diligence, the EFGI Group has relied on the resources available to the EFGI Group, including information provided by BSI and, in some circumstances, third-party investigations and analysis. To the extent the EFGI Group identifies liabilities or problems and raise claims under contractual protections or indemnities the EFGI Group has received from BTG pursuant to the Acquisition Agreement, such indemnity may not be fully enforceable or may be insufficient to compensate the EFGI Group for EFGI Group's costs; in addition, such indemnity is dependent on the ongoing viability of BTG.

Matters giving rise to losses may not be recoverable under the representations, warranties or indemnities or at all, in respect of which EFGI Group's ability to recover is subject to certain customary exceptions. As such, any indemnification the EFGI Group receive from BTG may be insufficient to protect the EFGI Group from risks related to known or hidden liabilities. In particular, the Seller's liability under the Acquisition Agreement is, after a per claim threshold of CHF 250,000 and reduction of a CHF 15 million deductible amount to be borne by the Buyer, limited to CHF 400 million, save in respect of indemnification claims relating to breaches by the Seller of certain fundamental warranties and certain specified matters, for which the maximum aggregate liability of the Seller is limited to the purchase price..

(viii) BSI's exposure to legal proceedings and regulatory and enforcement actions could have a material adverse effect on its business, financial condition, results of operations and reputation

BSI is subject to a number of legal proceedings and regulatory and enforcement actions. Any adverse findings in one or more of these could have a material adverse effect on the business, financial condition, results of operations and reputation of BSI. The total amount of any such potential fines and penalties, the nature and extent of any such potential sanctions or the impact of any such potential events on BSI's reputation nationally and internationally are subject to significant uncertainty, and could be substantial. The principal matters in respect of which BSI is currently aware that it may face materially adverse exposure relate to legal, administrative and regulatory proceedings (all such matters together, the "BSI Matters"; Reference is made to the section "LEGAL, ADMINISTRATIVE AND REGULATORY PROCEEDINGS REGARDING BSI" in VI. EFG International AG).

BSI is not currently aware that it is the target of any regulatory investigations in relation to these matters. Its internal review of these facts is in its preliminary stage, as are the various proceedings and regulatory actions relating to alleged corruption and money-laundering by certain individuals and state-owned entities in Venezuela. If BSI were found to be implicated in any unlawful conduct in connection with these accounts or have otherwise failed in the application of its anti-money laundering and other processes and procedures, this could have a material adverse impact on its business, financial condition and result of operations.

(ix) BSI's non-prosecution agreement with the DoJ may be adversely impacted by the BSI Matters, individually or collectively, or other proceedings arising in the future

On 30 March 2015, BSI entered into a non-prosecution Agreement (the "BSI NPA") with the DoJ in connection with its US Tax Program for Swiss Banks. The BSI NPA may be terminated or re-negotiated should BSI be determined by the Tax Division of the DoJ to have committed any U.S. federal offences during the four years following the date of the BSI NPA. This could lead to further prosecutions of BSI in relation to the matters which were the subject matter of the BSI NPA, including those contained in the statement of facts with respect to which BSI acknowledged culpability. BSI cannot exclude the possibility that the BSI Matters, either individually or collectively, or future proceedings of which BSI is currently

unaware, will cause the Tax Division of the DoJ to conclude that such U.S. federal offences have been committed, resulting in the termination or, at minimum, re-negotiation of the BSI NPA. Such a finding may have a material adverse effect on BSI's business, results of operations, financial condition and reputation.

(x) BSI and its affiliates' internal controls and procedures relating to AML, KYC, and compliance and corporate governance have been found to be deficient on numerous occasions in recent years, which could harm the reputation of the Enlarged Group and result in a material adverse effect on its business, financial condition and results of operations

On various occasions, numerous deficiencies in BSI's internal controls and procedures relating to AML, KYC and compliance and its corporate governance as a result of, inter alia, the BSI Matters have been identified. For example, in the course of its supervisory correspondence, FINMA highlighted in December 2015 numerous concerns relating to BSI's risk appetite and system of controls. A report by an independent investigating agent commissioned by FINMA revealed various irregularities relating to cross border activities and reporting regimes. As a result, BSI has been implementing a number of organizational changes to remedy these issues and overhaul its compliance framework. The costs associated with such matters have had a material adverse impact on BSI's results of operations in recent years (for example, in 2014 BSI incurred CHF 46.2 million in legal and audit costs relating to its participation in the U.S. Tax Program for Swiss Banks), and it is expected that BSI will continue to incur substantial remedial costs in relation to these matters in the future.

These weaknesses create risks for BSI and the Enlarged Group. There is a risk that additional failures in such controls and procedures will be discovered of which BSI is not aware at present. There is also a risk that a regulatory authority in one or more jurisdictions will find that there existed in the past, as a result of the BSI Matters (taken individually or collectively) or otherwise, a systemic weakness in the controls and procedures of BSI and its affiliates in violation of applicable laws. This could lead to substantial fines and penalties or other sanctions, and materially increase the risk that BSI may be subject to substantial fines and penalties in relation to existing matters such as the BSI Matters. In addition, there is a risk that further legal and/or regulatory proceedings in respect of matters other than the BSI Matters will arise in the future as a result of such weaknesses, whether the subject of sanctions by a regulatory authority or not, and that BSI will face increased regulatory scrutiny as a result of past deficiencies that would materially increase its cost of regulatory compliance. The fact that BSI has in the past generated significant business from persons designated to be in high risk categories further increases these risks. BSI is in the process of terminating certain of its activities in countries that it considers to generate higher compliance risks. For example, in 2013 to 2015, significant outflows of Revenue Generating AUM resulted from BSI's termination of its relationships with the SWFs and consequent the closure and blocking of the relevant accounts. BSI is also in process of exiting more than 50 countries.

Though neither BSI nor the Enlarged Group can accurately predict the nature or extent of the sanctions that may be imposed as a result, these may include criminal, administrative or civil charges, significant pecuniary fines and limitations on the ability of the Enlarged Group to operate in one or more jurisdictions.

(xi) BSI's provisions for litigation and other matters (including the BSI Matters) may prove insufficient

BSI's balance sheet at 31 December 2015 reflected total provisions with respect to "litigation and other" matters, including the BSI Matters, of CHF 54.4 million. As in the case of other matters for which BSI has established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information, and the relevant accounting standards may not call for or may limit the recognition of provisions based on uncertainty regarding a matter; accordingly the outflow may ultimately prove to be substantially greater than the provision that BSI has recognised. If these provisions turn out to be insufficient, the Enlarged Group will incur losses to the extent that these are not covered by indemnities under the Acquisition Agreement. Such losses may occur potentially years after the event that caused them. Insufficient provisions, changes in estimates or judgmental errors when provisioning may have a material adverse effect on the Enlarged Group's business, financial condition and results of operations. In addition, in connection with any defense following the Acquisition, the Enlarged Group may incur substantial costs as well as the diversion of management from the day to day operations of its businesses.

(xii) The EFGI Group does not currently control BSI and its subsidiaries, and it will not control BSI and its subsidiaries until the completion of the Acquisition.

The EFGI Group will not obtain control of BSI and its subsidiaries until completion of the Acquisition. The EFGI Group cannot assure you that BSI will operate its business during the interim period in the same way that it would. During the interim period (until the completion of the Acquisition), the Acquisition Agreement provides that BSI must operate its business in a manner consistent with its past practice, but for example the EFGI Group has only limited influence over how BSI will conduct pending legal proceedings, regulatory actions and investigations.

(xiii) The EFGI Group has incurred, and will continue to incur significant transaction and Acquisition-related costs.

The EFGI Group has, and will, incur a number of non-recurring costs associated with the integration of BSI following the Acquisition. The substantial majority of the non-recurring expenses resulting from the Acquisition will be transaction costs related to the Acquisition and restructuring and integration costs. However, the transaction, restructuring and integration costs that the EFGI Group incurs in connection with the transfer of BSI business onto EFGI Group platforms may be greater than the EFGI Group has anticipated or occur over a longer period than expected. The EFGI Group expect these costs to amount to approximately CHF 253 million, of which CHF 200 million will be borne by EFGI Group and the remainder by BTG.

Major components of these costs include, among other things, information technology costs relating to the parallel running of two platforms during the integration as well as platform enhancements, infrastructure and migration costs; retention costs required to incentivize and retain CROs and other key personnel; and costs relating to the hiring of temporary staff. However, while the EFGI Group believes that its platforms are scalable, the EFGI Group may for example incur unforeseen additional costs relating to information technology. The EFGI Group continues to assess the magnitude of these costs and additional unanticipated costs may be incurred in the integration of BSI, including unanticipated liabilities. While the EFGI Group expect that the elimination of duplicative costs, as well as the realization of other efficiencies or synergies

related to the integration of the businesses, should allow the EFGI Group to offset incremental transaction and Acquisition-related costs over time, this net benefit may not be achieved in the near term, or at all.

Furthermore, if EFGI is unable to raise at least the intended CHF 250 million from the issuance of additional tier 1 capital instruments, EFGI will need to meet any existing shortfall by way of cash payment. In such case, EFGI Group's regulatory capital ratios will be lower than currently anticipated. These lower than anticipated ratios may cause investors, clients or regulators to question the sufficiency of EFGI Group's capital resources, which may adversely affect its results of operations and financial condition.

5. EXCLUSIVE OBLIGATIONS OF THE GUARANTOR

Obligations, if any, arising from the Guarantee will be solely the Guarantor's obligations, and no other entity of the EFG Group will have any other obligation, contingent or otherwise, to make any payments in respect thereof.

Reference is also made to all above sections which refer to the Guarantor.

6. RISK FACTORS RELATING TO THE PAYMENT UNDERTAKING OBLIGOR

These risk factors are applicable only in relation to Products that are secured by the Payment Undertaking Obligor, as stated on the respective Final Termsheet. The risks discussed in 4. RISK FACTORS RELATING TO THE ISSUER AND/OR THE GUARANTOR AND/OR EFG GROUP AND/OR BSI also apply with respect to the Payment Undertaking Obligor.

6.1 Non-reliance on Financial Information of the Payment Undertaking Obligor

As a financial services provider, the business activities of the Payment Undertaking Obligor are affected by the prevailing market situation. Different risk factors can impair the Payment Undertaking Obligor's ability to implement business strategies and may have a direct negative impact on earnings. Accordingly, the Payment Undertaking Obligor's revenues and earnings are subject to fluctuations. The revenues and earnings figures from a specific period, thus, are not evidence of sustainable results. They can change from one year to the next and affect the Payment Undertaking Obligor's ability to achieve its strategic objectives.

6.2 General Insolvency Risk

Each Investor bears the general risk that the financial situation of the Payment Undertaking Obligor could deteriorate.

Unless specified otherwise, Investors are exposed to the credit risk of the relevant Payment Undertaking Obligor of the Products. The Products constitute unsubordinated and unsecured obligations of the relevant Payment Undertaking Obligor and rank *pari passu* with each and all other current and future unsubordinated and unsecured obligations of the relevant Payment Undertaking Obligor. The insolvency of the Payment Undertaking Obligor may lead to a partial or total loss of the invested capital.

6.3 Liquidity

Liquidity and liquidity management are of critical importance in EFG Bank's industry. Liquidity could be affected by the inability to access the long-term or short-term debt, repurchase, or securities lending markets or to draw under credit facilities, whether due to factors specific to EFG Bank or to general market conditions. In addition, the amount and timing of contingent events, such as unfunded commitments and guarantees, could adversely affect cash requirements and liquidity.

6.4 Competitive and Business Environment

All aspects of EFG Bank's business are highly competitive. EFG Bank's competitive ability 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.

6.5 Potential Conflicts of Interest

The Payment Undertaking Obligor and affiliated companies may participate in transactions related to the Products in some way, for their own account or for account of a client. Such transactions may not serve to benefit the Investors and may have a positive or negative effect on the value of the Underlying and consequently on the market value of the Products. Furthermore, companies affiliated with the Payment Undertaking Obligor may become counterparties in hedging transactions relating to obligations of the Payment Undertaking Obligor stemming from the Products. As a result, conflicts of interest can arise between companies affiliated with the Payment Undertaking Obligor, as well as between these companies and Investors, in relation to obligations regarding the calculation of the price of the Products and other associated determinations. In addition, the Payment Undertaking Obligor and its affiliates may act in other capacities with regard to the Products, such as Calculation Agent, Paying Agent and/or Index Sponsor.

Furthermore, the Payment Undertaking Obligor, or affiliated companies of the Payment Undertaking Obligor, may issue other derivative instruments relating to the respective Underlying; introduction of such competing products may affect the market value of the Products. The Payment Undertaking Obligor and its respective affiliated companies may receive non-public information relating to the Underlying, and neither the Payment Undertaking Obligor nor any of its affiliates undertake to make this information available to Investors. In addition, one or more of the Payment Undertaking Obligor's affiliated companies may publish research reports on the Underlying. Such activities could present conflicts of interest and may affect the market value of the Products.

6.6 Significance of Credit Ratings

Access to the unsecured funding markets is dependent on the Payment Undertaking Obligor's credit ratings. A reduction in the Payment Undertaking Obligor's credit ratings could adversely affect the Issuer's access to liquidity alternatives and its competitive position, and could increase the cost of funding or trigger additional collateral requirements.

Anticipated or actual upgrades or downgrades in the Payment Undertaking Obligor's credit ratings may have an impact on its creditworthiness and, therefore, the market value of a Product.

6.7 Credit Exposure

Credit exposure represents the possibility that a counterparty will be unable to honor its contractual obligations. Although the Payment Undertaking Obligor actively manages credit exposure daily as part of its risk management framework, counterparty default risk may arise from unforeseen events or circumstances.

6.8 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal or outsourced processes, people, infrastructure and technology, or from external events. The Payment Undertaking Obligor seeks to minimize these risks through an effective internal control environment.

6.9 Legal, Regulatory, and Reputational Risks

The Payment Undertaking Obligor is supervised by the FINMA as a regulated entity, and as such, the Payment Undertaking Obligor is subject to bank-wide supervision and examination by the FINMA, and accordingly, the Payment Undertaking Obligor is subject to minimum capital requirements.

Violation of applicable regulations could result in legal and/or administrative proceedings, which may impose censures, fines, cease-and-desist orders or suspension of a firm, its officers or employees. The scrutiny of the financial services industry has increased over the past several years, which has led to increased regulatory investigations and litigation against financial services firms.

Legislation and rules adopted both in Switzerland and 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 Payment Undertaking Obligor to invest in additional resources to ensure compliance.

The trend and scope of increased compliance requirements has increased costs necessary to ensure compliance. The Payment Undertaking Obligor's reputation is critical in maintaining the Payment Undertaking Obligor's relationships with clients, Investors, regulators and the general public, and is a key focus in the Payment Undertaking Obligor's risk management efforts.

The Payment Undertaking Obligor is involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising in connection with the conduct of its business.

7. EXCLUSIVE OBLIGATIONS OF THE PAYMENT UNDERTAKING OBLIGOR

Obligations, if any, arising from the Payment Undertaking will be solely the Payment Undertaking Obligor's obligations, and no other entity of the EFG Group will have any other obligation, contingent or otherwise, to make any payments in respect thereof.

Reference is also made to all above sections which refer to the Payment Undertaking Obligor.

II. GENERAL TERMS AND CONDITIONS

The Products issued by EFG INTERNATIONAL FINANCE (GUERNSEY) LTD are issued pursuant to this programme agreement.

The following General Terms and Conditions are applicable to all Products issued under this Programme by the Issuer and shall be read in conjunction with the terms and conditions of the Products as supplemented, replaced or modified by the Final Termsheet related to any Series or any Tranche of Products. In case of inconsistencies between the General Terms and Conditions and the Final Termsheet, the Final Termsheet shall prevail.

The Investors are deemed to have notice of all the provisions of this Programme and the Final Termsheet.

1. DEFINITIONS

The following definitions are applicable to all Products issued under this Programme by the Issuer and shall be read in conjunction with the additional terms and conditions of the Final Termsheet related to each Series of Products which may supplement, replace or modify them.

As used in these General Terms and Conditions, the following definitions shall have the meanings in respect of any Products or Series of Products as set forth below. Words denoting the singular number only shall include the plural number also and vice versa and words denoting one gender only shall include the other.

"**American Style Warrant**" has the meaning specified in General Terms and Conditions 5.1.

"**Announcing Party**" has the meaning specified in General Terms and Conditions 12.2.

"**Announcing Third Party**" has the meaning specified in General Terms and Conditions 12.2.

"**Automatic Exercise**" has the meaning specified in General Terms and Conditions 7.2.

"**Automatic Redemption**" has the meaning specified in General Terms and Conditions 8.2.

"**Barrier Level**" and/or "**Trigger Level**" or any other level have the meaning (where applicable) specified in the Final Termsheet.

"**Barrier Observation Period**" means the period of time as stated in the Final Termsheet and includes both, the start and end date of the respective period. In cases where the Calculation Agent determines the Initial Fixing Level based on an observed intraday price at any time on the Initial Fixing Date, the barrier observation will start only after the product has been fixed on that day. In addition, if the Product's Final Fixing Level is to be determined at any time on the Final Fixing Date (observed price), the barrier observation will end with the Calculation Agent's fixing on that date.

"Basket" means (where applicable):

- (a) In relation to a Share, the basket of Shares, as specified in the Final Termsheet, subject to adjustments;
- (b) In relation to an Index, the basket of Indices, as specified in the Final Termsheet, subject to adjustments.
- (c) In relation to any other Underlying, the basket of such other Underlyings, as specified in the Final Termsheet, subject to adjustments.

"Börse Frankfurt Zertifikate AG" means the respective trading platform for Structured Products, or any successor thereof.

"Business Day" in connection with any payment procedure means (i) a day on which SIS, DTC, Clearstream Luxembourg and Euroclear are open for business and (ii) a day on which foreign exchange markets (including precious metals accounts) settle payments in the Settlement Currency, (iii) a day on which banks are open for business in Zurich and (iv) any other day, as specified in the Final Termsheet, if applicable.

"Business Day Convention" means the convention used for the calculation of any interest amount, as defined in the Final Termsheet.

"Calculation Agent" means the calculation agent specified in the Final Termsheet.

"Cap Level" is specified in the Final Termsheet (where applicable).

"Cash Settlement" is specified in the General Terms and Conditions 7.8 or 8.9, or as specified in the Final Termsheet (where applicable).

"Clearing" and/or **"Clearing System"** means (i) in relation to Products listed on the SIX Swiss Exchange, the SIX SIS AG, Olten, Switzerland, or any additional clearing system approved by the Regulatory Board of the SIX or (ii) in relation to any Products which are not listed, SIS or any clearing system specified in the relevant Final Termsheet in which Products are held.

"Commodity" means any commodity, as specified in the Final Termsheet.

"Commodity Index" means the commodity index, as specified in the Final Termsheet.

"Company" means, for Products with Shares as Underlying, the company that has issued such Shares.

"Conversion Rate" means (where applicable) the rate of conversion of any amount into the Settlement Currency, as specified in the Final Termsheet and, if not specified, as reasonably determined by the Calculation Agent.

"Conversion Ratio" means the number of Products per Underlying or alternatively the number of Underlyings a given number of Products may be converted into, as specified in the Final Termsheet.

"Coupon Ex-Date" means, with respect to any Product paying a coupon, the first Exchange Business Day such Product is quoted without the entitlement to the coupon amount on the next following Coupon Payment Date. Local market conventions in respect of the Coupon Ex-Date may apply.

"Coupon Payment Date" has the meaning as determined in the Final Termsheet.

"Delivery of Underlying" has the meaning (where applicable) specified in General Terms and Conditions 7.9.

"Delivery Period" in relation to Settlement Disruption means the **fifteen** Business Days period starting on the Exchange Business Day following the Final Fixing Date or (in the case of a Valuation Period) the last Final Fixing Date of the Valuation Period (or any other period defined in the Final Termsheet).

"Early Redemption Date(s)" has the meaning as specified in General Terms and Conditions 5.2, as specified in the Final Termsheet and/or as specified in any Termination Announcement or Termination Notice to the Investors published in accordance with General Terms and Conditions 22 ("Notices").

"EFGI" means EFG International AG, Zurich/Switzerland, as defined on the cover page.

"EFG Bank" means EFG Bank AG, Zurich/Switzerland, as defined on the cover page.

"European Style Warrant" has the meaning specified in General Terms and Conditions 5.1.

"Exchange" means the stock exchange where the Product is listed, if applicable, or as specified in the Final Termsheet.

"Exchange Business Day" means, if not otherwise specified in the Final Termsheet:

- (a) In relation to Products with a Share as Underlying a Trading Day on which the Related Exchange is operating, on which the relevant Share is quoted on the Related Exchange and on which such futures or options on the relevant Share (if any) are traded on the Futures and Options Exchange, subject to the provisions stated in the section headed "Market Disruption Event".
- (b) In relation to Products with an Index as Underlying a day, on which the relevant Index is calculated by the Index Calculation Agent or the Index Third Party and announced by the Announcing Party or the Announcing Third Party, subject to the provisions set forth in the section headed "Market Disruption Event".
- (c) In relation to Products with any Underlying other than an Index or a Share, if the value of such Underlying is determined:
 - (i) by way of reference to a publication of an official fixing, a day on which such fixing is scheduled to be determined and published by the respective fixing sponsor, subject to Market Disruption Events;
 - (ii) by way of reference to an official cash settlement price, a day, on which such official cash settlement price is scheduled to be determined and published by the respective exchange or any other official announcing party, subject to Market Disruption Events;
 - (iii) by way of reference to a price or value source including but not limited to information providers such as Reuters, Bloomberg or WM Company PLC and the respective pages on their systems, a day, on which such price or value source still exists and officially provides for the respective price or value, subject to Market Disruption Events;

- (iv) by way of reference to an official settlement price (for example when a futures contract is the Underlying), a day, on which the Related Exchange is scheduled to be open for trading for its respective regular trading session, notwithstanding any such Related Exchange closing prior to its scheduled closing time;
 - (v) by the Calculation Agent at a specific time on a specific date, without reference to any source, a day on which the Calculation Agent can enter into a spot transaction with another counterparty, depending on both parties' respective opening hours.
- (d) In relation to Products with more than one Underlying, irrespective of their nature, and with an income deriving from the calculated number of Exchange Business Days within a pre-defined period of time, a day, on which at least one of the relevant Underlyings can be determined in accordance with (i) to (iii) above. For the purpose of the respective income calculation only, the other Underlyings for which such day is actually not a scheduled Exchange Business Day, will be assessed based on their levels of the previous Exchange Business Day.

"Exercise Date" means in relation to any Warrant, the day on which a Warrant is deemed to have been exercised in accordance with the General Terms and Conditions 7.2 (Automatic Exercise), or if applicable on which an Exercise Notice relating to that Warrant is delivered in accordance with the provisions of the General Terms and Conditions 7.3 (Exercise Notice).

"Exercise Notice" means any notice as may be agreed by the Issuer and the Paying Agent (and which is available at the specified office of the Paying Agent) which is delivered by an Investor in accordance with General Terms and Conditions 7.3 (Exercise Notice).

"Exercise Period" means, in the case of American Style Warrants, a period starting on the Issue Date and ending on the Expiration Date or as specified in the Final Termsheet.

"Expiration Date" means the date, as specified under Final Fixing Date in the Final Termsheet, subject to Market Disruption Event provisions.

"Fair Market Value" means the value of the relevant Underlying as determined by the Calculation Agent in its duly executed discretion (*billiges Ermessen*) but in accordance with established market practice, which is calculated on the basis of the relevant market conditions after deduction of the costs of the Issuer for unwinding any related underlying hedging arrangements.

"Final Fixing Date" means, subject to provisions regarding Market Disruption, the date specified in the Final Termsheet or if such date is not an Exchange Business Day the next succeeding Exchange Business Day.

"Final Fixing Level" has the meaning as determined in the Final Termsheet.

"Fixed-end Products" mean Structured Products with a fixed duration, ending on the Final Fixing Date and/or the Redemption Date, respectively.

"Following Business Day Convention" means that the immediately following Business Day or Exchange Business Day, as applicable according to the Final Termsheet, shall apply if the date indicated in the Final Termsheet is not a Business Day or not an Exchange Business Day. Such convention shall apply by default unless otherwise specified in the Final Termsheet.

"Futures and Options Exchange" means in relation to any Product the organized futures and options exchanges on which futures and/or options relating to the Underlying are traded as, as the case may be, specified in the Final Termsheet or any succeeding market thereto.

"FX Disruption Event" has the meaning given in General Terms and Conditions 16.

"FX Establishment Date" has the meaning given in General Terms and Conditions 16.

"FX Rate" has the meaning given in General Terms and Conditions 16.

"Guarantor" means either EFG International AG or EFG Bank AG, as specified in the Final Termsheet.

"Hedging Disruption" has the meaning specified in General Terms and Conditions 17.

"Hedging Entity" has the meaning specified in General Terms and Conditions 17.

"Increased Cost of Collateralization" has the meaning specified in General Terms and Conditions 17.

"Increased Cost of Hedging" has the meaning specified in General Terms and Conditions 17.

"Index" means, in respect of any Product relating to an index, each index specified in the Final Termsheet and published by the relevant Index Sponsor.

"Index Calculation Agent" has the meaning specified in General Terms and Conditions 12.1.

"Index Sponsor" means the relevant index sponsor who calculates and publishes the relevant Index, as specified in the Final Termsheet.

"Initial Fixing Date" has the meaning as determined in the Final Termsheet.

"Initial Fixing Level" has the meaning as determined in the Final Termsheet.

"Investor" means a person entitled to the rights conferred by the Products, holding Products through a Securities Account Holder, or, in the case of a Securities Account Holder acting for its own account, such Securities Account Holder.

"Issuer" means EFG International Finance (Guernsey) Ltd as described in the Final Termsheet.

"Issue Date" has the meaning as determined in the Final Termsheet.

"Issue Price" means the issue price as specified in the Final Termsheet.

"Issuer Estimated Value" means the Issuer Estimated Value (the **"IEV"**) as may be specified in the Final Termsheet. The IEV is calculated by the Issuer and/or the Lead Manager or any third party appointed by the Issuer, as applicable, on the Initial Fixing Date, or at the beginning of the subscription period and will not be updated during the lifetime of the Product.

"Last Trading Day" means the date as specified in the Final Termsheet.

"Last Trading Time", see the definition of Trading Expiration Time.

"Lead Manager" means the lead manager specified in the Final Termsheet.

"Market Disruption Event" has the meaning specified in General Terms and Conditions 9.

"Maximum Exercise Number" has the meaning specified in General Terms and Conditions 7.1.

"Maximum (Redemption) Amount" means (where applicable) the amount, as specified in the Final Termsheet.

"Merger Date" has the meaning specified in General Terms and Conditions 11.2.

"Merger Event" has the meaning specified in General Terms and Conditions 11.2.

"Merger Event Redemption Amount" has the meaning specified in General Terms and Conditions 11.2.

"Minimum Exercise Number" has the meaning specified in General Terms and Conditions 7.1.

"Minimum Investment" means the minimum investment amount specified in the Final Termsheet.

"Minimum Trading Lot" means the minimum trading lot specified in the Final Termsheet.

"Observation Date" has, subject to Market Disruption Event provisions, the meaning as determined in the Final Termsheet or if such a date is not an Exchange Business Day the following Exchange Business Day.

"Open-end Products" mean Structured Products with no fixed maturity.

"Paying Agent" means the paying agent specified in the Final Termsheet.

"Payment Undertaking Obligor" means EFG Bank AG, where applicable.

"Postponed Final Fixing Date" has the meaning given in General Terms and Conditions 16.

"Postponed Observation Date" has the meaning given in General Terms and Conditions 16.

"Potential Adjustment Event" has the meaning given in General Terms and Conditions 11.1.

"Preceding Business Day Convention" means that the immediately preceding Business Day or Exchange Business Day, as applicable according to the Final Termsheet, shall apply if the specific date indicated in the Final Termsheet is not a Business Day or not an Exchange Business Day. The Preceding Business Day Convention would be specified on the relevant Final Termsheet.

"Price Source" means in relation to a Commodity, the price source, as specified in the Final Termsheet, providing the relevant price of the respective Commodity.

"Products" mean Warrants and Structured Products, as specified in the Final Termsheet.

"Rating" means the rating of the Issuer and the Guarantor, as specified in the Final Termsheet.

"Redemption" or **"Redemption Amount"** means (where applicable) with respect to any Product a Cash Settlement in the Settlement Currency and/or a Delivery of Underlying, as specified in the Final Termsheet.

"Redemption Date" means in relation to (i) any Warrants being exercised, the **fifth** Business Day following the Exercise Date, the Expiration Date or the Final Fixing Date (or, as the case may be, following the Final Fixing Date of the Valuation Period) or any other Business Day specified in the Final Termsheet, subject to Market Disruption Event provisions; (ii) any Structured Products, the Business Day specified in the Final Termsheet. Where a Final Fixing Date is postponed as a consequence of a Market Disruption Event, the Redemption Date, any Coupon Payment Date or any other date, as applicable, will be postponed accordingly.

"Redemption Notice" means any notice in the form as may be agreed by the Issuer and the Paying Agent (and which is available at the specified office of the Paying Agent) which is delivered by an Investor in accordance with General Terms and Conditions 8.3 and 8.4.

"Related Exchange(s)" means the exchange(s) or a quotation system, as specified in the Final Termsheet, any successor to such Related Exchange or quotation system or any substitute exchange or quotation system to which trading in the Underlying has temporarily relocated on which the relevant Underlying or its components and, are traded, or as specified in the Final Termsheet. Any substitute exchange or quotation system must provide comparable liquidity relative to the Underlying as on the original related Exchange, as determined by the Issuer and/or Calculation Agent.

"Relevant Currency" means the currency in which the Underlying is trading on the Related Exchange.

"Requisite Amount" has the meaning specified in General Terms and Conditions 7.7.

"Securities Account Holder" means a financial intermediary entitled to hold accounts with a Clearing System on behalf of its customers or an Investor entitled to an account with SIS or any other Clearing System, as specified in the relevant Final Termsheet.

"Series" means two or more Tranches of Products, designated to constitute a Series in the relevant Conditions, with the same Underlying or Underlying Component, issued on the same date.

"Service Provider" means Leonteq Securities AG.

"Service Provider Default Event" has the meaning given to it in General Terms and Conditions 17.

"Settlement Currency" means the currency, as specified in the Final Termsheet, used for the payment of any Redemption, Redemption Amount or any other amount.

"Settlement Disruption" means, in the case of a Delivery of Underlying, the suspension or material limitation, in the opinion of the Calculation Agent, of transfers of the Underlying in the system of any of the Clearing Systems.

"Share" means, in respect of any Product relating to shares, each share, depository receipt, or any other equity or equity related instruments or units of investment funds, as specified in the Final Termsheet.

"SIS" means SIX SIS AG, Olten, Switzerland, or any successor thereof.

"SIX" or "SIX Swiss Exchange" means the SIX Swiss Exchange, Zurich, Switzerland, or its successor.

"SIX Structured Products Exchange AG" means a trading platform for Structured Products designed by the SIX Group or any successor thereof.

"Stop Loss Level" has the meaning (where applicable) specified in the Final Termsheet.

"Strike Level" and/or **"Strike Price"** has the meaning (where applicable) specified in the Final Termsheet.

"Structured Products" mean structured products such as Certificates, Notes, Reverse Convertibles etc., based on any kind of Underlying, including but not limited to shares, depositary receipts, indices, currencies, interest rates, commodities and baskets thereof or a combination thereof, as specified in the Final Termsheet, according to article 5 of the Swiss Federal Act on Collective Investment Schemes of 28 September 2012 as amended ("**CISA**") and according to section 2 of the Swiss Bankers Association's Guidelines on informing Investors about Structured Products.

"Successor Index Calculation Agent" has the meaning specified in General Terms and Conditions 12.1.

"Termination Announcement" or **"Termination Notice"** has the meaning as specified in the Final Termsheet and/or means any notice send to the Investors in respect of terminating the Products.

"Total Expense Ratio" means the Total Expense Ratio ("**TER**") as may be specified in the Final Termsheet. The TER is calculated by the Issuer and/or the Lead Manager or any third party appointed by the Issuer, as applicable, on the Initial Fixing Date, or at the beginning of the subscription period and will not be updated during the lifetime of the Product. **"Trading Day"** means any day that is a scheduled trading day of the Related Exchange, subject to the provisions set forth in the section headed 'Market Disruption Events'.

"Trading Expiration Time" and/or **"Last Trading Time"** means the time on the Last Trading Day until which the Products can be traded on the Exchange, as specified in the Final Termsheet.

"Tranche" means a number of Products that are subject to the same conditions (including further issuances pursuant to General Terms and Conditions 25, if any).

"Trigger Level", see the definition of Barrier Level.

"Unadjusted" means that the coupon period is not adjusted.

"Underlying" means any Underlying Component and/or Underlying, as the case may be, or as specified in the Final Termsheet.

"Underlying Component" relating to Products with Commodity Indices as Underlying, in respect of each physical commodity comprised in the Index, each exchange traded future or exchange traded option contracts for that physical commodity, as determined by the Calculation Agent.

"Underlying to Deliver" means, where applicable, a securities paper or instrument as specified in the Final Termsheet that will be delivered to the Investor instead of the respective Underlying, if for instance, the Underlying itself can – based on the assessment of the Issuer or its agents – not be delivered for any reason.

"Valuation Period" and/or **"Hedge Period"** means, where applicable, the period specified in the Final Termsheet.

"Value of the Basket" means, subject to adjustments, the value of the Basket on the Final Fixing Date, considering the Conversion Ratio and the Weight, as determined by the Calculation Agent in its duly executed discretion (*billiges Ermessen*).

"Warrants" means Call Warrants and Put Warrants, as specified in General Terms and Conditions 6.

"Weight" means for each basket of Shares, Indices or any other Underlyings, the weight specified for such Underlyings or Underlying Components, as specified in the Final Termsheet.

2. STATUS

The Products constitute unsubordinated and unsecured obligations of the Issuer and the Guarantor and rank pari passu with each and all other current and future unsubordinated and unsecured obligations of the Issuer and the Guarantor.

Collateralization, as further described in section "Collateral Secured Instruments (COSI)" herein, eliminates the credit risk of the Issuer and the Guarantor only to the extent that the proceeds from the liquidation of collateral upon occurrence of a Liquidation Event (less the costs of liquidation and payout) are able to meet the Investors' claims. The Investor bears the following risk, among others: the market risk associated with the collateral results in insufficient liquidation proceeds or, in extreme circumstances, the collateral might lose its value entirely until the liquidation can take place. The costs for the COSI service provided by SIX Swiss Exchange with respect to the collateralization of the Products may be taken into account for the pricing of a specific Product and may therefore be borne by the Investors, as the case may be. With regard to the payment of the pro-rata share of the net liquidation proceeds the Investor shall bear the solvency risks of SIX Swiss Exchange and the financial intermediaries along the payout chain. The payment to the Investors may be delayed for factual or legal reasons. To the extent the calculation of the current value of Products proves to be incorrect, the collateralization of the Products may be insufficient.

There is no principal protection in relation to the Products (unless specified in the Final Termsheet).

3. FORM

Each Series of Products will be issued in one of the following forms and will remain unchanged for the entire term. The Final Termsheet specifies the applicable form:

- (a) **a permanent global certificate** (Dauerglobalurkunde) (the "Permanent **Global Certificate**") in bearer form which shall be deposited by the Paying Agent with the Clearing System. Once the Permanent Global Certificate is deposited with the Clearing System and entered into the accounts of one or more participants of the Clearing System, the Products will constitute intermediated securities (*Bucheffekten*) ("**Intermediated Securities**") in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*).

Each Investor shall have a co-ownership in the range of its interest (*Miteigentumsanteil*) in the Global Certificate to the extent of his claim against the Issuer, provided that for so long as the Global Certificate remains deposited with the Clearing System the co-ownership interest shall be suspended and the Products may only be transferred by the entry of the transferred Products in a securities account of the transferee, as set out in the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*) regarding the transfer of Intermediated Securities.

Neither the Issuer nor the Investors shall at any time have the right to effect or demand the conversion of the Global Certificate into, or the delivery of, uncertificated securities (*Wertrechte*) or definitive security papers (*Wertpapiere*) (the "**Security Papers**").

The records of the Clearing System will determine the number of Products held through each participant in that Clearing System. In respect of the Products held in the form of Intermediated Securities, the holders of the Products will be the Investors, i.e. (i) the persons, other than intermediaries (*Verwahrungsstellen*), holding the Products in a securities account (*Effektenkonto*) with an intermediary (*Verwahrungsstelle*) and (ii) the intermediaries (*Verwahrungsstellen*) holding the Products for their own account.

No physical delivery of the Products shall be made unless and until definitive Security Papers shall have been printed. Products may only be printed, in whole, but not in part, if the Paying Agent determines, in its sole discretion, that the printing of the Security Papers is necessary or useful.

Should the Paying Agent decide to do so, it will provide for the printing of definitive Security Papers without cost to the Investors. If printed, the Security Papers shall be executed by affixing thereon the facsimile signatures of two authorized officers of the Issuer. Upon delivery of the Security Papers, the Global Certificate will immediately be cancelled by the Paying Agent and the Security Papers shall be delivered to the Investors against cancellation of the Products in the Investors' securities accounts.

- (b) **uncertificated securities** (*Wertrechte*) (the "**Uncertificated Securities**") are created by the Issuer by means of a registration in its register of uncertificated securities (*Wertrechtbuch*) (the "**Register of Uncertificated Securities**"). Such Uncertificated Securities will then be entered into the main register of the Clearing System (*Hauptregister*) (the "**Main Register of the Clearing System**"). Once the Uncertificated Securities are registered in the Main Register of the Clearing System and entered into the accounts of one or more participants of the Clearing System, the Products will constitute intermediated securities (*Bucheffekten*) ("Intermediated Securities") in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*).

So long as the Products remain registered with the Clearing System, the Products may only be transferred or otherwise disposed of in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*), i.e., by the entry of the transferred Products in a securities account of the transferee.

Neither the Issuer nor the Investors shall at any time have the right to effect or demand the conversion of the Uncertificated Securities into, or the delivery of, a permanent global certificate (*Globalurkunde*) or definitive Security Papers.

The records of the Clearing System will determine the number of Products held through each participant in the Clearing System. In respect of the Products held in the form of Intermediated Securities, the holders of the Products will be the Investors, i.e. (i) the persons, other than intermediaries (*Verwahrungsstellen*), holding the Products in a securities account (*Effektenkonto*) with an intermediary (*Verwahrungsstelle*) and (ii) the intermediaries (*Verwahrungsstellen*) holding the Products for their own account. For purposes of the exercise of the Products the Paying Agent may assume that the bank or financial intermediary submitting the exercise notice to it has been duly authorized by the respective Investor for these purposes.

No physical delivery of the Products shall be made unless and until definitive Security Papers (*Wertpapiere*) shall have been printed. Products may only be printed, in whole, but not in part, if the Paying Agent determines, in its sole discretion, that the printing of the Security Papers is necessary or useful.

Should the Paying Agent decide to do so, it shall provide for the printing of definitive Security Papers without cost to the Investors. Upon delivery of the Security Papers, the Uncertificated Securities will immediately be cancelled by the Issuer and the Security Papers shall be delivered to the Investors against cancellation of the Products in the Investors' securities accounts.

So long as the Products remain registered with the Issuer's or the Paying Agent's internal or other accounts, the Products may only be transferred or otherwise disposed of in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*), i.e., by the entry of the transferred Products in a securities account of the transferee with the Issuer or the Paying Agent respectively.

Neither the Issuer nor the Investor shall at any time have the right to effect or demand the conversion of the **non-transferrable booking entries (the "NTBE's")** into, or the delivery of, a permanent global certificate (*Globalurkunde*) or definitive Security Papers (*Wertpapiere*).

In respect of the Products held in the form of NTBE's, the holders of the Products will be the Investors, i.e. the persons holding the Products in a securities account (*Effektenkonto*) with the Issuer or the Paying Agent respectively.

(c) any other means, as stated in the Final Termsheet.

4. TRANSFER OF PRODUCTS

Transactions in, including transfer of, the Products may only be effected through the relevant Clearing System in or through which the Products are held and are to be held and/or through the relevant Securities Account Holder. Title will pass upon registration of the transfer into the books of the relevant Clearing System and/or of the relevant Securities Account Holder.

5. STYLE OF PRODUCTS

5.1 American Style Warrants or European Style Warrants

These General Terms and Conditions 5.1 are applicable only in relation to Warrants.

The Final Termsheet will indicate whether the Warrants are American Style Warrants or European Style Warrants, as described below:

American Style Warrants are exercisable on any Business Day during the Exercise Period in accordance with the procedure described in General Terms and Conditions 7 as supplemented by the provisions of the Final Termsheet.

European Style Warrants are exercisable on the Expiration Date in accordance with the procedure described in General Terms and Conditions 7 as supplemented by the provisions of the Final Termsheet.

5.2 Fixed-end Products or open-end Products

These General Terms and Conditions 5.2 are applicable only in relation to Structured Products.

The Final Termsheet will indicate whether the Structured Products are Fixed-end Products or Open-end Products, as described below:

Fixed-end Products expire on the Expiration Date specified as such in the Final Termsheet. Unless otherwise specified in the Final Termsheet, they are automatically redeemed on the Redemption Date. If specified in the Final Termsheet Fixed-end Products are redeemable by their Investors on the date(s) prior to the Redemption Date ("**Early Redemption Date(s)**") specified in the Final Termsheet in accordance with General Terms and Conditions 8, or, if any such Early Redemption Date is not a Business Day, the next following date that is a Business Day.

Open-end Products have no fixed maturity. The Issuer has the right to call and the Investor has the right to redeem Open-end Products in accordance with the procedure described in General Terms and Conditions 8 on any Early Redemption Date or Redemption Date, respectively, specified in the Final Termsheet, or, if any such Early Redemption Date or Redemption Date is not a Business Day, the next following date that is a Business Day.

6. CALL WARRANTS OR PUT WARRANTS

These General Terms and Conditions 6 are applicable only in relation to Warrants.

The Final Termsheet will indicate whether the Warrants are call Warrants (the "**Call Warrants**") or put Warrants (the "**Put Warrants**"), all as described as follows:

6.1 For Warrants related to a single Share

If the Underlying is a Share, the following shall apply:

The Final Termsheet shall specify whether Call Warrants entitle the Investor upon exercise of the Warrants, to receive:

- (i) the payment of the Redemption Amount (if the Redemption Amount is a positive amount);
- (ii) at the choice of the Issuer, the payment of the Redemption Amount (if the Redemption Amount is a positive amount), or the delivery of the number of Shares to which the Warrants being exercised by the Investor relate against payment of the Strike Level multiplied by the number of Shares to be delivered (according to the Conversion Ratio); or
- (iii) in the case of American Style Warrants,
 - the payment of the Redemption Amount (if the Redemption Amount is a positive amount) if the Warrants are automatically exercised on the Expiration Date pursuant to General Terms and Conditions 7.2,

or the delivery of the number of Shares to which the Warrants being exercised by the Investor relate to against payment of the Strike Level multiplied by the number of Shares to be delivered (according to the Conversion Ratio) if the Warrants are exercised by the Investor during the Exercise Period.

The Final Termsheet shall specify whether Put Warrants entitle the Investor upon exercise of the Warrants, to receive:

- (a) the payment of the Redemption Amount (if the Redemption Amount is a positive amount);
- (b) at the option of the Issuer, the payment of the Redemption Amount (if the Redemption Amount is a positive amount), or the payment of the Strike Level multiplied by the number of Shares to be delivered by the Investor (according to the Conversion Ratio) against delivery of the number of Shares to which the Warrants being exercised relate; or
- (c) in the case of American Style Warrants,
 - a. the payment of the Redemption Amount (if the Redemption Amount is a positive amount) if the Warrants are automatically exercised on the Expiration Date pursuant to General Terms and Conditions 7.2,
 - b. or the payment of the Strike Level multiplied by the number of Shares to be delivered by the Investor against delivery of the number of Shares which the Warrants being exercised relate to (according to the Conversion Ratio) if the Warrants are exercised by the Investor during the Exercise Period.

6.2 For Warrants related to any Underlying other than a single Share

If the Underlying is a Basket of Shares, an Index or a Basket of Indices or any other Underlying than a single Share or a derivative contract, the following shall apply:

Call Warrants entitle the Investor upon exercise of the Warrants to receive the payment of the Redemption Amount (if the Redemption Amount is a positive amount).

Put Warrants entitle the Investor upon exercise of the Warrants to receive the payment of the Redemption Amount (if the Redemption Amount is a positive amount).

7. EXERCISE OF WARRANTS

These General Terms and Conditions 7 are applicable only in relation to Warrants.

7.1 Minimum and maximum number of Warrants exercisable

(a) Minimum number of Warrants exercisable

The minimum number of Warrants exercisable by any Investor on any Exercise Date will be specified in the Final Termsheet (the "**Minimum Exercise Number**"). Any Exercise Notice which purports to exercise Warrants in an amount less than the relevant Minimum Exercise Number shall be void and of no effect.

(b) Maximum number of Warrants exercisable (in the case of American Style Warrants)

In the case of American Style Warrants, if the Paying Agent determines that the number of Warrants being exercised on any Exercise Date other than the Expiration Date exceeds the maximum exercise number, as specified in the Final Termsheet (the "**Maximum Exercise Number**"), the Issuer may deem the Exercise Date for the first Maximum Exercise Number of such Warrants to be such day and the Exercise Date for each additional Maximum Exercise Number of such Warrants to be each of the succeeding Business Days until all such Warrants have been attributed with an Exercise Date, provided, however, that the last Exercise Date may not fall after the Expiration Date. In any case where the number of Warrants exercised on any Exercise Date exceeds the Maximum Exercise Number, the order of settlement shall be chronological, i.e., in the order of receipt of the relevant Exercise Notices. The Issuer may, at any time, in its duly executed discretion (*billiges Ermessen*), accept more Warrants than the Maximum Exercise Number for exercise on any Exercise Date.

7.2 Automatic Exercise

The Final Termsheet may specify that Warrants are automatically exercised on the Expiration Date. Then:

- (a) The Investor will not need to deliver an Exercise Notice or to take any other action, unless otherwise specified in the Final Termsheet; and
- (b) Warrants shall automatically be exercised on the Expiration Date if the Redemption Amount is a positive amount.

Warrants automatically exercised only allow for the payment of the Redemption Amount.

7.3 Exercise Notice

Except for automatically exercised Warrants, Warrants may only be exercised by an Investor on such day(s) as provided in General Terms and Conditions 5.1 by delivery of a duly completed and signed Exercise Notice to the Paying Agent no later than 12:00 noon (Zurich time) on the relevant Exercise Date or Expiration Date, as the case may be (for an Underlying listed in Asia the next following Business Day will be treated as the Exercise Date). If the duly completed Exercise Notice is received by the Paying Agent (i) on a Business Day after 12:00 noon (Zurich time) or (ii) on a day which is not a Business Day, then such

Exercise Notice shall be deemed to have been received on the next following Business Day (for an Underlying listed in Asia the second following Business Day will apply). Such Business Day shall be the Exercise Date, subject to such Business Day being no later than the Expiration Date.

Any Exercise Notice received by the Paying Agent on an Exercise Date, which is not duly completed, shall be deemed to be null and void and a new duly completed Exercise Notice must be submitted if the Investors still intend to exercise the Warrants.

If the Final Termsheet specifies that the Warrants will not be exercised automatically on the Expiration Date, any Warrant which has not been exercised, with respect to which an Exercise Notice has not been duly completed, delivered and received in the manner set out in these General Terms and Conditions 7 at or before 12:00 noon (Zurich time) on the Expiration Date shall become null and void.

7.4 Form of Exercise Notice

The Exercise Notice shall be in the form as may be agreed with the Issuer and the Paying Agent (and which is available at the specified office of the Paying Agent) and must:

- (a) specify the name and address of the Investor in respect of the Warrants being exercised;
- (b) specify the number of Warrants of the relevant Series being exercised by the Investor (which may not be less than the Minimum Exercise Number);
- (c) specify the number of the account at the relevant Clearing System to be debited with the Warrants being exercised and irrevocably instruct or, as the case may be, confirm that the Securities Account Holder has irrevocably instructed the relevant Clearing System to debit its account with the Warrants being exercised and credit the account of the Paying Agent;
- (d) specify the number of the account at the relevant Clearing System to be credited with the Redemption Amount for the Warrants being exercised or, as the case may be, specify the number of the account with the relevant Clearing System to be credited with the relevant Shares or the delivery details for such Shares;
- (e) include an irrevocable undertaking to the Issuer and the Paying Agent, acting on the Issuer's behalf, to pay any applicable taxes and duties due by reason of exercise of the relevant Warrants and an authority to the Issuer and the Paying Agent and, in case of unlisted Warrants, the relevant Clearing System (if other than SIS) to deduct an amount in respect thereof from any Redemption Amount due to such Investor or otherwise (on or at any time after the Redemption Date) and to debit a specified account of the Investor with an amount in respect thereof;
- (f) certify that the Investor is not a U.S. Person and that the Warrants are not being exercised on behalf of a U.S. Person; and
- (g) specify any other details that the relevant Final Termsheet may require.

7.5 Determination

Upon receipt of an Exercise Notice from an Investor, the Paying Agent shall review each Exercise Notice received in order to ensure that it has been duly completed and that all requirements for a valid exercise of the Warrants have been complied with.

If, in the determination of the Paying Agent, the Exercise Notice is incomplete or not in proper form; or

- (a) sufficient Warrants or sufficient funds equal to any applicable taxes and duties and the aggregate Strike Level (if any) are not available in the specified account(s) with the relevant Clearing System on the Exercise Date;
- (b) the Exercise Notice will be treated as null and void and a new duly completed Exercise Notice must be submitted if exercise of the Warrants is still desired by the Investor.

Any determination by the Paying Agent as to any of the matters set out in these General Terms and Conditions 7.5 shall, in the absence of manifest error or wilful misconduct, be conclusive and binding upon the Issuer, the Investor and the beneficial owner of the Warrants exercised.

7.6 Delivery of Underlying or cash settlement at Issuer's choice in case of Warrants related to a Share

If the Warrants relate to a Share, and the Final Termsheet provides that the Issuer can elect Cash Settlement or Delivery of Underlying, the Issuer shall notify the Paying Agent of its choice of delivering or acquiring Shares or paying the corresponding Redemption Amount (if the Redemption Amount is a positive amount) not later than 10:00 a.m. (Zurich time) on the second Business Day following the Exercise Date and the Paying Agent shall cause the information to be notified to the relevant Clearing System and/or the relevant Securities Account Holder accordingly.

7.7 Effect of Exercise Notice

Delivery of an Exercise Notice shall constitute an irrevocable election and undertaking by the relevant Investor to exercise the Warrants in accordance with these General Terms and Conditions. In addition, and with respect to Call Warrants with delivery, the Investor undertakes to pay an amount equal to the Strike Level multiplied by the number of Shares to which the exercised Warrants relate (the "**Requisite Amount**") in order to receive delivery of the Underlying. With respect to Put Warrants with delivery, the Investor undertakes to deliver the Shares to which the exercised Warrants relate. The Investor also undertakes in any case to pay the taxes and duties to the Paying Agent (for the benefit of the Issuer), should the Issuer elect Delivery of the Underlying.

7.8 Cash Settlement

- (a) Determination and Notification of the Redemption Amount

The Calculation Agent shall, on the next Business Day following the Final Fixing Date, determine, in its duly executed discretion (*billiges Ermessen*) but in accordance with established market practice, the Redemption Amount (if any) to be paid in respect of the Warrants being exercised.

- (b) Cash Settlement on the Redemption Date

Prior to the Redemption Date, the Issuer shall, in respect of the Warrants being exercised, transfer (or cause to be transferred) the Redemption Amount to the Paying Agent, for value on the Redemption Date. On the Redemption Date the Paying Agent shall, subject to the transfer of the Warrants to be exercised and to the receipt of payment of the related taxes and duties, if any, cause an account of the Investor to be credited with such amount for value on the Redemption Date.

7.9 Delivery of Underlying

(a) Delivery of Underlying on the Redemption Date

In respect of Call Warrants which have been exercised and in respect of which the Issuer has elected Delivery of Underlying in accordance with General Terms and Conditions, the Issuer shall, prior to the Redemption Date, deliver or procure the delivery of the relevant number of Shares in respect of each Warrant to the Paying Agent for credit to the account of the Investor specified in the relevant Exercise Notice on the Redemption Date. Such Delivery of Underlying is subject to the payment of the Requisite Amount (plus any applicable taxes and duties, if any) from the relevant account of the Investor to the relevant account of the Paying Agent (in favour of the Issuer). The Issuer shall be entitled, if it so elects, to divide any Shares to be transferred into such number of lots of such size as it desires in order to facilitate its delivery obligations.

With respect to Put Warrants which have been exercised and with respect to which the Issuer has elected Delivery of Underlying in accordance with General Terms and Conditions, the Issuer shall, prior to the Redemption Date, transfer (or cause to be transferred) the Requisite Amount (less any applicable taxes and duties, if any) to the Paying Agent, for value on the Redemption Date. Such Delivery of Underlying is subject to the delivery of the relevant number of Shares with respect to each Warrant to the Paying Agent for credit to the account of the Issuer. On the Redemption Date the Paying Agent shall, subject to the relevant number of Shares having been transferred, cause an account of the Investor to be credited with such amount for value on the Redemption Date.

(b) Settlement Disruption

If a Settlement Disruption has occurred and is continuing on the last day of the Delivery Period, the Issuer shall, with respect to the Warrants being exercised, in lieu of delivering the number of Shares to which these Warrants relate, pay as soon as commercially possible the Redemption Amount and, for the calculation of the Redemption Amount, the Final Fixing Date shall be determined by the Calculation Agent in its duly executed discretion (*billiges Ermessen*), taking into account established market practice.

Such Redemption Amount shall be determined on the basis of the Fair Market Value of the Share on such Final Fixing Date. The Issuer shall pay the corresponding Redemption Amount (if any) to the Investor as soon as commercially possible in accordance with established market practice.

(c) Fractions of Shares

No fraction of Shares will be transferred by the Issuer and, accordingly, payment to the Investor shall be made by the Issuer in lieu of such fraction of Share calculated by reference to the Redemption Amount.

Warrants exercised at the same time by the same Investor will not be aggregated for the purpose of determining the number of Shares to which such Warrants relate.

7.10 Dividends

These General Terms and Conditions 7.10 are applicable only in relation to Warrants related to a Share and to Warrants related to a Basket of Shares.

The following applies to exercised Warrants referring to a Share for which the relevant Company has declared a dividend and which will be quoted ex-dividend on the Related Exchange after the respective Exercise Date of the Warrant:

(a) For Warrants with Cash Settlement:

Provided the Shares to which the Warrant refers will be quoted ex-dividend on the Related Exchange after the respective Exercise Date, but on or prior to the relevant Final Fixing Date (except where the Final Fixing Date is the Exercise Date), the Redemption Amount related to such Share shall be increased by a cash amount equal to such dividends attributable to such Share less the amount equal to the value of any related tax credit(s).

(b) For Call Warrants with Delivery of Underlying:

Provided the Shares to which the Warrant refers will be quoted ex-dividend on the Related Exchange after the respective Exercise Date, but on or prior to the Redemption Date, then for Call Warrants related to a Share, the Investor will be entitled to receive a cash amount equal to such dividends attributable to the number of Shares to which such Warrants relate on the relevant Redemption Date less the amount equal to the value of any related tax credit(s). All Shares delivered upon exercise of the Warrants shall be fully-paid up Shares and shall entitle the holders to participate in full in all dividends and other distributions paid or made on the Shares after the delivery.

8. REDEMPTION OF STRUCTURED PRODUCTS

These General Terms and Conditions 8 are applicable only in relation to Structured Products.

8.1 Minimum and maximum number of Structured Products redeemable

(a) Minimum number of Structured Products redeemable

The minimum number of Structured Products redeemable by any Investor on any Redemption Date will be specified in the Final Termsheet. Any Redemption Notice which purports to redeem Structured Products in an amount less than the relevant Minimum Trading Lot shall be null and void and of no effect.

(b) Maximum number of Structured Products redeemable (in the case of Open-end Products redeemable on an Early Redemption Date)

If Structured Products are to be redeemed early and the Paying Agent determines that the number of Structured Products being redeemed on any Redemption Date exceeds the maximum redemption number, as specified in the Final Termsheet (the "**Maximum Redemption Number**"), the Issuer may

deem the Redemption Date for the first Maximum Redemption Number of such Structured Products to be the Early Redemption Date and the Redemption Date for each additional Maximum Redemption Number of such Structured Products to be each of the succeeding Business Days until all such Structured Products have been attributed with a Redemption Date. If by following this rule the deemed Redemption Date for any such Structured Products would fall after the Redemption Date, it shall fall on the Redemption Date. In any case where the number of Structured Products redeemed on any day exceeds the Maximum Redemption Number, the order of settlement shall be chronological, i.e. in the order of receipt of the relevant Redemption Notices. The Paying Agent may, at any time, in its duly executed discretion (*billiges Ermessen*), accept more Structured Products than the Maximum Redemption Number for redemption on any Redemption Date.

8.2 Automatic Redemption

Unless previously redeemed, purchased and/or cancelled Fixed-end Products will be redeemed automatically on the Redemption Date and the settlement will be cash settlement or cash settlement or Delivery of Underlying at the option of the Issuer, as specified in the Final Termsheet.

In relation to Fixed-end Products which are automatically redeemed on the Redemption Date the Investor will not need to deliver a Redemption Notice or to take any other action, unless otherwise specified in the Final Termsheet.

8.3 Redemption Notice

If so specified in the Final Termsheet Products may be redeemed by an Investor at such time and on such day(s) as provided in General Terms and Conditions 5.2 by delivery of a duly completed and signed Redemption Notice to the Paying Agent no later than 12:00 noon (Zurich time) on any Exchange Business Day during the Exercise Period. Such Exchange Business Day and in case of Products on an Underlying listed in Asia the next following Exchange Business Day, will be treated as the Final Fixing Date, subject to any Market Disruption Event.

Any Redemption Notice received by the Paying Agent, which is not duly completed, shall be deemed to be null and void and a new duly completed Redemption Notice must be submitted if redemption of the Investor's Products is still desired.

8.4 Form of Redemption Notice

The Redemption Notice shall be in the form as may be agreed by the Issuer and the Paying Agent (and which is available at the specified office of the Paying Agent) and must:

- (a) specify the name and address of the Investor in respect of the Structured Products being redeemed;
- (b) specify the number of Structured Products of the relevant Series being redeemed by the Investor (which must not be less than the Minimum Trading Lot);
- (c) specify the number of the account at the relevant Clearing System to be debited with the Structured Products being redeemed and irrevocably instruct, or, as the case may be, confirm that the Securities Account Holder has irrevocably instructed, the relevant Clearing System to debit the Securities Account Holder's account with the Structured Products being redeemed and credit the account of the Paying Agent;

- (d) specify the number of the account at the relevant Clearing System to be credited with the Redemption Amount for the Structured Products being redeemed or specify the number of the account with the relevant Clearing System to be credited with the relevant shares or the delivery details for such shares;
- (e) include an irrevocable undertaking to the Issuer and the Paying Agent, acting on the Issuer's behalf, to pay any applicable taxes and duties due by reason of redemption of the relevant Structured Products and an authority to the Issuer and the Paying Agent and, in case of unlisted Structured Products, the relevant Clearing System (if other than SIS) to deduct an amount in respect thereof from any Redemption Amount due to such Investor or otherwise (on, or at any time after, the Redemption Date) and to debit a specified account of the Investor with an amount or amounts in respect thereof;
- (f) certify that the Investor is not a U.S. Person and that the Structured Products are not being exercised on behalf of a U.S. Person; and
- (g) specify other details as the relevant Final Termsheet requires.

8.5 Determination

Upon receipt of a Redemption Notice from an Investor, the Paying Agent shall review each Redemption Notice received in order to ensure that it has been duly completed and that all requirements for a valid redemption of the Structured Products have been complied with.

If, in the determination of the Paying Agent:

- (a) the Redemption Notice is incomplete or not in proper form; or
- (b) sufficient Structured Products or sufficient funds equal to any applicable taxes and duties are not available in the specified account(s) with the relevant Clearing System on the Redemption Date;

the Redemption Notice will be treated as null and void and a new duly completed Redemption Notice must be submitted if redemption of the Structured Products is still desired by the Investor.

Any determination by the Paying Agent as to any of the matters set out in these General Terms and Conditions 8.5 shall, in the absence of manifest error or wilful misconduct, be conclusive and binding upon the Issuer, the Investor and the beneficial owner of the Structured Products redeemed.

8.6 Issuer's choice in the case of Delivery of Underlying or cash settlement of Structured Products related to a Share

In the case of Structured Products related to a Share in respect of which the Final Termsheet provides that the Issuer can choose to deliver a certain number of Shares or to pay the Redemption Amount, the Issuer shall notify the Paying Agent of its choice of delivering Shares or paying the corresponding Redemption Amount, if any, not later than 10:00 a.m. (Zurich time) on the tenth Business Day prior to the Final Fixing Date and the Paying Agent shall cause the same to be notified to the relevant Clearing System and/or the relevant Securities Account Holder accordingly.

8.7 Effect of Redemption Notice

Delivery of a Redemption Notice shall constitute an irrevocable election and undertaking by the relevant Investor to redeem the Structured Products in accordance with the General Terms and Conditions.

8.8 Termination of Products by the Issuer

(a) Termination of open-end Products

In the case of open-end Products the Issuer may, on any (Early) Redemption Date as specified in any Termination Announcement or Termination Notice to the Investors published in accordance with General Terms and Conditions 22 (Notices), call the Structured Products by announcing the exercise of its termination right in accordance with the General Terms and Conditions 22 (Notices).

In addition, the Issuer may terminate any open-end Products in accordance with the General Terms and Conditions 17 and 18.

(b) Termination of fixed-end Products

If applicable, the termination right of the Issuer for fixed-end Products will be further specified in the Final Termsheet and will be announced in accordance with the General Terms and Conditions 22 (Notices).

In addition, the Issuer may terminate any fixed-end Products in accordance with the General Terms and Conditions 17 and 18.

8.9 Cash Settlement

(a) Determination and Notification of the Redemption Amount

The Calculation Agent shall determine as soon as commercially possible, in its duly executed discretion (*billiges Ermessen*) but in accordance with established market practice, the Redemption Amount (if any) to be paid in respect of the Structured Products being redeemed.

(b) Cash Settlement on the Redemption Date

Prior to the Redemption Date, the Issuer shall, in respect of the Structured Products being redeemed, for value on the Redemption Date transfer (or cause to be transferred) the Redemption Amount to the Paying Agent. On the Redemption Date, the Paying Agent shall, subject to transfer of the Structured Products to be redeemed and receipt of payment of the related taxes and duties, if any, cause an account of the Investor to be credited with such amount for value on the Redemption Date.

8.10 Delivery of Underlying (for Structured Products related to a Share)

(a) Delivery of Underlying on the Redemption Date

In respect of Structured Products which have been redeemed and in respect of which Delivery of Underlying applies according to the General Terms and Conditions 8.6, the Issuer shall, prior to the Redemption Date, deliver or procure the delivery of the relevant number of Shares in respect of each Structured Product to the Paying Agent for credit to the account of the Investor specified in the

relevant Redemption Notice on the Redemption Date. The Issuer shall be entitled, if it so elects, to divide any Shares to be transferred into such number of lots of such size as it desires to facilitate its delivery obligations.

(b) Settlement Disruption

If a Settlement Disruption has occurred and is continuing on the last day of the Delivery Period, the Issuer shall in respect of the Structured Products redeemed, instead of delivering the number of Shares to which these Structured Products relate, pay as soon as commercially possible the Redemption Amount and, for the calculation of the Redemption Amount, the Final Fixing Date shall be decided by the Calculation Agent in its duly executed discretion (*billiges Ermessen*), but in accordance with established market practice.

Such Redemption Amount shall be determined on the basis of the Fair Market Value of the Share on the Final Fixing Date decided by the Calculation Agent in its duly executed discretion (*billiges Ermessen*) but in accordance with established market practice. The Issuer shall pay the corresponding Redemption Amount (if any) to the Investor as soon as commercially possible in accordance with established market practice.

(c) Fractions of Shares

No fraction of Shares will be transferred by the Issuer. Instead payment to the Investor shall be made by the Issuer instead of such fraction of Share calculated by reference to the Redemption Amount.

Structured Products redeemed at the same time by the same Investor will not be aggregated for the purpose of determining the number of Shares to which such Structured Products relate.

8.11 Cash Settlement or Delivery of Underlying prior to the Issue Date

In cases where before the Issue Date a stop loss, early redemption, knock-out or any other event has occurred that leads to an expiry of the Product, the Cash Settlement or Delivery of Underlying will in any case be on or after the Issue Date i.e. after the initial settlement has been processed successfully, but no later than 5 Business Days following the Issue Date, subject to Market Disruption and Settlement Disruption Event provisions.

8.12 Dividends

These General Terms and Conditions 8.12 are applicable only in relation to Structured Products related to a Share and to Structured Products related to a Basket of Shares.

Provided that the Investor is entitled to any dividend payments relating to a Share, as stated in the Final Termsheet, and in the event that the relevant Company has declared a dividend in respect of its Shares and the first date on which such Shares are quoted ex-dividend on the Exchange falls (a) in the case of Cash Settlement, on or prior to the relevant Final Fixing Date (except where the Final Fixing Date is the Redemption Date) or (b) in the case of Delivery of Underlying, on or prior to the Redemption Date, then, as the case may be:

- (i) in case of Cash Settlement, the Redemption Amount related to the Share shall, in case such dividend has not been paid out separately, be increased by a cash amount equal to such dividends attributable to the respective Share less the amount equal to the value of any related tax credit(s); or
- (ii) in case of Delivery of Underlying for Structured Products related to a Share, the Investor will be entitled to receive a cash amount equal to such dividends attributable to the number of Shares to which such Structured Products relate on the relevant Redemption Date less the amount equal to the value of any related tax credit(s).

All Shares delivered upon redemption of the Structured Products shall be fully-paid up Shares and shall entitle the holders thereof to participate fully in all dividends and other distributions paid or made on the Shares after the delivery thereof.

The Investor is not entitled to any dividend payments relating to a Share if not explicitly stated in the Final Termsheet.

9. MARKET DISRUPTION - RIGHTS ON A MARKET DISRUPTION

9.1 For Products related to a Share and a Basket of Shares

These General Terms and Conditions 9.1 are applicable only in relation to Products related to a Share and Products related to a Basket of Shares.

(a) Market Disruption Event

For the purpose of these General Terms and Conditions 9.1 and unless otherwise specified in the Final Termsheet, "**Market Disruption Event**" means in respect of a Share but, is not limited to, (i) the suspension or material limitation of trading of the Share on the Related Exchange or (ii) the suspension or material limitation of trading of options or futures on such Share on the Futures and Options Exchange, for any reason whatsoever.

For the purposes of this definition (i) a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Related Exchange and (ii) a limitation on trading imposed during the course of a day by reason of movements in price otherwise exceeding levels permitted by the Related Exchange and/or the relevant Futures and Options Exchange will constitute a Market Disruption Event.

(b) Rights on a Market Disruption Event

If the Calculation Agent, in its duly executed discretion (*billiges Ermessen*), decides, that a Market Disruption Event has occurred and is continuing on a day relevant for the fixing, observation or valuation of the Underlying, for example the Initial Fixing Date, the Final Fixing Date or any Observation Date, then such day shall be postponed to the next following Exchange Business Day on which there is no such Market Disruption Event. If, in the sole opinion of the Calculation Agent, a Market Disruption Event is continuing, the relevant day for the fixing, observation or valuation of the Underlying will be determined by the Calculation Agent in its duly executed discretion (*billiges Ermessen*). The Fair Market Value of the Share shall then be determined by the Calculation Agent in its duly executed discretion (*billiges Ermessen*), but in accordance with established market practice.

In the case of Products relating to a Basket of Shares, the day relevant for the fixing, observation or valuation of the Underlying for each Share which is not affected by the Market Disruption Event shall be the originally designated Initial Fixing Date, Final Fixing Date or Observation Date, as the case may be, and the Initial Fixing Date, the Final Fixing Date or the Observation Date, as the case may be, for each Share which is affected shall be determined as provided above.

9.2 For Products related to an Index and a Basket of Indices

These General Terms and Conditions 9.2 are applicable only in relation to Products related to an Index and Products related to a Basket of Indices, excluding Commodity Indices.

(a) Market Disruption Event

For the purpose of these General Terms and Conditions 9.2 and unless otherwise specified in the Final Termsheet, "**Market Disruption Event**" means, in respect of an Index, but is not limited to the occurrence or existence on a day relevant for the fixing, observation or valuation of the Underlying, for example the Initial Fixing Date, the Final Fixing Date or any Observation Date, of the following events:

- a. A suspension or a limitation on trading in a material number or percentage of the stocks comprising the component stocks of an Index or a limitation on prices for such stocks. The number or percentage can be determined in the Final Termsheet and in the absence of such determination a suspension or limitation of trading in 20 percent or more of that Index capitalization (other than limitations on hours in the conditions provided below) shall be deemed to constitute a Market Disruption Event.
- b. A suspension or a limitation (inter alia by reason of movements in prices exceeding the permitted levels) on trading in any futures or options contracts related to an Index which are traded on the Futures and Options Exchange (except if the Calculation Agent determines that such suspension or limitation shall not constitute a Market Disruption Event).

(b) Rights on the occurrence of a Market Disruption Event

If the Calculation Agent determines in its duly executed discretion (*billiges Ermessen*) that a Market Disruption Event has occurred and is continuing on a day relevant for the fixing, observation or valuation of the Underlying, for example the Initial Fixing Date, the Final Fixing Date or any Observation Date, then the respective day relevant for the fixing, observation or valuation of the Underlying shall be postponed until the next following Exchange Business Day on which there is no such Market Disruption Event. If, in the sole opinion of the Calculation Agent, a Market Disruption Event is continuing, then the day relevant for the fixing, observation or valuation of the Underlying, for example the Initial Fixing Date, the Final Fixing Date or any Observation Date, and the value for that Index shall be determined for such date by the Calculation Agent in its duly executed discretion (*billiges Ermessen*), but in accordance with established market practice. In the case of Products relating to a Basket of Indices, the day relevant for the fixing, observation or valuation of the Underlying for each Index which is not affected by the Market Disruption Event shall be the originally designated Initial Fixing Date, Final Fixing Date or Observation Date, as the case may be, and the Initial Fixing Date, Final Fixing Date or Observation Date, as the case may be, for each Index which is affected shall be determined as provided above.

9.3 For Products related to Commodities or a Basket of Commodities

These General Terms and Conditions 9.3 are applicable only in relation to Products related to Commodities or a Basket of Commodities.

(a) Market Disruption Event

For the purpose of these General Terms and Conditions 9.3 and unless otherwise specified in the Final Termsheet, "**Market Disruption Event**" means, in respect of a Commodity or Basket of Commodities but is not limited to:

- a. (a) the failure of a price source to announce or publish a price/level relevant for the Products; or (b) the temporary or permanent discontinuance or unavailability of such price source;
- b. the material suspension or limitation or disruption of trading in the Commodity on the relevant Related Exchange or in futures or options contracts relating to the Commodity on a futures exchange where such contracts are usually traded, including but not limited to limitation due to movements in price exceeding limits permitted by the relevant Related Exchange, or otherwise;
- c. the failure of trading to commence or the permanent discontinuation of trading (i) in the Commodity on the Related Exchange or (ii) in futures or options contracts relating to the Commodity on a futures exchange where such contracts are usually traded and any other event that disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for any relevant Commodity;
- d. the occurrence since the Initial Fixing Date of a material change (i) in the formula for or method of calculating the price/level relevant for the Products or (ii) in the content, composition or constitution of the Commodity or of futures or options contracts relating to the Commodity;
- e. the imposition of, change in or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the Commodity or futures or options contracts relating to the Commodity (other than a tax on, or measured by reference to, overall gross or net income) by any government or tax authority, if the direct effect of such imposition, change or removal is to raise or lower a relevant price on the Exchange Business Day from what it would have been without such imposition, change or removal.

(b) Rights on the occurrence of a Market Disruption Event

If the Calculation Agent determines in its duly executed discretion (*billiges Ermessen*) that a Market Disruption Event has occurred and is continuing on a day relevant for the fixing, observation or valuation of the Underlying, for example the Initial Fixing Date, the Final Fixing Date or any Observation Date, then the respective day relevant for the fixing, observation or valuation of the Underlying shall be postponed until the next following Exchange Business Day on which there is no such Market Disruption Event. If in the sole opinion of the Calculation Agent a Market Disruption Event is continuing then, the respective day relevant for the fixing, observation or valuation of the Underlying, for example the Initial Fixing Date, the Final Fixing Date or any

Observation Date, and the value for that Underlying shall be determined for such date by the Calculation Agent in its duly executed discretion (*billiges Ermessen*), but in accordance with established market practice. In the case of Products relating to a Basket of Commodities, the day relevant for the fixing, observation or valuation of the Underlying, like e.g. the Initial Fixing Date, the Final Fixing Date or any Observation Date, for each Commodity which is not affected by the Market Disruption Event shall be the originally designated Initial Fixing Date, Final Fixing Date or Observation Date, as the case may be, and the Initial Fixing Date, Final Fixing Date or Observation Date, as the case may be, for each Commodity which is affected shall be determined as provided above.

9.4 For Products related to any other Underlying or a Basket of any other Underlyings than those mentioned in General Terms and Conditions 9.1 to 9.3

These General Terms and Conditions 9.4 are applicable only in relation to Products related to any other Underlyings and Baskets of Underlyings than those mentioned in General Terms and Conditions 9.1 to 9.3.

(a) Market Disruption Event

For the purpose of these General Terms and Conditions 9.4 and unless otherwise specified in the Final Termsheet, "**Market Disruption Event**" means, in respect of any other Underlying than those mentioned in General Terms and Conditions 9.1 to 9.3, but is not limited to, the price or value relevant for the Product not being determined or announced or published or otherwise not being made available on a day relevant for the fixing, observation or valuation of the Underlying, like e.g. the Initial Fixing Date, the Final Fixing Date or any Observation Date, as determined by the Calculation Agent in its duly executed discretion (*billiges Ermessen*).

(b) Rights on the occurrence of a Market Disruption Event

If the Calculation Agent determines in its duly executed discretion (*billiges Ermessen*) that a Market Disruption Event has occurred and is continuing on a day relevant for the fixing, observation or valuation of the Underlying, like e.g. the Initial Fixing Date, the Final Fixing Date or any Observation Date, then the respective day relevant for the fixing, observation or valuation of the Underlying shall be postponed until the next following Exchange Business Day where there is no such Market Disruption Event.

If a Market Disruption Event is continuing, then the respective day relevant for the fixing, observation or valuation of the Underlying, for example the Initial Fixing Date, the Final Fixing Date or any Observation Date, and the value for that Underlying shall be determined for such date by the Calculation Agent in its duly executed discretion (*billiges Ermessen*), but in accordance with established market practice.

In the case of Products relating to a Basket of any other Underlyings than those mentioned in General Terms and Conditions 9.1 to 9.3, the day relevant for the fixing, observation or valuation of the Underlying, for example the Initial Fixing Date, the Final Fixing Date or any Observation Date, for each Underlying which is not affected by the Market Disruption Event shall than be the originally designated Initial Fixing Date, Final Fixing Date or Observation Date, as the case may be, and the Initial Fixing Date, Final Fixing Date or Observation Date, as the case may be, for each Underlying

than those mentioned in General Terms and Conditions 9.1 to 9.3 which is affected shall be determined as provided above.

10. UNDERLYING ILLIQUIDITY

These General Terms and Conditions 10 are applicable to all Products, no matter what type of Underlying they are comprised of.

10.1 Underlying Illiquidity

For the purpose of these General Terms and Conditions 10 and unless otherwise specified in the Final Termsheet, "**Underlying Illiquidity**" means, in respect of the Underlying but is not limited to, a low or missing trading volume in the Underlying or the difficulty to buy and/or sell the Underlying in a short period of time without its price being affected.

10.2 Rights upon Underlying Illiquidity

(a) Expanded bid/offer spreads

Upon Underlying Illiquidity the Issuer and/or Lead Manager or any third party appointed by the Issuer in its function as Market Maker shall be entitled to temporarily increase the spread between the bid and offer prices of the Product to account for such prevailing market conditions.

(b) Modified Redemption Amount

If, due to Underlying Illiquidity and after using commercially reasonable efforts, the ability of the Hedging Entity to unwind or dispose of any hedging transaction(s) or asset(s) is limited or impaired and therefore such hedging transaction(s) or asset(s) have to be unwound or disposed of over a certain period of time, the relevant redemption amount may be calculated based on the average execution price (less transaction costs) as it was obtained on a best effort basis, as determined by the Calculation Agent, instead of using the originally pre-defined fixing or value of the Underlying (e.g. the official close of the respective Underlying) set out in the Final Termsheet.

(c) Postponed fixing and/or redemption

If, due to Underlying Illiquidity and after using commercially reasonable efforts, the Hedging Entity is unable or partially unable to acquire, unwind or dispose of any hedging transaction(s) or asset(s) or to realise, recover or remit the proceeds of any such hedging transaction(s) or asset(s) by the time originally stated in the Final Termsheet, the determination (fixing) and/or the payment of the relevant redemption amount or the delivery of the Underlying shall be postponed accordingly by such number of days necessary to account for such prevailing market conditions. However, the postponed redemption will take place on the 5th Business Day following the last day of the relevant period required by the Hedging Entity to acquire, unwind or dispose of the hedging transaction(s) or asset(s) or to realise, recover or remit the proceeds of such hedging transaction(s) or asset(s) latest (subject to Market and Settlement Disruption Event provisions).

10.3 Underlying Illiquidity and Hedging Activity Relating to the Underlying

The Hedging Entity shall execute its trading and hedging activities (including unwind and termination of already executed hedging transaction) on a best efforts basis, taking into account the possibility of unduly affecting the market and consequently to limit its activities related to the Underlying. To minimize the market impact the Hedging Entity is entitled to suspend or to stop entirely its trading activities related to an Underlying.

11. ADJUSTMENTS FOR PRODUCTS RELATED TO A SHARE AND A BASKET OF SHARES

These General Terms and Conditions 11 are applicable only in relation to Products related to a Share and Products related to a Basket of Shares.

11.1 Adjustments

The Calculation Agent shall, acting in a commercially reasonable manner and in accordance with established market practice, determine whether or not at any time a potential adjustment event has occurred. This could be an event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares (the "**Potential Adjustment Event**"). Where it determines such an event has occurred, the Calculation Agent will, acting in a commercially reasonable manner and in accordance with established market practice determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Share or Basket of Shares and, if so, will make such adjustment in its duly executed discretion (*billiges Ermessen*) and in accordance with established market practice as it considers appropriate. Such adjustment could be made to the Strike Level, the Barrier, the formula for the Redemption Amount and/or the Redemption Amount and/or the Redemption Amount set out in the Final Termsheet, the number of Underlyings to which each Product relates, the number of Shares comprised in a Basket, the amount, the number of or type of Shares or other securities which may be delivered in respect of such Products and/or any other adjustment and, in any case, any other variable relevant to the exercise, redemption, settlement or payment terms of the relevant Products as the Calculation Agent determines, in its duly executed discretion (*billiges Ermessen*), but in accordance with established market practice, to be appropriate to account for that diluting or concentrative effect and shall determine, in its duly executed discretion (*billiges Ermessen*), but in accordance with established market practice, the effective date(s) of such adjustment(s).

11.2 Merger Event

- (a) Following the occurrence of any Merger Event, the Issuer will, in its duly executed discretion (*billiges Ermessen*) but in accordance with established market practice, determine whether or not the relevant Products shall continue.
- (b) If the Issuer determines that the relevant Products shall continue, the Calculation Agent may make such adjustment in its duly executed discretion (*billiges Ermessen*), but in accordance with established market practice, as it considers appropriate, if any, to the Strike Level, the Barrier, the formula for the Redemption Amount and/or the Redemption Amount set out in the Final Termsheet, the number of Underlyings to which each Product relates, the number of Shares comprised in a Basket, the amount, the number of or type of Shares or other securities which may be delivered under such Products and, in any case, any other variable relevant to the exercise, redemption, settlement or payment terms of the relevant Products and/or any other adjustment which change or adjustment shall be effective as soon as practical after the date upon which all, or substantially all, holders of the Shares (other than, in the case of a takeover, Shares owned or controlled by the offeror) become bound to transfer the Shares held by them.
- (c) If the Issuer determines that the relevant Products shall be terminated, then the relevant Products shall cease to be exercisable or redeemable as of the Merger Date (or, in the case of any Products which have been exercised or redeemed but remain unsettled, the entitlements of the respective Investors to receive Shares or the Redemption Amount, as the case may be, pursuant to such exercise or redemption shall cease) and the Issuer's obligations under the Products shall be satisfied in full upon payment of the Merger Event Redemption Amount (as defined below).
- (d) For the purposes hereof:

"**Merger Event**" means in respect of any relevant Shares, as determined by the Calculation Agent, acting in a commercially reasonable manner and in accordance with established market practice, any:

- a. reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer 20 per cent or more of such Shares outstanding;
- b. consolidation, amalgamation or merger of the Company with or into another entity (other than a consolidation, amalgamation or merger in which such Company is the continuing entity and which results in a reclassification or change of less than 20 per cent. of the outstanding Shares); or
- c. other takeover offer for such Shares that results in a transfer of or an irrevocable commitment to transfer 20 per cent or more of such Shares (other than such Shares owned or controlled by the offeror).

This applies if the Merger Date is on or before the Expiration Date.

"**Merger Event Redemption Amount**" means an amount which the Calculation Agent, in its duly executed discretion (*billiges Ermessen*), but in accordance with established market practice, determines is the Fair Market Value to the Investor with terms that would preserve for the Investor the economic equivalent of any

payment or delivery (assuming satisfaction of each applicable condition precedent) to which the Investor would have been entitled under the relevant Product after that date but for the occurrence of the Merger Event.

"Merger Date" means, in respect of a Merger Event, the date upon which holders of the requisite number of Shares to constitute a Merger Event have agreed to or have irrevocably become obliged to transfer their Shares.

11.3 Nationalization and Insolvency

- (a) If the Calculation Agent, acting in a commercially reasonable manner and in accordance with established market practice, determines that:
- i. all the Shares or all the assets or substantially all the assets of the Company are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity ("**Nationalization**"); or by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of
 - ii. or any similar proceeding affecting the Company (i) all the Shares are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Shares become legally prohibited from transferring them ("**Insolvency**");

then the Issuer may determine, in its duly executed discretion (*billiges Ermessen*), in accordance with established market practice, that the relevant Products shall be terminated as of the Announcement Date. The Product shall pay an amount which the Calculation Agent, in its duly executed discretion (*billiges Ermessen*), in accordance with established market practice, determines is the Fair Market Value to the Investor with terms that would preserve for the Investor the economic equivalent of any payment or delivery (assuming satisfaction of each applicable condition precedent) to which the Investor would have been entitled under the relevant Product after that date but for the occurrence of such Nationalization or Insolvency, in which event the Product shall cease to be exercisable or redeemable (or, in the case of any Products which have been exercised or redeemed, the entitlements of the respective Investors to receive Shares or payment of the Redemption Amount, as the case may be, pursuant to such exercise or redemption, shall cease) and the Issuer's obligations under the Products shall be satisfied in full upon payment of such amount.

- (b) For the purposes hereof, "**Announcement Date**" means, as determined by the Calculation Agent in its duly executed discretion (*billiges Ermessen*), but in accordance with established market practice: (i) in respect of a Nationalization, the date of the first public announcement of a firm intention, to nationalise (whether or not amended or on the terms originally announced) that leads to the Nationalization; and (ii) in respect of an Insolvency, the date of the first public announcement of the institution of a proceeding or presentation of a petition or passing of a resolution, or other analogous procedure in any jurisdiction, that leads to the Insolvency.

11.4 Delisting

If the Calculation Agent, acting in a commercially reasonable manner and in accordance with established market practice, upon the announcement of the relevant Exchange that pursuant to the rules of such Exchange, the Share ceases (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason and is not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange ("**Delisting**") then the Issuer may determine, in its duly executed discretion (*billiges Ermessen*), but in accordance with established market practice, that the relevant Products shall be terminated and the Product shall pay an amount which the Calculation Agent, in its duly executed discretion (*billiges Ermessen*), but in accordance with established market practice, determines is the Fair Market Value to the Investor. Instead of paying such a cash amount the Issuer is entitled but not obliged to deliver the corresponding number of the respective affected shares (any potential fractional entitlements will be paid in cash).

If in relation to a Basket Component an adjustment is necessary, the Issuer and/or Calculation Agent shall (in addition to the adjustments in relation to each Basket Component) be entitled, but not obliged to either (i) remove the affected Basket Component from the Basket without replacement (if applicable by implementing correction factors with respect to the remaining Basket Components) or (ii) replace the Basket Component in whole or in part by a new Basket Component (if applicable by implementing correction factors with respect to the Basket Components contained in the Basket) (the "**Successor Basket Component**").

In this case the Successor Basket Component will be deemed to be the Basket Component and any reference in these Conditions to the affected Basket Component, to the extent permitted by the context, shall be deemed to refer to the Successor Basket Component.

11.5 Other Events

In the case of events other than those described in these General Terms and Conditions 10 which in the sole opinion of the Calculation Agent have an effect equivalent to that of such events, the rules described in these General Terms and Conditions 10 shall apply *mutatis mutandis*.

11.6 Notices of Adjustment

The Issuer shall give notice to the Investors in accordance with General Terms and Conditions 22 (Notices) of any modification in the Conditions of the Products under these General Terms and Conditions 10.

12. ADJUSTMENTS FOR PRODUCTS RELATED TO AN INDEX OR A BASKET OF INDICES

These General Terms and Conditions 12 are applicable in relation to Products related to an Index or to a Basket of Indices, excluding Commodity Indices.

12.1 Third party calculates the Index

In the event that an Index is not calculated by the agreed Index calculation agent (the "**Index Calculation Agent**") but is calculated by another entity which is the successor to the Index Calculation Agent acceptable to the Issuer (the "**Successor Index Calculation Agent**"), the Successor Index Calculation Agent may substitute the Index Calculation Agent for the calculation of such Index.

The same provisions will apply in the event that the Successor Index Calculation Agent ceases calculation of that Index but is replaced by another Successor Index Calculation Agent under the same conditions.

In the case of Products relating to a Basket of Indices, the above provisions shall only apply to the relevant Indices and shall not affect the provisions applicable to the Indices which are not affected.

12.2 Third Party announces an Index

In the event that an Index is not announced by the agreed relevant party (the "**Announcing Party**") but is announced by another entity which is the successor to the Announcing Party acceptable to the Issuer (the "**Announcing Third Party**"), the Announcing Third Party may be substituted to the Announcing Party for the announcement of such Index.

The same provisions will apply in the event that the Announcing Third Party ceases announcement of that Index but is replaced by another Announcing Third Party under the same conditions.

In the case of Products relating to a Basket of Indices, the above provisions shall only apply to the relevant Indices and shall not affect the provisions applicable to the Indices which are not affected.

12.3 Modification of calculation or replacement of an Index

In the event that the Index Calculation Agent or the Successor Index Calculation Agent substantially modifies the formula or the method of calculation of an Index or in any other way materially modifies an Index in the event, among others, of changes in constituent stocks or their capitalization, or in the event that the Index Calculation Agent, the Successor Index Calculation Agent, if any, or any competent market authority replaces an Index by a new index to be substituted to that Index, the Issuer may:

- i. either replace (subject to a favourable opinion of an independent expert designated by the Calculation Agent) that Index by the Index so modified or by the substitute index, as the case may be, multiplied, if need be, by a linking coefficient allowing to ensure continuity in the evolution of the underlying index. In such event, the modified Index or the substitute index, as the case may be, and if need be, the linking coefficient, as well as the opinion of the independent expert, will be notified to the Investors in accordance with the General Terms and Conditions 22 (Notices) within the ten Business Days period following the date of modification or substitution of that Index; or

- ii. apply the provisions of the General Terms and Conditions 12.4.
- iii. In the case of Products relating to a Basket of Indices, the provisions of paragraph 12.3.i above shall only apply to the relevant Indices and shall not affect the provisions applicable to the Indices which are not affected.

12.4 Cessation of calculation of an Index or termination of the license agreement

If, for any reason, on or prior to any Final Fixing Date the Index Calculation Agent or the Successor Index Calculation Agent should cease permanently the calculation and/or announcement of an Index and should not provide for a substitute index, or such substitute index cannot replace that Index, for any reason, or the license agreement between the Index Calculation Agent and the Issuer may be terminated, for any reason, then the Issuer shall:

in the case of Products related to an Index, terminate its obligations under the Products and pay to each Investor in respect of the Products held by it an amount representing the fair market value of such Products (the "**Fair Market Value**"). The Fair Market Value will be determined by the Calculation Agent in its duly executed discretion (*billiges Ermessen*), but in accordance with established market practice.

The Fair Market Value so determined will be notified to the Investors in accordance with the General Terms and Conditions 22 (Notices) within a seven Business Days period following the date of determination of the Fair Market Value.

The amount representing the Fair Market Value will be paid to the Investors as soon as practicable within the ten-Business-Day period following the date of determination of the Fair Market Value. For the avoidance of doubt, it is specified that, further to the payment of such Fair Market Value, no other amount shall be due to the Investors.

in the case of Products related to a Basket of Indices, at its option, either:

use in substitution for such Index (the "**Non Retained Index**"), the other Indices included in the Basket of Indices to which such Products relate, *pro rata* their respective value and weight in the Basket of Indices (the "**Retained Index(ices)**"). Such substitution shall take effect as soon as possible after such change or failure. In such case, the value of the Non Retained Index shall be expressed as a number or fraction of a number of the Retained Index(ices) *pro rata* their respective value and weight in the Basket of Indices; or

terminate its obligations under the Products and pay to each Investor in respect of the Products held by it an amount representing the fair market value of such Warrants or Structured Products (the "**Fair Market Value**"). The Fair Market Value will be determined by the Calculation Agent in its duly executed discretion (*billiges Ermessen*), but in accordance with established market practice.

The Fair Market Value so determined will be notified to the Investors in accordance with General Terms and Conditions 22 (Notices) within a period of 7 Business Days following the date of determination of the Fair Market Value.

The amount representing the Fair Market Value will be paid to the Investors as soon as practicable following the date of determination of the Fair Market Value. For the avoidance of doubt, it is specified that, further to the payment of such Fair Market Value, no other amount shall be due to the Investors.

In the case of events other than those described in the General Terms and Conditions 12 which in the sole opinion of the Calculation Agent have an effect equivalent to that of such events, the rules described in these General Terms and Conditions 12 shall apply mutatis mutandis.

13. ADJUSTMENTS FOR PRODUCTS RELATED TO A COLLECTIVE INVESTMENT SCHEME OR A BASKET OF COLLECTIVE INVESTMENT SCHEMES

These General Terms and Conditions 13 are applicable in relation to Products related to a Collective Investment Scheme and Products related to a Basket of Collective Investment Schemes.

The provisions in section 12 apply analogously to Products related to a Collective Investment Scheme or a Basket of Collective Investment Schemes, taking into account the specific adjustments by the Collective Investment Scheme's management and as determined by the Calculation Agent in its duly executed discretion (*billiges Ermessen*).

14. ADJUSTMENTS FOR PRODUCTS RELATED TO COMMODITIES OR A BASKET OF COMMODITIES

These General Terms and Conditions 14 are applicable in relation to Products related to Commodities and Products related to a Basket of Commodities.

14.1 Successor entity calculates and reports a fixing level

If on any relevant Final Fixing Date or Observation Date, either a fixing level is (i) not calculated and announced by the Related Exchange or any other person responsible for such publication or announcement but is calculated and announced by a successor entity acceptable to the Calculation Agent or (ii) replaced by a successor fixing level calculated using, as determined by the Calculation Agent, the same or a substantially similar formula and method of calculation, then in each case, the level calculated will be deemed to be the fixing level.

14.2 Correction to published fixing level

If a level which is published or announced on a given day and which is used to determine a Redemption Amount is subsequently corrected, the corrected fixing Level shall be the fixing level, provided such correction is published or announced by the Related Exchange (or any other person responsible for such publication or announcement) by the second Exchange Business Day prior to the date on which any payment is due after the original publication or announcement. In addition, the Calculation Agent may, to the extent it deems necessary, determine to make appropriate adjustments to any of the Terms and Conditions of the Product to account for such correction.

15. ADJUSTMENTS RELATED TO ISDA DEFINITIONS

These General Terms and Conditions 15 are applicable in relation to Products that reference ISDA Definitions.

The Issuer shall have the right, but not the obligation, to replace and amend the applicable ISDA Definitions, as defined in the relevant Final Termsheet, by any later definitions or supplements published by the International Swaps and Derivatives Association ("**ISDA**"), Inc.

16. POSTPONEMENT OF FINAL FIXING DATE OR OBSERVATION DATE ON THE OCCURRENCE OF A FOREIGN EXCHANGE DISRUPTION EVENT

If the Calculation Agent determines that on a Final Fixing Date or an Observation Date an FX Disruption Event (as defined below) has occurred and is continuing, the date for determination of the FX Rate (as defined below) shall be postponed until the first Business Day on which such FX Disruption Event ceases to exist (the "**FX Establishment Date**"). The Final Fixing Date or the Observation Date in respect of the Products shall be postponed to the Business Day which falls the same number of Business Days after the FX Establishment Date as the Final Fixing Date or the Observation Date was originally scheduled to be after the Final Fixing Date or the Observation Date (the "**Postponed Final Fixing Date**" or the "**Postponed Observation Date**").

If an FX Disruption Event (as defined below) has occurred and is continuing on the Postponed Final Fixing Date (including any Final Fixing Date or Observation Date postponed due to a prior FX Disruption Event), then the Postponed Final Fixing Date or Observation Date shall be further postponed until the first Business Day following the date on which such FX Disruption Event ceases to exist, or to a date as reasonably determined by the Calculation Agent. For the avoidance of doubt, if an FX Disruption Event coincides with a Market Disruption Event or a Settlement Disruption, as the case may be, the provisions of the General Terms and Conditions 16 shall take effect only after such postponements or adjustments have been made as a result of such Market Disruption Event or Settlement Disruption Event in accordance with the General Terms and Conditions and, notwithstanding the respective provisions of the General Terms and Conditions, the Issuer's payment obligation of the Redemption Amount shall continue to be postponed in accordance with the provisions of the General Terms and Conditions 16.

For the purposes of these General Terms and Conditions 16:

"FX Disruption Event" means the occurrence of an event that makes it impossible through legal channels for the Issuer or its affiliates to either:

- (i) convert the Relevant Currency into the Settlement Currency; or
- (ii) deliver the Settlement Currency from accounts within the Relevant Country to accounts outside such jurisdiction; or
- (iii) deliver the Relevant Currency between accounts within the Relevant Country to a person that is a non-resident of that jurisdiction;

"FX Rate" means, unless otherwise specified in the relevant Final Termsheet, the exchange rate (determined by the Calculation Agent in good faith and in a commercially reasonable manner) for the sale of the Relevant Currency for the Settlement Currency on the Final Fixing Date or the Observation Date or other date on which such exchange rate falls to be determined in accordance with the provisions of these General Terms and Conditions 16 expressed as a number of units of Relevant Currency per unit of the Settlement Currency.

In the event that a currency used in connection with the FX Rate (as defined above) or in any other context is replaced in its function as legal tender in the country or jurisdiction, or countries or jurisdictions, maintaining the authority, institution or other body which issues such currency, by another currency or merged with another currency to become a common currency, the affected currency shall be replaced for the purposes of these General Terms and Conditions and the respective Final Termsheet by such replacing or

merged currency, if applicable after appropriate adjustments have been made, (the "Successor Currency"). The Successor Currency and the date of its first application shall be determined by the Calculation Agent in its duly executed discretion (billiges Ermessen) and will be notified to the Investors in accordance with the General Terms and Conditions 22 (Notices).

17. TERMINATION AND CANCELLATION DUE TO ILLEGALITY, ILLIQUIDITY, IMPOSSIBILITY, INCREASED COST OF HEDGING, HEDGING DISRUPTION, INCREASED COST OF COLLATERALIZATION (COSI), CHANGED SECURED FINANCING ABILITY OR UPON A SERVICE PROVIDER DEFAULT EVENT

The Issuer shall have the right to terminate the Products if (i) it is determined that the Underlying of the relevant Tranche of Products has ceased to be liquid or (ii) that compliance by the Issuer with the obligations under the Products or that any arrangements made to hedge the Issuer's obligations shall have become unlawful or impossible in whole or in part, in particular as a result of compliance by the Issuer with any applicable present or future law, rule, regulation, judgement, order, underlying markets or directive of any governmental, administrative, legislative or (iii) judicial authority or power or controlling authority or of the relevant competent market authorities or due to Increased Cost of Hedging, (iv) Hedging Disruption, (v) Increased Cost of Collateralization in case of collateralized Products, including COSI Products, (vi) in case of Changed Secured Financing Ability or upon a Service Provider Default Event.

"Increased Cost of Hedging" means that the Hedging Entity would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense, fee or other cost (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) that the Hedging Entity deems necessary to hedge the risk in respect of entering into and performing its obligations under the relevant Products, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

"Hedging Entity" means the Issuer or any affiliate(s) of the Issuer or any entity (or entities) acting on behalf of the Issuer engaged in any underlying or hedging transactions in respect of the Issuer's obligations arising from the Products.

"Hedging Disruption" means that the Hedging Entity is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Issuer deems necessary to hedge the risk of entering into and performing its obligations arising from the Products, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

"Increased Cost of Collateralization" means that the Borrowing Entity would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense, fee or other cost (other than brokerage commissions) to acquire, hold, substitute or maintain transaction(s) or asset(s) the Borrowing Entity deems necessary to borrow in order to collateralize the Products (including COSI Products) provided such collateralization is applicable.

"Borrowing Entity" means the Issuer or Collateral Provider or any affiliate(s) of the Issuer or Collateral Provider or any entity (or entities) acting on behalf of the Issuer or Collateral Provider engaged in any underlying or borrowing transactions in respect of the Issuer's obligations arising from the Products.

"Changed Secured Financing Ability" means that the Hedging Entity would incur a material change (as compared with circumstances existing on the Issue Date) in its ability to acquire, hold, substitute or securely

finance specific assets used for the partial or entire hedge of the Products as determined by the Hedging Entity. Changed Secured Financing Ability comprises explicitly the Hedging Entity's inability to securely finance the hedge assets at economically viable terms.

A "**Service Provider Default Event**" shall occur in the following circumstances: notice of termination or actual termination by the Service Provider or any Group Company of the Service Provider for whatever reason of and/or a default by the Service Provider or any other Group Company of the Service Provider in the performance or observance of any of its material obligations under any material agreements in connection with the platform partnership, namely the agreement governing the entire platform partnership structure and/or the agreement governing hedging transactions in respect of the Issuer's obligations arising from the Products and/or the credit facility agreement to which, inter alia, the Issuer and the Service Provider are parties.

In such circumstances, the Issuer may cancel/terminate the Products by providing notice to Investors in accordance with the General Terms and Conditions 22 (Notices).

If the Issuer terminates the Products the Issuer will, to the extent permitted by applicable law, pay an amount to each Investor in respect of the Products, determined by the Calculation Agent in its duly executed discretion (*billiges Ermessen*), but in accordance with established market practice, as representing the Fair Market Value of such Products immediately prior to such cancellation/termination (notwithstanding any illegality or impossibility).

Payment will be made within a reasonable time in such manner as shall be notified to the Investors within a period of not less than ten (10) and not more than thirty (30) Business Days in accordance with the General Terms and Conditions 22 (Notices). Instead of paying a cash amount corresponding to the Fair Market Value of a Product, the Issuer may – in its duly executed discretion (*billiges Ermessen*) – decide to deliver the Underlying of such Product.

In addition the Issuer has the right to terminate all Products, starting 20 Business Days after Issue Date, if there is no outstanding position of the Product in the market, as determined by the Calculation Agent.

18. TAXATION/TAX CALL

Each Investor shall assume and be responsible for any and all taxes, duties, fees and charges imposed on or levied against (or which could be imposed on or levied against) such Investor in any jurisdiction or by any governmental or regulatory authority.

The Issuer and the Paying Agent shall have the right, but not the duty, to withhold or deduct from any amounts otherwise payable to the Investor such amount as is necessary for the payment of such taxes, duties, fees and/or charges.

In any case where any governmental or regulatory authority imposes on the Issuer the obligation to pay any such taxes, duties, fees and/or charges the Investor shall promptly reimburse the Issuer.

The Issuer may redeem all Products in case any present or future taxes, duties or governmental charges would be imposed by any jurisdiction in which the Issuer is or becomes subject to tax as a result of any change in laws or regulations of the relevant jurisdiction. The Issuer shall as soon as possible notify the Investors of such redemption in accordance with the General Terms and Conditions 22 (Notices). For purposes of Section 18 the Calculation Agent shall determine such Redemption Amount in its sole

discretion at fair market value. The amount representing the fair market value will be paid to the Investors as soon as possible following the date of determination of the fair market value.

19. TRADING OF THE PRODUCTS

The Minimum Trading Lot (or an integral multiple thereof) of Products for trading of such Products will be specified in the Final Termsheet.

20. AGENTS

20.1 Paying Agent

The Paying Agent will be specified in the Final Termsheet.

The Issuer reserves the right at any time to vary or terminate the order/mandate of the Paying Agent and to appoint another paying agent provided that (i), if Products are outstanding, it will maintain a Paying Agent (ii), if Products are listed on SIX, there will be a Paying Agent with a specified office in Switzerland and (iii) no Paying Agent authorized to make any payment or delivery may be located in, or acting from, the United States or its possessions. Notice of any such termination of appointment or new appointment and of any change in the specified office of the Paying Agent will be given to the Investors in accordance with the General Terms and Conditions 22 (Notices).

The Paying Agent is acting solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Investors.

Any determinations, decisions and calculations by the Paying Agent shall (save in the case of manifest error or wilful misconduct) be final and binding on the Issuer and the Investors.

The Issuer may at any time vary or terminate the appointment of the Paying Agent. It shall give notice to the Investors in accordance with the General Terms and Conditions 22 (Notices) of any modification in the appointment of the Paying Agent.

20.2 Calculation Agent

The Calculation Agent will be specified in the Final Termsheet.

The Calculation Agent does not act as agent for the Investors and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Investors.

All calculations, decisions and determinations made by the Calculation Agent shall (save in the case of manifest error or wilful misconduct) be final and binding on the Issuer, the Paying Agent and the Investors.

The Calculation Agent may, with the consent of the Issuer, delegate any of its obligations and functions to a third party, as it deems appropriate.

The Issuer may at any time vary or terminate the appointment of the Calculation Agent. It shall give notice to the Investors in accordance with the General Terms and Conditions 22 (Notices) of any modification in the appointment of the Calculation Agent.

20.3 Liability

Neither the Issuer, nor the Calculation Agent nor the Paying Agent shall have any responsibility for any errors or omissions caused by slight negligence in the calculation of any amount or with respect to any other determination or decisions required to be made by it under the Conditions.

21. PURCHASE BY THE ISSUER, THE GUARANTOR AND/OR THE LEAD MANAGER

The Issuer, the Guarantor and/or the Lead Manager or any of their affiliates may at any time purchase Products of any issue at any price in the open market or otherwise. Such Products may, at the option of the Issuer, the Guarantor and/or Lead Manager or, as the case may be, the relevant affiliate, be held, resold or cancelled or otherwise dealt with.

22. NOTICES

Notices to Investors relating to listed Products will be published in accordance with the regulations of the SIX Swiss Exchange, as in force, on the SIX Swiss Exchange website www.six-swiss-exchange.com/news/official_notices, on the relevant Termsheet on the website www.leonteq.com under the section "Products" or, in any other form as permitted by the rules and regulations of the SIX Swiss Exchange.

Notices to Investors relating to the Issuer and/or Guarantor will be published under the section "News" on www.efginternational.com, and/or on the website www.leonteq.com.

Notices to Investors of non listed Products may be published, as specified in the applicable Final Termsheet, in newspapers, on a website or otherwise.

23. LOSSES

In no event shall the Issuer have any liability for indirect, incidental, consequential or other damages (even if they were advised of the possibility of such damages) other than interest until the date of payment on sums not paid when due in respect of any Products or assets not delivered when due. Investors are entitled to damages only and are not entitled to the remedy of specific performance in respect of a Product.

24. SEVERANCE AND MODIFICATION OF THE PRODUCT DOCUMENTATION INCLUDING THE GENERAL TERMS AND CONDITIONS AND THE FINAL TERMSHEET

In the event any term or condition is or becomes invalid, the validity of the remaining terms and conditions shall not be affected.

The Issuer shall be entitled to amend without the consent of the Investors any term or condition for the purpose of a) correcting a manifest error, or b) clarifying any uncertainty, or c) resolving Hedging Disruptions as specified in General Terms and Conditions 17, or d) correcting or supplementing the provisions herein in such manner as the Issuer deems necessary or desirable, provided that the Investor does not incur significant financial loss as a consequence thereof.

Furthermore, the Issuer shall at all times be entitled to amend any terms or conditions where, and to the extent, the amendment is necessitated as a consequence of legislation, decisions by courts of law, or decisions taken by governmental authorities.

25. FURTHER ISSUES

The Issuer shall be at liberty without the consent of the Investors to create and issue further Products.

26. PRESCRIPTION

Claims for payment in respect of the Products shall be barred by the statute of limitations in accordance with the applicable Swiss law, unless made within 10 years from the relevant Redemption Date, and in relation to amounts of interest, unless made within 5 years from the relevant payment date. No claims shall be made thereafter.

27. SUBSTITUTION

The Issuer may at any time, without the consent of the Investors, substitute for itself as obligor under the Products by any affiliate, branch, subsidiary or holding company of the Issuer (the "**New Issuer**") provided that the New Issuer shall assume all obligations that the Issuer owes to the Investors under or in relation to the Products and the Guarantee of the Guarantor is still in force.

The Guarantor may at any time, without the consent of the Investors, substitute for itself as guarantor under the Products any affiliate, branch, subsidiary or holding company of the Guarantor (the "**New Guarantor**") provided that the New Guarantor shall assume all obligations that the Guarantor owes to the Investors under or in relation to the Products.

If such substitution occurs, then any reference in the Product Documentation to the Issuer shall be construed as a reference to the New Issuer. Any substitution will be promptly notified to the Investors in accordance with the General Terms and Conditions ("Notices"). In connection with any exercise by the Issuer of the right of substitution, the Issuer shall not be obliged to carry any consequences suffered by individual Investors as a result of the exercise of such right and, accordingly, no Investor shall be entitled to claim from the Issuer any indemnification or repayment with respect of any consequence.

28. SELLING RESTRICTIONS

No action has been or will be taken by the Issuer or the Lead Manager that would permit a public offering of any Products or possession or distribution of any offering material in relation to any Products in any jurisdiction where action for that purpose is required. No offers, sales, resales, or deliveries of any Products or distribution of any offering material relating to any Products may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuer and/or the Guarantor and/or the Lead Manager.

29. DISCOUNTS AND REIMBURSEMENTS BY THE ISSUER AND RELATED CONFLICTS OF INTEREST OF FINANCIAL INSTITUTIONS / REMUNERATION RECEIVED BY THE ISSUER AND/OR THE LEAD MANAGER FROM THIRD PARTIES

The Issuer and/or the Lead Manager will offer the Products to banks, securities dealers and other financial intermediaries or institutions (together the "**FI**"), who buy the Products for purposes of, or with a view to, sell on such Products to their clients. The Issuer and/or the Lead Manager will offer the Products to FI's (i) at a discount of a) up to 2% p.a. to the Issue Price ("**Relevant Fees**"); b) up to 3.5% p.a. to the Issue Price ("**Significant Fees**"); c) more than 3.5% p.a. to the Issue Price ("**Substantial Fees**"), as may be determined in the Final Termsheet; or d) with a fee explicitly specified in the Final Termsheet, or (ii) at the Issue Price but reimbursing an amount of a) up to 2% p.a. of the Issue Price ("**Relevant Fees**"); b) up to 3.5% p.a. of the Issue Price ("**Significant Fees**"); or c) more than 3.5% p.a. of the Issue Price ("**Substantial Fees**"), as may be determined in the Final Termsheet; or d) with a fee explicitly specified in the Final Termsheet to the FI, meaning that if and to the extent such discount or reimbursement, on the basis of statutory law, would have to be forwarded by the FI to the Investor, each Investor hereby takes note and unconditionally waives any right in respect of such discount or reimbursement and accepts that the FI may retain and keep such discount or reimbursement. Further information is available from the Issuer, the Lead Manager or the FI.

In addition, for certain services rendered and in order to increase quality and services relating to Products issued by the Issuer, the Issuer and/or the Lead Manager may pay trailer fees to distribution partners. The individual rates will be specified in the Final Termsheet. If such trailer fees, on the basis of statutory law, would have to be forwarded by the FI to the Investor, each Investor hereby takes note and unconditionally waives any right in respect of such trailer fees and accepts that the FI may retain and keep such trailer fees.

Potential Investors should be aware that such discounts, reimbursements and trailer fees may, depending on the circumstances, cause potential conflicts of interest for the FI. The FI are obliged, however, to implement organizational measures designed to prevent that such potential conflicts of interest may adversely affect the interests of their clients.

The Issuer and/or the Lead Manager may receive remuneration, discounts and/or soft-commissions (the "**Retrocessions**") in the range of overall up to 2% p.a. of the Issue Price from third parties, in particular from the issuers, managers or lead managers of financial products or indices that serve as Underlyings. If and to the extent such Retrocessions, on the basis of statutory law, would have to be credited to the Product or forwarded to the Investor, each Investor hereby takes note and unconditionally accepts that the Issuer and/or the Lead Manager will retain and keep such Retrocessions. Potential Investors should be aware that such Retrocessions may cause conflicts of interest at the Issuer and/or the Lead Manager and that there are organizational measures in place, designed to reduce the risk that such conflicts of interest adversely affect the interests of Investors. Further information is available from the Issuer or the Lead Manager.

30. GOVERNING LAW AND JURISDICTION

The Products are governed by and shall be construed in accordance with Swiss law (without reference to the principles of conflicts of law rules).

In relation to any proceedings in respect of the Products, the Issuer irrevocably submits to the jurisdiction of the courts of the Canton of Zurich, the place of jurisdiction being Zurich with the right of appeal to the Swiss Federal Supreme Court in Lausanne where the law permits and waives any objection to proceedings in such courts whether on the grounds of venue or on the grounds that the proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each Investor and shall not limit the right of any of them taking proceedings in any court of competent jurisdiction nor shall the taking of proceedings in one or more jurisdictions preclude the taking of proceedings in any other jurisdiction (whether concurrently or not).

III. COLLATERAL SECURED INSTRUMENTS (COSI)

1. COLLATERALIZATION OF STRUCTURED PRODUCTS THAT ARE COLLATERALIZED IN ACCORDANCE WITH THE TERMS OF THE SIX SWISS EXCHANGE "FRAMEWORK AGREEMENT FOR COLLATERAL SECURED INSTRUMENTS" ("COSI PRODUCTS")

COSI Products are collateralized in accordance with the terms of the SIX Swiss Exchange «Framework Agreement for Collateral Secured Instruments». The Collateral Provider, as defined in the respective Final Termsheet, undertakes to secure the value of the COSI Product at any given time as well as the further claims listed in the Framework Agreement.

Security must be provided to SIX Swiss Exchange in the form of a regular right of lien. The collateral is booked to a SIX Swiss Exchange account with SIX SIS. Investors do not themselves have a surety right to the collateral. The COSI Products and the collateral shall be valued on each banking day. The Collateral Provider shall be obliged to adjust the collateral to any changes in value. Permitted forms of collateral shall be selected by SIX Swiss Exchange on an ongoing basis from various categories of security. The issuer shall, upon enquiry, inform investors about the collateral that is permitted as security for the COSI Product at any given time. The Collateral Provider shall pay SIX Swiss Exchange a fee for the service regarding the collateralization of the COSI Product. A change of Collateral Provider shall be notified in accordance with the provisions of this Programme.

2. DOCUMENTATION

The collateralization in favor of SIX Swiss Exchange is based on the «Framework Agreement for Collateral Secured Instruments» between SIX Swiss Exchange, SIX SIS, the issuer and the Collateral Provider dated 10 September 2010 («Framework Agreement»). The investor is not party to the Framework Agreement. The Framework Agreement constitutes an integral part of this Programme. In the event of any contradiction between the provisions of this Programme and the Framework Agreement, the Framework Agreement takes precedence. The issuer shall, upon request, provide the Framework Agreement to investors free of charge in the original German version or in an English translation. The Framework Agreement may be obtained from Leonteq Securities AG at Brandschenkestrasse 90, Postfach 1686, 8027 Zurich, Switzerland via telephone +41 58 800 1000, fax +41 58 800 1010 or via e-mail termsheet@leonteq.com. The core elements of collateralization of the COSI Products are summarized in a SIX Swiss Exchange information sheet, which is available at www.six-swiss-exchange.com.

3. COLLATERALIZATION METHOD

The collateral that must be furnished by the Collateral Provider is determined by the value of the COSI Product at any given time (hereinafter «Current Value»). The Current Values shall be determined in the trading currency of the COSI Product and converted into Swiss francs for the purpose of calculating the required collateral. The method for calculating the Current Value shall be determined for each COSI Product upon application for (provisional) admission to trading and shall remain unchanged for the entire term of the COSI Product. If prices for the COSI Product calculated by third parties are available (so-called «Fair Values»), they are taken into account when determining the Current Value in accordance with the provisions of the rules and regulations of SIX Swiss Exchange. Otherwise, the determination of the Current Value will take into account the «bond floor pricing», as defined by the Swiss Federal Tax Administration, Berne (Switzerland). For as long as no bond floor is available for a COSI Product that is subject to bond

floor pricing, the Current Value shall correspond at least to the capital protection laid down in the redemption terms for the COSI Product. If the final bid-side purchase price of the COSI Product on the previous trading day on SIX Structured Products Exchange AG is higher, the collateral requirement shall always be based on this latter price. If the aforementioned prices for COSI Products are unavailable at any given time, then other prices shall be used to calculate the required collateral, in accordance with the rules and regulations of SIX Swiss Exchange. The Current Values required for the collateralization of the COSI Products shall be determined exclusively in accordance with the provisions of the «Special Conditions for Collateral Secured Instruments» of SIX Swiss Exchange. The Current Value of the COSI Product shall be determined according to either Method A: Fair Value Method or Method B: Bond Floor Method of these Special Conditions of SIX Swiss Exchange, as defined in the listing prospectus.

4. DISTRIBUTION AND MARKET MAKING

The distribution of the COSI Product shall be the responsibility of the issuer. The issuer undertakes to ensure that market making for the COSI Product is in place.

5. RISKS

Collateralization eliminates the issuer default risk only to the extent that the proceeds from the liquidation of collateral upon occurrence of a Liquidation Event (less the costs of liquidation and payout) are able to meet the investors' claims. The investor bears the following risks, among others: (i) the Collateral Provider is unable to supply the additionally required collateral if the value of the COSI Product rises or the value of the collateral decreases; (ii) in a Liquidation Event, the collateral cannot be liquidated immediately by SIX Swiss Exchange because of factual hindrances or because the collateral must be handed over to the executory authorities for liquidation (iii) the market risk associated with the collateral results in insufficient liquidation proceeds or, in extreme circumstances, the collateral might lose its value entirely until the liquidation can take place; (iv) the maturity of COSI Products in a foreign currency according to the Framework Agreement may result in losses for the investor because the Current Value (determinant for the investor's claim against the issuer) is set in the foreign currency, while payment of the pro-rata share of net liquidation proceeds (determinant for the extent to which the investor's claim against the issuer is satisfied) is made in Swiss francs; (v) the collateralization is challenged according to the laws governing debt enforcement and bankruptcy, so that the collateral cannot be liquidated according to the terms of the Framework Agreement for the benefit of the investors in COSI Products.

6. LIQUIDATION OF COLLATERAL

If the Collateral Provider fails to fulfill its obligations, the collateral will be liquidated by SIX Swiss Exchange or a liquidator under the terms of the applicable legal regulations. Collateral may be liquidated ("**Liquidation Events**") if (i) the Collateral Provider fails to furnish the required collateral, fails to do so in due time, or if the collateral that is provided is not free from defects, unless any such defect is remedied within three (3) banking days; (ii) the issuer fails to fulfill a payment or delivery obligation under a COSI Product upon maturity according to the issuing conditions, fails to do so in due time, or if its fulfillment of such obligations is defective, unless any such defect is remedied within three (3) banking days; (iii) the Swiss Financial Market Supervisory Authority FINMA orders protective measures with regard to the issuer or the Collateral Provider under Article 26 paragraph 1 letter (f) to (h) of the Swiss Federal Act on Banks and Savings Banks, or restructuring measures or liquidation (winding-up proceedings) under Article 25 et seq. of the Swiss Federal Act on Banks and Savings Banks; (iv) a foreign financial market supervisory authority, another competent foreign authority or a competent foreign court orders an action that is comparable with that described in item (iii) above; (v) the market making obligation is breached for ten (10) consecutive banking days; (vi) the Collateral Provider's participation at SIX SIS ceases; (vii) the provisional admission of the COSI Product to trading lapses or is cancelled and the issuer fails to satisfy investors' claims within thirty (30) banking days of the lapse or cancellation of the provisional admission; or (viii) the COSI Products are delisted upon application by the issuer or for any other reason, and the issuer fails to satisfy investors' claims within thirty (30) banking days of the last trading day. The Framework Agreement provides for the exact time at which each Liquidation Event occurs. The remedy of a Liquidation Event is not possible.

7. DETERMINATION OF A LIQUIDATION EVENT

SIX Swiss Exchange is not required to undertake investigations with regard to the occurrence of a Liquidation Event. In determining the occurrence of a Liquidation Event, it bases its decision on reliable sources of information only. SIX Swiss Exchange determines with binding effect for the investors whether an incident qualifies as a Liquidation Event and at what point in time the Liquidation Event occurred.

8. PROCEDURE IN CASE OF A LIQUIDATION EVENT

If a Liquidation Event occurs, SIX Swiss Exchange is at its discretion entitled: (i) to make public the occurrence of a Liquidation Event immediately or at a later stage in suitable form, specifically in a newspaper with a national distribution and on the SIX Swiss Exchange website; as well as (ii) to liquidate immediately or at a later stage – without regard to the amount of unsatisfied claims – all existing collateral on a private basis, provided the applicable legal regulations or regulatory orders do not prohibit such private liquidation (and, if a private liquidation is not possible, hand the collateral over to the competent person for liquidation). Once a Liquidation Event has occurred, trading in all COSI Products issued by the issuer may be suspended, and the COSI Products of the issuer may be delisted.

9. MATURITY OF THE COSI PRODUCTS AS WELL AS INVESTOR CLAIMS AGAINST SIX SWISS EXCHANGE AND THE ISSUER

All of the issuer's COSI Products under the Framework Agreement shall fall due for redemption thirty (30) banking days after a Liquidation Event has occurred. SIX Swiss Exchange shall make public the due date in a newspaper with a national distribution, as well as on the SIX Swiss Exchange website. Investors' claims against SIX Swiss Exchange for the payment of their pro-rata share of the net liquidation proceeds arise automatically at the time the COSI Products have fallen due for redemption. Investors' claims against SIX Swiss Exchange are based on a genuine contract in favor of third parties (Article 112 paragraph 2 of the Swiss Code of Obligations). The acquisition of a COSI Product by an investor automatically entails the declaration vis-à-vis SIX Swiss Exchange, as described in Art. 112 para. 3 of the Swiss Code of Obligations, that he wishes to enforce his right under the Framework Agreement at maturity of the COSI Product. In dealings with SIX Swiss Exchange and SIX SIS, investors are bound by the provisions of the Framework Agreement, specifically the choice of Swiss law and the exclusive jurisdiction of the Commercial Court of Canton Zurich (Switzerland).

If a Liquidation Event has occurred, SIX Swiss Exchange will determine the Current Values of all COSI Products of the issuer in the respective trading currency. These values shall be binding on the issuer, the Collateral Provider and the investors. Investors' claims against the issuer will be based on these Current Values when the COSI Products mature in accordance with the Framework Agreement. The Current Values of the COSI Products on the banking day immediately preceding the date on which the Liquidation Event occurred shall be applicable. SIX Swiss Exchange shall make public the applicable Current Values of the COSI Products.

10. COSTS OF LIQUIDATION AND PAYOUT FOR THE BENEFIT OF THE INVESTORS

The costs incurred in connection with the liquidation and payout (including taxes and duties, as well as consulting fees) shall, in advance, be covered out of the proceeds of the liquidation of the collateral. For this purpose, SIX Swiss Exchange shall deduct a flatrate fee of 0.1 percent of the entire liquidation proceeds for its own expenses and for the expenses of third parties. In addition, SIX Swiss Exchange shall be entitled to satisfy, in advance out of the proceeds of the liquidation of the collateral, any outstanding claims it holds against the Collateral Provider and the issuer under the terms of the Framework Agreement. The remaining liquidation proceeds are available for payout to the investors in COSI Products of the issuer.

SIX Swiss Exchange will transfer the pro-rata share of net liquidation proceeds due to investors to SIX SIS participants. In doing so, it is released from all further obligations. The amounts transferred are determined by the holdings of COSI Products that are booked to participant accounts with SIX SIS. If the issuer which, according to the Framework Agreement, is affected by the due redemption of its COSI Product, is a SIX SIS participant, then SIX Swiss Exchange and SIX SIS shall decide on a separate procedure for the payment of the pro-rata share of net liquidation proceeds to those investors who hold their COSI Products via the issuer. SIX Swiss Exchange may transfer the pro-rata share of net liquidation proceeds for these investors to one or more other SIX SIS participants or to one or more third parties, which will attend to the payment to investors in COSI Products either directly or indirectly. In doing so, SIX Swiss Exchange is released from all further obligations. SIX Swiss Exchange may decide at its own discretion to have the payment of the pro-rata share of net liquidation proceeds for other or all investors in COSI Products conducted by one or more other SIX SIS participants or by one or more third parties.

The payouts to investors are made exclusively in Swiss francs. The claim of the investors is non-interest-bearing. SIX Swiss Exchange is not liable to pay either default interest or damages should the payout be delayed for any reason.

The maximum claim of an investor to satisfaction from the net liquidation proceeds of collateral is determined by the sum of the Current Values of his COSI Products. Should the combined Current Values of all investors in the issuer's COSI Products exceed the net liquidation proceeds, payment of pro-rata shares of net liquidation proceeds to individual investors will be made according to the ratio between the total Current Values held by individual investors and the total Current Values accruing to all investors in COSI Products of the issuer.

In the case of COSI Products in a different trading currency than the Swiss franc, SIX Swiss Exchange shall, with binding effect for the parties to the Framework Agreement and the investors, convert the Current Values into Swiss francs in order to determine the pro-rata share of net liquidation proceeds. The exchange rates according to the regulations of SIX SIS on the banking day immediately preceding the date on which the Liquidation Event occurred, shall be applicable. The conversion of the Current Values of COSI Products of a different trading currency than the Swiss franc pertains only to the amount and the effect of the payout of pro-rata net liquidation proceeds by SIX Swiss Exchange to investors in such COSI Products and shall have no further effect on the relationship between the investor and the issuer. SIX Swiss Exchange shall make public these values of the COSI Products as well as the applicable exchange rates.

The investors' claims against the issuer arising from the COSI Products are reduced by the amount of the payment of the pro-rata net liquidation proceeds. In the case of COSI Products in a different trading currency than the Swiss franc the reduction amount of the claim of the investor against the issuer shall be determined in accordance with the conversion rate of the particular trading currency of the COSI Product to the Swiss franc applicable on the banking day immediately preceding the date on which the Liquidation Event occurred.

No further investor claims exist against SIX Swiss Exchange, SIX SIS or other persons which are involved in the collateralization service for COSI Products under the terms of the Framework Agreement.

11. SECONDARY LISTING

Apart from the primary listing of the COSI Products on SIX Swiss Exchange the issuer may apply for a secondary listing on further exchanges. All aspects and events related to a secondary listing of the COSI Product shall be disregarded under the Framework Agreement. In particular, events which are related to a secondary listing of the COSI Product, such as the suspension of the market making at a secondary exchange or the delisting of the COSI Products from a secondary exchange, shall not be deemed a liquidation event under the Framework Agreement. SIX Swiss Exchange is at its own discretion entitled to make public the occurrence of a liquidation event and the maturity of the COSI Product pursuant to the Framework Agreement in the countries where a secondary listing is maintained as well as to inform the secondary exchanges or any other bodies about such occurrences.

12. LIABILITY

The liability of parties to the Framework Agreement to pay damages exists only in cases of gross negligence or intentional misconduct. Further liability is excluded. SIX Swiss Exchange shall only be liable for third parties, which are mandated with the valuation of COSI Products, in case of improper selection and instruction of such third parties. Where the payment of pro-rata shares of net liquidation proceeds of COSI Products is made via SIX SIS participants to the extent these participants hold the COSI Products in accounts at SIX SIS, SIX Swiss Exchange and SIX SIS are liable only for the careful instruction of these SIX SIS participants. If the payment is made via third parties or via SIX SIS participants in respect of COSI Products that are not booked to these participants' accounts at SIX SIS, then SIX Swiss Exchange and SIX SIS are liable only for the careful selection and instruction.

13. NO AUTHORIZATION

COSI Products do not constitute collective investment schemes pursuant to the Swiss Federal Act on Collective Investment Schemes (CISA). They do not require authorization and are not subject to supervision by the Swiss Financial Market Supervisory Authority FINMA.

14. CONGRUENCE WITH THE PROGRAMME

This section "Collateral Secured Instruments (COSI)" corresponds to the SIX Swiss Exchange standard text. The terms contained herein are incorporated as follows in the Programme:

Term used in this section "Collateral Secured Instruments (COSI)"	Corresponding Programme Definition
issuer	Issuer
investor	Investor
trading day	Exchange Business Day
banking day	Business Day
maturity	Redemption, Redemption Date or Final Fixing Date
redemption	Redemption

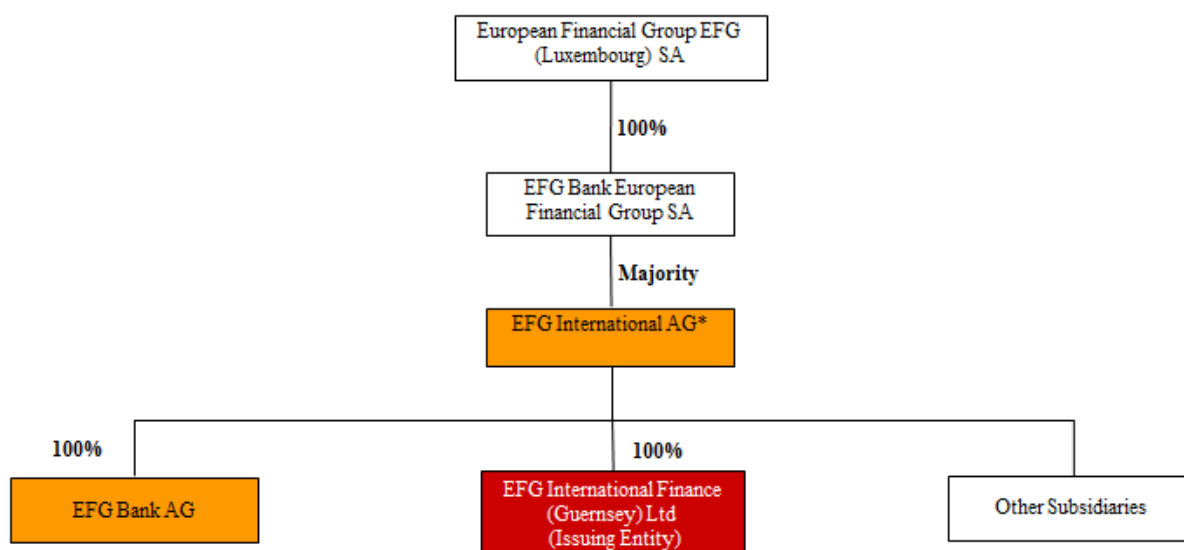
The provisions of this section "Collateral Secured Instruments (COSI) " take precedence in the event of contradiction between this section and the other content of the Programme.

IV. ORGANISATIONAL CHART OF EFG GROUP

The Issuer EFG International Finance (Guernsey) Ltd ("**EFGIF LTD**") is a fully owned subsidiary of EFG International AG ("**EFGI**"). EFGI also fully owns EFG Bank AG ("**EFG Bank**"). EFG International AG's principal shareholder is EFG Bank European Financial Group SA, a Swiss-registered bank, which is wholly owned by European Financial Group EFG (Luxembourg) SA together with its subsidiaries the, "**EFG Group**", whose ultimate beneficiaries are Latsis family interests.

The below table provides a summary group chart.

EFG Group: Organization Chart



* LISTED ON THE SIX SWISS EXCHANGE (SUPERVISED ON A CONSOLIDATED BASIS BY FINMA).

V. EFG INTERNATIONAL FINANCE (GUERNSEY) LIMITED

INCORPORATION AND DURATION

EFG INTERNATIONAL FINANCE (GUERNSEY) LTD was incorporated (under its former name EFG Financial Products (Guernsey) Ltd) as a limited liability company under the laws of Guernsey in Greffe, Guernsey, on 16 November 2007 for an unlimited duration. EFGIF LTD is registered on the Records of the Island of Guernsey under Certificate of Registration number 48057.

REGISTERED OFFICE

The registered office of EFGIF LTD is at EFG House, St Julian's Avenue, St Peter Port, Guernsey, GY1 4NN, Channel Islands, and the telephone number is +44 1481 749 333.

STATUTORY AUDITORS

PricewaterhouseCoopers, CI LLP, PO Box 321, Royal Bank Place, 1 Glatigny Esplanade, St Peter Port, Guernsey, Channel Islands GY1 4ND.

SUPERVISION

EFGIF LTD is not subject to supervision in Guernsey. However, as a subsidiary of EFG International AG, EFGIF LTD falls within the consolidated regulatory supervision of EFG International AG by the Swiss Financial Market Supervisory Authority ("**FINMA**").

PURPOSE AND BUSINESS

According to Article 3 of the Memorandum of Association of EFGIF LTD, the objects for which EFGIF LTD is established are:

1. To issue, promote and distribute unsecured debt and similar securities, including, but not limited to certificates, notes, bonds or other derivative instruments and warrants, deriving their value from any underlying asset class, and to apply the proceeds of such issues for general corporate purposes of EFGIF LTD;
2. To advance, deposit or lend money, securities and property to or with such persons and on such terms as may seem expedient; to discount, buy, sell and deal in bills, notes, warrants, coupons and other negotiable or transferable securities or documents;
3. To guarantee or become liable for the payment of money or the performance of any obligations, and generally to transact all kinds of guarantee business; also to transact all kinds of trust and agency business;
4. To carry on business as a general commercial company; and
5. To do all such other things as EFGIF LTD may think incidental to or connected with any of the above objects or conducive to their attainment or otherwise likely in any respect to be advantageous to EFGIF LTD.

SHARE CAPITAL

As at the date hereof, the share capital of EFGIF LTD amounts to CHF 5,000,000 divided into 5,000,000 shares with a face value of CHF 1.00 each; the shares are fully paid-in.

The share capital of EFGIF LTD is held in its entirety by EFG International AG.

BUSINESS OVERVIEW, RECENT DEVELOPMENTS AND BUSINESS OUTLOOK

EFGIF LTD's primary business is the structuring, issuance and sale of financial products, such as certificates, notes, bonds, warrants and other derivative instruments. The Issuer intends to strengthen its business and, subject to market conditions, the Issuer plans to further extend its existing product range of certificates, notes, leverage products and other structured products. Pursuant to agreements between the Issuer and the Service Provider various services necessary to ensure the Issuer's business, including, among other things, hedging services, collateral management relating to COSI products, accounting and risk management as well as documentation, listing, settlement and other processes relating to the issuance and redemption of Products will be provided by the Service Provider.

The business description contained herein is accurate at the date of this Programme.

LEGAL, ADMINISTRATIVE, AND ARBITRATION PROCEEDINGS

EFGIF LTD is not involved in any governmental, legal or arbitration proceedings, during a period covering at least the previous 12 months which may have or have had in the recent past, significant effects on EFGIF's Finance Guernsey's financial position or profitability

MATERIAL CHANGES SINCE DECEMBER 2015

Save as disclosed herein has been no material change in the financial position of EFGIF LTD since the end of the last business year on 31 December 2015.

BOARD OF DIRECTORS

Board of Directors

The Board of Directors is responsible for the management of EFGIF LTD's business. The Board of Directors currently comprises four members all of whom are non-executive directors.

Name	Position held
Peter Daniels	Director
Michael Rodel	Director
Kurt Haueter	Director
Stephen Richard Watts	Director

The business address of the directors of EFGIF LTD is EFG House, St Julian's Avenue, St Peter Port, Guernsey, GY1 4NN.

VI. EFG INTERNATIONAL AG

INTRODUCTION

Overview

The **EFGI Group** is a leading global private banking group offering private banking and asset management services, primarily to high net worth individuals but also to institutional investors. The Group's products and services include investment advisory services, in-house investment products, including funds, structured notes, margin loans and brokerage and trading services, as well as ancillary services, including time deposits and fiduciary placements, current accounts, custody services, foreign exchange execution services and trust services.

Registration and Business Address

EFG International AG ("**EFGI**") was incorporated and registered in Zurich, Switzerland on 8 September 2005 as a stock corporation (*Aktiengesellschaft*) under Swiss law for an unlimited duration. As from that day, EFGI is registered in the Commercial Register of the Canton of Zurich, Switzerland under the number CHE-112.512.247. EFGI's registered office is located at Bleicherweg 8, 8001 Zurich, Switzerland. The telephone number of EFGI is +41 44 226 18 50.

The business address of EFGI's Board and Executive Committee members is Bleicherweg 8, 8001 Zurich, Switzerland.

Purpose

Pursuant to Article 2 of EFGI's articles of association, its purpose is to hold direct and/or indirect interests in all types of businesses in Switzerland and abroad, in particular in the areas of banking, finance, asset management and insurance, and that EFGI has the power to establish new businesses, acquire a majority or minority interest in existing businesses and provide related financing. In addition, EFGI has the power to acquire, mortgage and sell real estate properties, both in Switzerland and abroad.

Share Capital and Participation Certificates

As of the date of this Prospectus, the issued nominal share capital of EFGI amounted to CHF 100,041,858.50, divided into 200,083,717 registered shares with a nominal value of CHF 0.50 each. In addition, EFGI has issued 13,382 registered preferred participation certificates (*Vorzugspartizipationsscheine*) with a nominal value of CHF 15.00 each, with an aggregate nominal value of CHF 200,730.

Authorised Capital

The shareholders of EFG International AG approved – among others - further amendments of the Articles of Association at the Annual General Meeting held on 29 April 2016. Pursuant to the new Article 3a of the Articles of Association of EFGI, the Board of Directors is authorised, at any time until 28 April 2018, to increase the share capital by no more than CHF 37,979,435.50 by issuing no more than 75,958,871 fully paid up registered shares with a nominal value of CHF 0.50 each. Partial increases shall be permissible. The newly issued registered shares are subject to the transfer limitation pursuant to Article 6 of the Articles of Association. The Board of Directors is authorised to exclude subscription rights of the shareholders and the participants in favour of third parties if the new shares are to be used (i) for the acquisition of companies or of participations in companies, through an exchange of shares or (ii) for the financing or refinancing of the acquisition of companies or of participations in companies. The

issue price of the newly issued registered shares, the date for entitlement for dividends and the type of contribution (including contribution in kind) shall be determined by the Board of Directors.

Conditional Capital

The shareholders of EFG International AG approved – among others – the increase of available Conditional Capital as defined in the Articles of Association at the Annual General Meeting held on 29 April 2016. Pursuant to the amended article 3b of the Articles of Association of EFGI, the share capital of EFGI may be increased by no more than CHF 2,158,629 by issuing no more than 4,317,258 fully paid up registered shares with a nominal value of CHF 0.50 each, upon the exercise of option rights or in connection with similar rights regarding employee shares (including existing or future restricted stock units (RSU)) granted to officers and employees at all levels of the Company and its group companies according to respective regulations of the Board of Directors. The pre-emptive rights and the advance subscription rights of the shareholders and the participants are excluded. The acquisition of registered shares based on this Article 3b and every subsequent transfer of these registered shares are subject to the restrictions in the Articles of Association. The conditions for the allocation and exercise of the option rights and with respect to similar rights are determined by the Board of Directors. The shares may be issued at a price below the market price.

Members of the Administrative, Management and Supervisory Bodies

Name	Position held
John A. Williamson	Chairman of the board
Nico H. Burki	Vice-Chairman of the board
Susanne Brandenberger	Member of the board
Emmanuel L. Bussetil	Member of the board
Erwin Richard Caduff	Member of the board
Michael Norland Higgin	Member of the board
Spiro J. Latsis	Member of the board
Pericles-Paul Petalas	Member of the board
Bernd-A. von Maltzan	Member of the board
Daniel Zuberbühler	Member of the board

The executive committee currently comprises eight executive officers:

Name	Position held
Joachim H. Straehle	Chief Executive Officer
Piergiorgio Pradelli	Chief Financial Officer and Deputy CEO
Mark Bagnall	Chief Operating Officer
Peter Fischer	Head of Strategy and Marketing
Frederick Link	Chief Risk Officer
James T. H. Lee	Head of Investment Solutions
Adrian Kyriazi	Regional Business Head for Continental Europe and Switzerland
Anthony Cooke-Yarborough*	Regional Business Head of United Kingdom
Sixto Campano*	Regional Business Head of Americas
Albert Chiu*	Regional Business Head of Asia Pacific Region

*ATTENDEES (I.E. NOT FORMAL MEMBERS) TO THE EXECUTIVE COMMITTEE

Auditors

PricewaterhouseCoopers SA, Avenue Giuseppe-Motta 50, 1211 Genève 2, Switzerland.

BUSINESS OVERVIEW

Principal Activities

EFGI is a holding company for EFG Bank AG and other subsidiaries specialising in private banking and asset management. The EFGI Group's clients are both private individuals and institutional investors.

The EFGI Group's private banking business is centered around Client Relationship Officers ("**CROs**") who work under its brand, supervision and responsibility, but manage clients on their own and have broad discretion in serving the EFGI Group's clients and in selecting suitable investment products and services for their clients' portfolios, albeit within its compliance, risk management, product approval and control framework. Subject to compliance with these legal, regulatory, product and internal risk management requirements, the EFGI Group's CROs can provide private banking and asset management services to a client in any location. The EFGI Group imposes no internal geographic or customer segment restrictions and the EFGI Group's management does not re-allocate clients among CROs without mutual agreement.

The EFGI Group hires CROs with relevant private banking experience or, in markets where the growth of private banking is relatively recent, an equivalent depth of professional experience. As a result the EFGI Group has assembled a group of talented, client-focused private bankers with a proven track record of building profitable private client relationships.

Each CRO operates as a separate profit centre or is part of a larger profit centre at his or her discretion and is paid a competitive base salary that corresponds to typical base salaries paid in the private bank market plus a contractually

agreed variable compensation amounting to 15-20 per cent. of his or her "net contribution" (the difference between revenues attributable to the CRO and the direct costs attributable to the CRO).

The EFGI Group closely monitors the performance of its CROs, from both a financial and a compliance and risk management point of view, and expects them to meet certain defined performance thresholds. Credit decisions are taken by an independent credit committee.

Principal markets

The EFGI Group offers clients a range of investment services, in-house investment products, margin loans and brokerage and trading services, as well as ancillary services, including time deposits and fiduciary placements, current accounts, custody services, foreign exchange execution services and trust services. The EFGI Group offers both in-house products and products developed by other banks and financial institutions. The EFGI Group's in-house products include structured products and funds.

In addition to Switzerland, the EFGI Group's principal markets are Continental Europe, UK, the Americas (including the Caribbean Islands) and Asia.

Discretionary solutions

The management of discretionary portfolios is delegated to EFG Asset Management, the fully owned asset management division of EFGI. Discretionary strategies are designed with the specific goals and risks of the EFGI Group's clients in mind. The EFGI Group offers traditional equity and fixed income mandates, as well as multi-asset strategies that consist of three broad asset classes: equities, fixed income and alternative investments. Each strategy undergoes a highly disciplined investment process combining in-house asset allocation and research expertise, along with the access to high quality investment products through the EFGI Group's open architecture platform.

Advisory solutions

The EFGI Group's advisory services give clients full access to the EFGI Group's investment management expertise while allowing them to retain as much control over their portfolio as they wish. The EFGI Group's range of advisory services cover the requirements of clients who want to limit their input to validating investment decisions to clients who want to be actively involved in the discussion of every single trade. Advice is given within a well-controlled fiduciary framework that takes into account product suitability as well as client suitability and appropriateness. The EFGI Group's advice is derived from a global asset allocation and security selection process, where the EFGI Group has developed a conviction-based approach to investing, leveraging the know-how and proprietary models of the EFGI Group's in-house team of research specialists.

Wealth solutions

As wealth solutions providers, the EFGI Group specializes in the efficient structuring, protection and transfer of wealth. The EFGI Group's teams of experienced wealth planners operate in various locations globally working alongside CROs to craft bespoke solutions to protect client assets and facilitate the efficient transfer of wealth between generations. To this end, the EFGI Group makes full use of a range of structures, including trusts, limited partnerships, foundations and companies. Structures may hold a variety of asset classes including cash and quoted investments, shares in private companies, real-estate, artwork, yachts and aircrafts.

Financing solutions

The EFGI Group offers investment financing and property financing solutions. Investment financing solutions comprise both current account overdrafts and fixed advance facilities, where such facilities are secured by the lending value of clients' diversified portfolios of liquid, marketable collateral such as cash, bonds, shares and funds. Property

financing assistance is offered on a selective basis in some markets for residential real estate and high-grade office properties, primarily in the UK and selected other jurisdictions as an addition to the EFGI Group's private banking services. As part of the EFGI Group's ancillary financing solutions, the EFGI Group also issues bank guarantees on behalf of the EFGI Group's clients in favor of third parties and provide credit facilities to cover foreign exchange forward contracts as well as foreign exchange or equity options. Virtually all of the EFGI Group's lending activities are on a secured basis.

Funds

The EFGI Group offers a range of internally managed funds, including the its flagship fund "New Capital" designed to meet the diverse needs of private clients, financial intermediaries, wealth managers and institutional investors. New Capital funds reflect the EFGI Group's macro-economic beliefs and the asset allocations of the EFGI Group's discretionary strategies. The EFGI Group's internal fund offering straddles across specialist equities, fixed income and sophisticated multi-asset and alternative strategies, covering global, regional, developed and emerging markets. Fundamental to the EFGI Group's client-focused business model, the EFGI Group's internal funds are not the object of any sales targets or budgets, rather, the EFGI Group purchases and advise the EFGI Group's clients on a large variety of third party products on the basis of a global list of approved funds consistent with the EFGI Group's full open architecture approach to investing that is maintained by the EFGI Group's inhouse fund selection team.

Structured products & platform partner products

The EFGI Group provides clients with a selection of structured products both on an open architecture basis, in which case they are issued by large third party financial institutions, or issued by an EFGI subsidiary, pursuant to the Platform Partnership with Leonteq Securities AG ("**Leonteq**"). In the context of this cooperation, Leonteq is responsible for the structuring and hedging aspects of the products which are issued by the Issuer.

Brokerage and trading services

The EFGI Group has a near 24-hour trading capability five days a week, spanning across all major time zones. As such the EFGI Group is able to offer its clients efficient execution of trades in equities, fixed income securities and foreign exchange. Trading operations are primarily based in Geneva with additional teams in Hong Kong, London and Miami. Through the EFGI Group's "Direct Market Access", direct access to the EFGI Group's trading desks is provided to a selected group of primarily large, active and sophisticated clients.

Deposits

The EFGI Group offers current accounts, time deposits and fiduciary deposits. Current accounts permit clients to withdraw funds at any time and currently form the largest component of the EFGI Group's deposits. The EFGI Group also offer time deposits that may only be withdrawn at maturity and fiduciary placements, which are interest-bearing deposits placed outside Switzerland and deposited in the name of a Swiss depositary bank for a fee, but held on a fiduciary basis for a client. Clients bear all the risks and benefits of the placement in fiduciary deposits, as they are placed outside of Switzerland and, therefore, not subject to Swiss withholding tax on deposit interest.

Custody services

The EFGI Group offers its clients complementary securities' custody services. The EFGI Group generate safekeeping fees in respect of securities that are held on behalf of the EFGI Group's clients. In addition, the general fees for managing discretionary portfolios include a safekeeping fee for custody services. The EFGI Group also offers custody services for securities in portfolios that are managed by third party advisors or clients.

Ancillary banking services

The EFGI Group also offers a traditional range of ancillary banking services, including payment facilities and safe deposit boxes.

Fund services

EFG Fund Services oversees the administration and other servicing requirements of a wide range of openended and closed-ended investing in a broad range of asset classes, including private equity, venture capital, real estate, fund of funds, debt, listed equities, portfolio assets, hedge funds and physical assets. The EFGI Group's clients include major banks, investment houses, property specialists, venture capital and private equity firms. The EFGI Group's teams of funds specialists operate across a network of locations and always seek to understand the particular requirements of each fund before developing an administration solution to fit its precise specifications.

REGULATION AND SUPERVISION IN SWITZERLAND

At the holding company level, EFGI does not conduct banking, broker-dealer or other regulated operations, so it does not have a banking, broker-dealer or other regulatory license. It is not therefore subject to Swiss banking and broker-dealer regulations. However, it holds controlling investments in a number of banks and other financial institutions in Switzerland and abroad. Because many of its subsidiaries are subject to banking regulations, EFGI is subject to consolidated supervision by the FINMA.

As stated above, EFGI's principal shareholder is EFG Bank European Financial Group SA, Geneva (the latter, together with its subsidiaries forming the "**EFGI Group**") a holding bank based in Geneva and regulated on an individual and consolidated basis by the Swiss Financial Market Supervisory Authority FINMA. As a result, the EFGI Group is subject to consolidated group regulation and supervision (top level consolidated supervision) by the FINMA.

In addition to this consolidated supervision, EFGI Group's operations throughout the world are regulated and supervised by the financial authorities, including central banks, financial services authorities, banking agencies, securities agencies and self-regulatory organisations, in the jurisdictions in which any of the subsidiaries was incorporated and/or has offices, branches or subsidiaries as may be required by local legislations.

The main sources of Swiss financial services regulation are the Swiss Federal Act on Banks and Savings Banks of November 8, 1934 as amended (the Swiss Banking Act) and its Implementation Ordinance of May 17, 1972 as amended (the Swiss Banking Ordinance), the Stock Exchanges and Securities Trading Act of March 24, 1995 as amended ("**SESTA**") and its implementation ordinance of December 2, 1996 (SESTO), the Swiss Federal Act on Collective Investment Schemes of 28 September 2012, as amended (CISA) and its implementation ordinance of 22 November 2006, as amended (the "**CISO**"), the ordinances, guidelines and circulars issued by the FINMA (FINMA Circulars) and in the Swiss Federal Act regarding the Swiss National Bank of October 3, 2003 (the Swiss National Bank Act). Further regulation exists in the form of guidelines and circulars issued by recognized self-regulatory

bodies such as the Swiss Bankers' Association (the Swiss Bankers' Association Guidelines), compliance with which has been made mandatory by the FINMA.

The FINMA is responsible for the continuing supervision of the banking and financial system, including banks and securities dealers. Among other powers, the FINMA has the power to grant and withdraw banking and securities dealing licenses, enforce the Swiss Banking Act and SESTA and issue further regulatory requirements through FINMA Circulars. The FINMA is independent from the Swiss National Bank, which is responsible for Swiss monetary policy.

Some of EFGI's Swiss-incorporated subsidiaries are also subject to regulation on an individual basis. EFG Bank AG, EFGI's main operating subsidiary in Switzerland, is regulated as a Swiss bank and a securities-dealer.

LEGAL, ADMINISTRATIVE AND REGULATORY PROCEEDINGS REGARDING THE EFGI GROUP

The EFGI Group is involved in legal proceedings in the course of normal business operations. The Group establishes provisions for current and threatened pending legal proceedings if management is of the opinion that the EFGI Group is more likely than not to face payments or losses and if the amount of such payments or losses can be reasonably estimated. Below is description of the EFGI Group's principal legal and regulatory proceedings.

Loan to foreign insurance company

EFG Bank AG, Singapore branch has extended a loan of USD 193.8 million (amount as of December 31, 2015) to an affiliate of a Taiwanese insurance company which was placed in receivership in 2014. The loan is secured by the assets of another affiliate of the insurance company and has the benefit of a personal guarantee from the former ultimate beneficial owner and chairman of the insurance company. The overall relationship with this insurance company included accounts held at EFG in Hong Kong, Singapore and Switzerland.

The former ultimate beneficial owner and chairman of the insurance company has been charged and is on trial in Taiwan with various offenses relating to misappropriation of funds of the insurance company and its subsidiaries, including the proceeds of the loan extended by the EFGI Group.

In connection with these matters, the EFGI Group is currently subject to an on-going investigation by a regulator in East Asia, which may result in fines or other sanctions. To the extent that this investigation results in material fines, public reprimand and/or other sanctions, EFGI Group's business in Asia may be materially and adversely affected and this could harm EFGI Group's business, results of operations, financial condition and reputation.

The EFGI Group made a provision only for unpaid interest on the loan as it consider the full outstanding principal amount of the loan to be fully cash collateralized. The receiver of the insurance company has indicated to the EFGI Group that it may seek to challenge the pledge of collateral, though the EFGI Group does not believe that there would be merit in any such challenge, if made. If the pledge of collateral was held to be unenforceable or void, could incur a loss that would materially affect EFGI Group's results of operations and financial condition.

Madoff

Several entities in the EFGI Group (the "**EFG Defendants**") have been named as defendants in two sets of actions pending before the Bankruptcy Court for the Southern District of New York (the "**Bankruptcy Court**") arising out of investments in funds that invested, directly or indirectly, with Bernard L. Madoff Investment Securities "BLMIS"). The trustee for the Securities Investment Protection Act ("SIPA") liquidation proceeding of BLMIS asserts claims to recover avoidable transfers of approximately U.S. \$ 355 million that the EFG Defendants allegedly

received as redemption payments from funds invested with BLMIS, as well as all applicable fees, interests, costs and disbursements. The EFG Defendants have moved to dismiss these claims but the Bankruptcy Court's decision on the motion to dismiss remains pending.

The EFG Defendants have raised an affirmative defense against the claims asserted in these proceedings. However, the risk that the Bankruptcy Court will deny their motion to dismiss and enter judgment against the EFG Defendants cannot be excluded. In addition, the risk that EFG will be subject to claims from other entities that invested directly or indirectly with BLMIS cannot be excluded.

The liquidators for Fairfield Sentry Ltd, Fairfield Sigma Ltd, and Fairfield Lambda Ltd (collectively, the "**Funds**") have asserted restitution claims and, in certain proceedings, BVI statutory avoidance claims in the Bankruptcy Court to recover redemption payments allegedly made to several entities in the EFGI Group by the Funds. These claims have been made in five adversary proceedings ancillary to the Funds' insolvency proceedings pending before the Commercial Division of the High Court of Justice, British Virgin Islands (the "**BVI Court**") since the Funds entered liquidation in 2009. In *Fairfield Sentry Ltd. v. EFG Bank*, Adv. Pro. 10-03625, the Funds assert claims against EFG Bank and the beneficial owners of accounts held in the name of EFG Bank for an aggregate of USD 160.3 million, as well as all applicable fees, interests, costs and disbursements. In *Fairfield Sentry Ltd., et al. v. Banco Atlantico Gibraltar Ltd et al.*, Adv. Pro. 10-03787, the Funds assert claims against certain EFG affiliates and the beneficial owners of accounts held in the name of those EFG affiliates for an aggregate of USD 1.3 million, as well as all applicable fees, interests, costs and disbursements. In *Fairfield Sentry Ltd. v. Zurich Capital Mkts. Co., et al.*, Adv. Pro. 10-03634, the Funds assert claims against EFG Bank, among others, for an aggregate of USD 15.14 million as well as all applicable fees, interests, costs and disbursements. In *Fairfield Sentry Ltd. v. ABN AMRO Schweiz AG, et al.*, Adv. Pro. 10-03635, the Funds assert claims against EFG Bank and its affiliate, among others, for an aggregate of USD 51.93 million, as well as all applicable fees, interests, costs and disbursements. In *Fairfield Sentry Ltd. v. ABN AMRO Schweiz AG, et al.*, Adv. Pro. 10-03636, the Funds assert claims against EFG Bank and its affiliate, among others, for an aggregate of USD 1.7 billion, as well as all applicable fees, interests, costs and disbursements. These actions are currently stayed pending further order of the Bankruptcy Court.

The EFGI Group entities have obtained a complete and final dismissal of the lawsuits in the British Virgin Islands and have obtained an order prohibiting the liquidators of the Funds from using funds from Fairfield Sentry Ltd. Fairfield Sigma Ltd., and Fairfield Lambda Ltd. to further pursue actions in the United States. The order denying the Funds sanction to pursue claims in the U.S. is currently on appeal in the BVI.

As the Bankruptcy Court entered its order staying the Funds' proceedings before the resolution of various preliminary issues, EFG and its affiliates may still assert procedural and substantive affirmative defences to seek dismissal of those claims. The risks that such defences will be rejected and that EFG and its affiliates will be found liable for the maximum amount of their exposure cannot be excluded. In addition, the risk that EFG will be subject to future claims from recipients of redemption payments from funds invested with BLMIS cannot be excluded.

Claim in Switzerland

The EFGI Group is engaged in litigation proceedings in Switzerland initiated by a client claiming CHF 63.7 million plus interest at 5% per annum, as well as commissions and retrocessions received by the EFGI Group in relation to the client's investments with the EFGI Group. The client's claims relate to investments in two portfolios totaling USD 140 million pursuant to investments made in 2008 and 2009. Investments were made on the basis of investment proposals submitted by the bank and approved by the client. The client asserts that they were misinformed about the nature of the proposals, in particular that they had understood that the investment products were "capital guaranteed", that the proposals agreed with the client were not implemented, that an excessive number of transactions were

executed without authorization, that specific transactions which would have been profitable for the client were not executed, that a number of transactions were executed in order to permit the bank to earn additional fees and that internal procedures relating to risk controls were not followed. The EFGI Group is vigorously defending the case and the EFGI Group believes to have strong defenses to the claims, but the eventual outcome remains uncertain. If found liable, EFGI Group's liability arising from this claim may not be covered by insurance.

SNC Lavalin

Several companies related to SNC Lavalin have asserted claims against former employees of SNC Lavalin who are alleged to have diverted approximately 127 million Canadian dollars from the plaintiffs for their own benefit. The plaintiffs allege that one of EFGI Group's employees acted in concert with the former employees of SNC Lavalin and executed numerous potentially fraudulent transactions in full knowledge of alleged wrongdoing by the employees. The plaintiffs assert that the EFGI Group therefore participated in causing damage to them. The plaintiffs also claim approximately 13 million Canadian dollars as compensation for incurred alleged reputational damage. The EFGI Group is vigorously defending the case and believes it has strong defenses to the claims, but the eventual outcome remains uncertain.

Claims in Canada and the Bahamas

Various claims have been made against the EFGI Group in Canada and the Bahamas by the former investment manager of a Bahamas fund for which EFG Bank & Trust (Bahamas) Ltd acted as administrator and custodian. The fund invested primarily in illiquid oil and gas interests in Canada. The former investment manager was removed from its position as investment manager of the fund on the basis that certain transfers by the fund were made for the benefit of the former asset managers rather than for investment purposes and that the net asset value of the fund had been misrepresented. The former investment manager has asserted claims against the EFGI Group in relation to his removal, alleging that the EFGI Group has undermined their role as investment manager. The former asset manager is seeking USD 30 million in compensatory damages, USD 2 million in punitive damages and various costs. In addition, as part of the investigation into the activities of the fund, the EFGI Group determined that the chief executive officer of an entity comprising the most significant investment in the funds had acted inappropriately. The chief executive officer was dismissed from his position as a result of these findings and has filed claims against the EFGI Group for an amount of 6.75 million Canadian dollars for wrongful dismissal, loss of opportunity, anxiety, punitive and aggravated damages and corporate oppression.

In addition, the EFGI Group is being sued by the investors in the fund and the fund itself for approximately USD 9 million on the grounds of various alleged breaches related to a breach of EFGI Group's duties as the administrator of the fund including negligence in the hiring of the former asset manager, fraud and willful misconduct and unjust enrichment relating to fees received as administrator of the fund. The EFGI Group is vigorously defending the case and the EFGI Group believes to have strong defenses to the claims, but the eventual outcome remains uncertain.

Hong Kong claim

A civil claim has been asserted against the EFGI Group by two clients of EFG Bank in Hong Kong alleging that due to the breaching of its duties in providing investment management relating to a mandate to invest in hedge funds on a discretionary basis, they suffered losses ranging from USD 2 million to USD 11 million. In particular, the clients allege that the CRO made oral representations as to the risks relating to the investments which they relied upon in entering into the discretionary mandate. The EFGI Group is vigorously defending the case and believes it has strong defenses to the claims, but the eventual outcome remains uncertain.

MLAT Venezuela

As reported in the press, there are currently multiple criminal investigations related to alleged corruption and/or money laundering activities related to Petr leos de Venezuela ("**PDVSA**") and other state-owned entities in Venezuela.

On June 4, 2015, the Swiss authorities received a mutual legal assistance treaty ("**MLAT**") request from the U.S. Department of Justice ("**DoJ**") relating to an investigation conducted by the U.S. Attorney for the Southern District of New York, principally involving four Venezuelan individuals who are suspected of using accounts at various Swiss banks to have made payments to Venezuelan government officials in violation of the U.S. Foreign Corrupt Practices Act. This MLAT request granted on January 28, 2016 was sent to 18 Swiss banks, including the EFGI Group.

The EFGI Group has responded to the MLAT request in compliance with the request from the Swiss authorities. The EFGI Group has appointed external advisers to conduct an internal review of the activities of certain of the relevant EFG accounts, including certain high-value transactions between the account holders and other parties in the past, with a view to identifying any associated risks for the EFGI Group.

The EFGI Group is not currently aware that it is the target of any regulatory investigations in relation to these matters. EFGI Group's internal review of these facts is in its preliminary stage, as are the various proceedings and regulatory actions relating to alleged corruption and money-laundering by certain individuals and state-owned entities in Venezuela. If the EFGI Group were found to be implicated in any unlawful conduct in connection with these accounts or have otherwise failed in the application of EFGI Group's anti-money laundering and other processes and procedures, this could have a material adverse impact on EFGI Group's business, financial condition and results of operations.

LEGAL, ADMINISTRATIVE AND REGULATORY PROCEEDINGS REGARDING BSI

Below is description of BSI's principal legal and regulatory proceedings (the "**BSI Matters**").

FIFA

In 2015, criminal investigations were commenced into a number of officials of F d ration Internationale de Football Association ("**FIFA**") and its member associations and related parties by the US Attorney's Office for the Eastern District of New York, and, independently, also by the Office of the Attorney General in Switzerland, relating to bribery and money-laundering allegations. BSI launched an internal investigation to determine whether it held accounts linked to the Swiss and U.S. investigations of FIFA and its member associations and related parties following the announcement of these investigations and identified accounts (the "**FIFA-Related Accounts**") in the name of certain officials of FIFA, its member associations and related parties, certain of whom were indicted by the U.S. Department of Justice (the "**U.S. Indictments**"). Certain FIFA-Related Accounts were opened and maintained by BSI; some transactions in those accounts occurred in U.S. dollars. Activities related to those accounts are under investigation, and there is a risk that any criminal wrongdoing associated with those accounts and involving BSI personnel or agents will be attributable to BSI. The investigations by the U.S. authorities against FIFA officials focus on, among other things, payments that media and sports marketing companies made to FIFA officials in order to obtain broadcast and marketing rights to certain tournaments carried out in the United States and Latin America, and the investigations in Switzerland focus on, among other things, the allocation of the 2010, 2018 and 2022 FIFA World Cups.

BSI's internal investigations into these matters are on-going, including as to whether payments related to bribery or other illegal or improper activity were made through such accounts, and if so whether and to what extent BSI may be responsible, but have identified shortcomings in the adequacy and effectiveness of BSI's procedures for classifying potential clients as high-risk clients and in the conduct of enhanced due diligence procedures in relation to their accounts and escalation of transaction monitoring alerts. There is a risk that governmental authorities of competent jurisdiction will investigate and conclude that such shortcomings constitute a breach of applicable laws.

United States

The DoJ has made several information requests addressed to the Swiss authorities pursuant to international rules on mutual assistance in criminal matters, as part of a broader investigation into whether certain financial institutions may have facilitated the bribery and money laundering alleged to have been committed by various officials of FIFA or its member associations. BSI has complied with such requests to the full extent permitted by Swiss law by furnishing information to the Swiss authorities. BSI has also been in periodic contact, through its external U.S. counsel, with the DoJ in relation to this matter, and has agreed to cooperate with U.S. authorities in compliance with Swiss law. BSI has signed an extended agreement with the DoJ to toll the statute of limitations for potential charges in this matter until September 2, 2016. This agreement is subject to possible extension.

The DoJ's investigation of these matters is on-going. The DoJ may conclude that BSI breached U.S. federal law, including money-laundering laws, to the extent relevant transactions involved U.S. jurisdiction and U.S. federal law applies. See also "BSI's non-prosecution agreement with the DoJ may be adversely impacted by the BSI Matters, individually or collectively, or other proceedings arising in the future".

Switzerland

FINMA has requested that BSI provide it with the report of the findings of its external advisers, which BSI had initiated, to address FINMA's concerns, in particular relating to bribery and money laundering, and to evaluate BSI's compliance with its anti-money laundering ("AML") and "know-your-customer" ("KYC") obligations. Initial findings were presented to FINMA in December 2015 and measures to address the deficiencies identified in the report were discussed with FINMA. A number of these measures have already been implemented as of the date hereof. FINMA continues to be in contact with BSI and its external advisers to discuss any potential further findings, and in April 2016, retained its own third-party consultant to complete a supplementary review.

To BSI's knowledge, no formal enforcement proceedings by FINMA have been commenced against it, nor have criminal investigations into it for any alleged bribery or money laundering in connection with the FIFA-related Accounts been commenced in Switzerland; however, these eventualities cannot be excluded.

The Swiss Attorney General's office, which handles enforcement of criminal matters, is currently conducting an investigation into alleged mismanagement, money laundering and private bribery in connection with the selection of the host nations for the FIFA World Cups in 2010, 2018 and 2022. To its knowledge, BSI is not currently a target of investigation in relation to this matter, although the possibility of this investigation being extended to BSI in the future cannot be excluded.

Malaysian Matter

BSI is under investigation by FINMA, and its subsidiary in Singapore ("**BSI Singapore**") is under investigation by the Monetary Authority of Singapore ("**MAS**"), with regard to accounts maintained at BSI and BSI Singapore by certain sovereign wealth funds ("**SWFs**"), their related parties and certain individuals (all such accounts together, the "**SWF Accounts**") and structured transactions that were effected in relation to these accounts. BSI Singapore provided various services to the SWF Accounts, including transaction-related services. It has been stated in the press that persons related to the SWFs are under investigation by authorities in at least seven countries, including the United States.

There are press reports of criminal proceedings and investigations by the authorities in Switzerland relating to allegations of embezzlement of public funds, bribery of foreign officials and money-laundering in connection with the activities of a Malaysian SWF. There are also press reports of a money laundering probe by the Singapore authorities into bank accounts linked to the Malaysian SWF.

In connection with its investigation of these matters, BSI closed or blocked accounts representing combined AUM of approximately USD 3.1 billion in 2015. According to BSI's estimate, revenues originating from the business with the holders of these closed or blocked accounts exceeded USD 100 million in aggregate during the period from 2012 to 2015.

Following media attention regarding alleged misappropriation of the assets of a Malaysian SWF and an initial communication from MAS in November 2014, BSI and BSI Singapore initiated an internal investigation in Switzerland and Singapore to assess the SWF Accounts and decided to terminate the relationships in January 2015; this process was substantially completed in July 2015.

The relationship manager at BSI Singapore for the SWF Accounts was in the meantime dismissed; it has been reported in the press that he is subject to on-going investigations in Singapore. BSI continues to review the involvement of other employees in Switzerland and Singapore, and the extent of the services provided in connection with the SWF Accounts, and has conducted an internal investigation through Swiss and Singaporean external advisers as to shortcomings within BSI's compliance framework, including inadequate lines of reporting, insufficient management and board oversight, insufficient documentary due diligence of clients (in particular high-risk clients), failures to adequately deal with warnings triggered in internal systems by certain transactions and an unsuitable remuneration policy that had potential to incentivize breaches of compliance policies. BSI has taken numerous measures to address these concerns in its operations at a global and local level; however there is a risk that governmental authorities of competent jurisdiction will investigate and conclude that such shortcomings constitute a breach of applicable laws.

BSI and BSI Singapore are exposed to several risks in connection with these matters. In Singapore, authorities are currently conducting investigations into these matters, having reportedly frozen several million U.S. dollars of funds contained in accounts at BSI Singapore in the course of such investigations. On 22 April 2016, the Singapore Attorney-General's Chambers announced that it had charged a former employee of BSI Singapore with acquiring property representing the benefits of criminal conduct. It has been reported in the press that such charge was brought on 15 April 2016 and resulted from Singaporean authorities' investigations into the Malaysian SWF. It has further been reported that such investigations have extended to the former relationship manager of BSI Singapore for the SWF Accounts. The possibility that such investigations and any related liability are extended to BSI Singapore (or its affiliates), or that any wrongdoing by the former BSI employees is attributed to BSI, cannot be excluded. Since 15

April 2016, BSI Singapore ceased on-boarding of new clients and increased the supervision from head office for certain higher-risk transactions. It has been reported in the press that the restrictions relating to the on-boarding of new clients were the result of regulatory intervention. On 24 May 2016, MAS announced that it has served BSI Singapore notice of intention to withdraw its status as a merchant bank in Singapore for serious breaches of anti-money laundering requirements, poor management oversight of the bank's operations, and gross misconduct by some of the bank's staff in connection with the Malaysian SWF 1MBD. However, MAS stated that it will allow the transfer of BSI Singapore's assets to the Singapore branch of EFGI. In addition, MAS has referred to the Public Prosecutor the names of six members of BSI Singapore and imposed a fine of S\$ 13.3 million for 41 breaches of MAS Notice 1014 – Prevention of Money Laundering and Countering the Financing of Terrorism.

BSI cannot exclude the possibility that additional substantial fines, penalties or remedial actions in respect of the same activities (or the same revenues) will also be imposed in other jurisdictions.

In Switzerland, BSI has received related inquiries and requests from FINMA, which opened an enforcement proceeding into the matter in October 2015. BSI continues to respond to FINMA's information requests in connection with these matters. In addition, the Swiss Attorney General has launched a general investigation into the SWFs and their use of bank accounts at various Swiss financial institutions and has communicated to BSI its intention to open criminal proceedings against BSI in Switzerland, although to date BSI has not received formal notification thereof. On 24 May 2016, FINMA issued a press release announcing the outcome of its enforcement proceedings against BSI in connection with the corruption scandal involving the Malaysian SWF 1MBD. FINMA stated that, through its business relationships and transactions surrounding 1MDB, BSI committed several serious breaches of money laundering regulations and "fit and proper" requirements under Swiss banking law (e.g. serious breaches of the statutory due diligence requirements in relation to money laundering and serious violations of the principles of adequate risk management and appropriate organisation). Among other measures, FINMA has ordered the disgorgement of profits amounting to CHF 95 million. FINMA has also launched enforcement proceedings against two of the bank's former top managers. At the same time FINMA announced its approval of the Acquisition. The approval is conditional upon BSI being fully integrated into the EFGI Group and dissolved within 12 months and that no BIS senior management works in the EFGI Group following the integration and dissolution of BSI.

In the United States, it has been reported in the press that the DoJ has launched an investigation into the issuance of several billion U.S. dollars' worth of bonds by the Malaysian SWF. A significant portion of the proceeds was wired into an SWF Account at BSI. BSI was not involved in any other capacity in the issuance of the bonds. Any investigation by the DoJ and other United States authorities may include the conduct of financial institutions, such as BSI, involved in such transactions.

There is a risk that proceedings will be commenced against BSI and/or BSI Singapore over these matters under anti-money laundering and other laws, including in the United States to the extent relevant transactions involved U.S. jurisdiction and U.S. federal law applies. There is also a risk that civil claims may be brought against BSI and its affiliates in respect of the allegedly misappropriated funds that passed through the SWF Accounts before they were closed. BSI has been in contact with the DoJ in relation to the Malaysian SWF and has been requested to cooperate with U.S. authorities subject to compliance with Swiss law. See also "BSI's non-prosecution agreement with the DoJ may be adversely impacted by the BSI Matters, individually or collectively, or other proceedings arising in the future".

Petrobras

BSI is subject to an enforcement proceeding that was opened by FINMA in October 2015 and that focuses on BSI's compliance with its supervisory duties as well as with its duties of disclosure and documentation in the context of the opening and administration of accounts of client relationships in Brazil, including those which are involved in an alleged corruption scheme affecting Petróleo Brasileiro S.A. ("Petrobras"), a majority state-owned Brazilian oil company.

Following media reports of alleged corruption involving Petrobras, in July 2015 FINMA mandated that an independent third-party consultant perform an investigation of the business strategy pursued by BSI in relation to its Brazilian clients, and in particular its relationship with clients tied to the Petrobras scandal. The resultant report made various minor recommendations with respect to the irregularities identified. Subsequent to this report, FINMA opened the enforcement proceeding described in the preceding paragraph. Substantially all the recommendations set forth in the report of the third-party consultant have been implemented, and the relevant accounts identified with Brazilian clients have been closed and others were blocked.

The FINMA investigations into BSI with regard to this matter are not yet closed, and therefore BSI cannot predict whether FINMA will take any further action against BSI in this regard. BSI cannot exclude the possibility that it may in the future be subject to other administrative or criminal proceedings relating to the Petrobras investigations. There is also risk that proceedings may be commenced by authorities in other countries that may assert jurisdiction over these matters under anti-money laundering and other laws, including in the United States to the extent relevant transactions were executed in U.S. dollars and/or cleared through the U.S. financial system or otherwise within U.S. jurisdiction and U.S. federal law applies. See also "BSI's non-prosecution agreement with the DoJ may be adversely impacted by the BSI Matters, individually or collectively, or other proceedings arising in the future".

Italian proceedings

BSI Malta is the named defendant in two civil proceedings pending before the Court of Torre Annunziata, arising from its role as a trustee of certain trusts associated with three families who owned an Italian shipping company which was declared bankrupt in 2012, allegedly causing aggregate losses to approximately 13,000 bondholders through the issuance of approximately EUR 1 billion of bonds that did not comply with applicable laws. In 2014, members of the families involved were convicted for embezzlement and fraud in Italy. BSI Malta has not been involved in the criminal proceedings relating to the shipping company and its former shareholders.

The claimants in the civil proceedings claim that BSI Malta was aware of the embezzlement scheme allegedly concerning both money raised through the placement of the non-compliant bonds and certain proceeds of a fraudulent corporate transaction. These sums were allegedly transferred to what the claimants consider sham trusts. BSI Malta, in its capacity as trustee of these trusts, would be liable for damages and disgorgement of assets and profits should it be found to have committed any wrongdoing.

BSI Malta is vigorously defending the allegations in the pending civil proceedings, including by making reference to the findings of the 2014 first instance judgment issued by the criminal court. The criminal court did not find that the money raised through the placement of the non-compliant bonds were transferred to any trusts managed by BSI Malta. On the other hand, the same court qualified the corporate transaction referred to above as a bankruptcy fraud and found that certain proceeds were in fact transferred to one of the trusts managed by BSI Malta.

BSI Malta is unable to quantify its maximum exposure in connection with the civil proceedings, but cannot exclude the possibility that this will be significant.

Madoff-related litigation

BSI is named as a defendant in two sets of actions pending before the Bankruptcy Court for the Southern District of New York (the "**Bankruptcy Court**") arising out of investments in funds that invested, directly or indirectly, with Bernard L. Madoff Investment Securities ("**BLMIS**"). The trustee for the Securities Investment Protection Act ("**SIPA**") liquidation proceeding of BLMIS asserts claims to recover avoidable transfers of approximately U.S.\$ 56.4 million that BSI allegedly received as redemption payments from funds invested with BLMIS, as well as all applicable fees, interests, costs, and disbursements. BSI has moved to dismiss these claims but the Bankruptcy Court's decision on BSI's motion to dismiss remains pending.

BSI has raised an affirmative defense against the claims asserted in these proceedings. However, the risk that the Bankruptcy Court will deny BSI's motion to dismiss and enter judgment against BSI cannot be excluded.

The liquidators for Fairfield Sentry Ltd, Fairfield Sigma Ltd, and Fairfield Lambda Ltd (collectively, the "**Funds**") have asserted restitution claims and BVI statutory avoidance claims in the Bankruptcy Court to recover redemption payments allegedly made to BSI and Banca del Gottardo by the Funds. These claims have been made in two adversary proceedings ancillary to the Funds' insolvency proceedings pending before the Commercial Division of the High Court of Justice, British Virgin Islands since the Funds entered liquidation in

2009. The Funds assert claims for an aggregate of U.S. \$ 51.93 million and of U.S.\$ 1.7 billion, as well as all applicable fees, interests, costs and disbursements, against all defendants named in these actions, including BSI and Banca del Gottardo. These actions are currently stayed pending further order of the Bankruptcy Court.

BSI has blocked various clients' accounts and has booked certain provisions for this litigation in its financial statements. As the Bankruptcy Court entered its order staying the Funds' proceedings before the resolution of various preliminary issues, BSI may still assert procedural and substantive affirmative defences to seek dismissal of those claims. The risks that such defences will be rejected, that BSI will be found liable for the maximum amount of its exposure and that BSI's provisions in its financial statements or amounts available for that purpose in the blocked accounts will not be sufficient to cover such exposure cannot be excluded.

Venezuela

As reported in the press, there are currently multiple criminal investigations related to alleged corruption and/or money laundering activities related to PDVSA and other state-owned entities in Venezuela. On June 4, 2015 the Swiss authorities received an MLAT request from the DoJ relating, for BSI's purposes, to certain accounts held at BSI by individuals indicted in connection with such activities.

This MLAT request granted on 28 January 2016, was sent to 18 Swiss banks, including BSI. BSI has responded to the MLAT request in compliance with the request from the Swiss authorities and has commenced an internal review of these matters.

MATERIAL CHANGES SINCE DECEMBER 2015

Save as disclosed herein there has been no material change in the financial position of EFGI since the publication of EFGI's annual report for the year ending 31 December 2015.

For a description of the proposed acquisition of BSI by EFGI Group, see "VIII. THE ACQUISITION".

On 15 March 2016, EFGI announced the launch of a new on-shore business in Chile, reflecting the Group's commitment to grow its presence in Latin America.

On 28 April 2016, EFGI announced the Group's agreement to acquire the Luxembourg-based private banking activities of UBI Banca International (Luxembourg) S.A. ("UBI") from Unione di Bance Italiane S.p.A. The transaction is structured as a cash acquisition of UBI Banca International (Luxembourg) S.A. and is expected to have no material impact on EFG International's regulatory capital position. Subject to regulatory approval, the transaction is expected to be completed during the first half of 2017, and the company will be subsequently combined with EFG Bank (Luxembourg) S.A.

UBI offers a range of private banking, wealth structuring, asset management and corporate banking services to private and corporate clients in Luxembourg. UBI's branches in Madrid and Munich are excluded from the transaction, as are its fiduciary and corporate banking activities.

On 29 April 2016, the EFGI Group provided an update on its business performance in the first quarter of 2016 that included the following trading update:

Against the backdrop of challenging markets and low levels of client activity, revenues were lower than the level attained in the first quarter of 2015. The revenue margin held up well compared to the full year 2015. Personnel expenses showed the full-year effect of the CRO hiring program completed in 2015, while other operating expenses remained stable.

At the same time, the Group made good progress in implementing EFGI Group's cost reduction program announced in November 2015, and have already realized more than half of the envisaged savings in the first quarter of 2016. The program targets overall annual cost savings of circa 5%, or CHF 30 million, by year-end 2016, offsetting increases following the strong CRO recruitment in the second half of 2015. One-off restructuring charges associated with the cost reduction program are expected to be up to 50% of this amount.

EFGI Group's businesses in the UK, Continental Europe and Switzerland delivered positive net new assets during the first quarter of 2016. Overall, the net new asset generation was, however, disappointing in the first quarter of 2016, adversely impacted by difficult macro-conditions in Latin America and the run-off of an investment product in Asia, which could not be immediately replaced due to market conditions. Asia nevertheless increased its profitability substantially in the first quarter of 2016 compared to the first quarter of 2015.

On 29 April 2016, EFGI announced that it has been informed of premium increases relating to 12 of 48 of the EFGI Group's holding of policies issued by Transamerica (out of a total number of 217 policies) that are part of the EFGI Group's held-to-maturity life insurance portfolio. On 10 May 2016, EFGI announced that it has been informed of significant premium increases relating to an additional 15 policies issued by Transamerica.

These premium increases are significant and unjustified, and EFGI intends to challenge the implementation of these increases in the US courts. Should the Group receive further notices of premiums relating to additional policies from Transamerica or from any other insurance carrier, the current carrying value of EFGI Group's holdings of life insurance policies may be subject to impairment which might be significant.

INCORPORATION BY REFERENCE

This Prospectus should be read and construed in conjunction with the following information which has been previously published and that has been filed with SIX Swiss Exchange and which is incorporated into, and form an integral part of, this Prospectus by reference as provided below (available at http://www.efginternational.com/cms1/cms/efgi/financial_reports):

- (i) the Annual Report 2014 of EFG International AG, as of 31 December 2014
- (ii) the Annual Report 2015 of EFG International AG, as of 31 December 2015

Except as set out above, no other contents of EFGI's website are incorporated by reference into this Prospectus. Any statement contained in the Documents Incorporated By Reference shall be deemed to be modified or superseded for the purpose of this Prospectus, to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus. These documents shall also be maintained in printed format, for free distribution, at the offices of the Issuer for a period of twelve months after the publication of this document.

VII. EFG BANK AG

INTRODUCTION

EFG Bank AG ("**EFG Bank**") was incorporated and registered in Zurich/Switzerland on 7 May 1969 as a stock corporation (*Aktiengesellschaft*) under Swiss law for an unlimited duration. As from that day, EFG Bank is registered in the Commercial Register of the Canton of Zurich, Switzerland under the number CHE-105.956.745. EFG Bank's registered office is located at Bleicherweg 8, 8001 Zurich. The telephone number of EFG Bank is +41 44 226 1717.

INFORMATION ON ADMINISTRATIVE, MANAGEMENT AND AUDIT BODIES

Composition

Members of the administrative, management and supervisory bodies of EFG Bank under company law

Name	Position held
John A. Williamson	Chairman of the board
Nico H. Burki	Vice-chairman of the board
Susanne Brandenberger	Member of the board
Emmanuel L. Bussetil	Member of the board
Erwin Richard Caduff	Member of the board
Michael Norland Higgin	Member of the board
Spiro J. Latsis	Member of the board
Pericles-Paul Petalas	Member of the board
Bernd-A. von Maltzan	Member of the board
Daniel Zuberbühler	Member of the board

The executive committee currently comprises eight executive officers.

Name	Position held
Joachim H. Straehle	Chief Executive Officer
Piergiorgio Pradelli	Chief Financial Officer and Deputy CEO
Mark Bagnall	Chief Operating Officer
Peter Fischer	Head of Strategy and Marketing
Frederick Link	Chief Risk Officer
James T. H. Lee	Head of Investment Solutions
Adrian Kyriazi	Regional Business Head for Continental Europe and Switzerland

Auditors

PricewaterhouseCoopers SA, Avenue Giuseppe-Motta 50, 1211 Genève 2, Switzerland.

BUSINESS OVERVIEW

EFG Bank as a global private bank offers its clients the full range of private banking services including portfolio management for private clients, investment management and advisory services, lombard lending and trust services. In addition to its head office in Zurich, it operates through its Geneva, Hong Kong, Singapore and Cayman Islands branches.

EFG Bank is the main operating subsidiary of EFG International AG.

Article 2 of EFG Bank's articles of association dated 29 April 2009 states that the purpose of EFG Bank is to hold direct and/or indirect interests in all types of businesses in Switzerland and abroad, in particular in the areas of banking, finance, asset management, and that EFG Bank has the power to establish new businesses, acquire a majority or minority interest in existing businesses and provide related financing. In addition, the company has the power to acquire, mortgage and sell real estate properties, both in Switzerland and abroad.

Principal Activities

EFG Bank's clients are both private individuals and institutional investors.

EFG Bank's business is based on Client Relationship Officers who work under its brand, supervision and responsibility, but manage clients on their own and have broad discretion in serving the EFG Bank's clients and in selecting suitable investment products and services for their clients' portfolios, albeit within its compliance, risk management, product approval and control framework. Subject to compliance with these legal, regulatory, product and internal risk management requirements, EFG Bank's CROs can provide private banking and asset management services to a client in any location. EFG Bank imposes no internal geographic or customer segment restrictions and EFG Bank's management does not re-allocate clients among CROs without mutual agreement. However, the Bank has outsourced investment management and advisory services to EFG Asset Management (Switzerland) SA, a regulated asset manager under Swiss Law and subsidiary of EFG International

EFG Bank closely monitors the performance of its CROs, from both a financial and a compliance and risk management point of view, and expects them to meet certain defined performance thresholds. Credit decisions are taken by an independent credit committee.

Product Areas

EFG Bank clients are offered a range of services through EFGI Group entities (including EFG Bank, together for the purposes of the following section the "**Group**"), including:

Discretionary solutions

The management of discretionary portfolios is delegated to EFG Asset Management, the fully owned asset management division of EFGI. Discretionary strategies are designed with the specific goals and risks of the Group's clients in mind. The Group offers traditional equity and fixed income mandates, as well as multi-asset strategies that consist of three broad asset classes: equities, fixed income and alternative investments. Each strategy undergoes a highly disciplined investment process combining in-house asset allocation and research expertise, along with the access to high quality investment products through the Group's open architecture platform.

Advisory solutions

The Group's advisory services give clients full access to the Group's investment management expertise while allowing them to retain as much control over their portfolio as they wish. The Group's range of advisory services cover the requirements of clients who want to limit their input to validating investment decisions to clients who want to be actively involved in the discussion of every single trade. Advice is given within a well-controlled fiduciary framework that takes into account product suitability as well as client suitability and appropriateness. The Group's advice is derived from a global asset allocation and security selection process, where the Group has developed a conviction-based approach to investing, leveraging the know-how and proprietary models of the Group's in-house team of research specialists.

Wealth solutions

As wealth solutions providers, the Group specializes in the efficient structuring, protection and transfer of wealth. The Group's teams of experienced wealth planners operate in various locations globally working alongside CROs to craft bespoke solutions to protect client assets and facilitate the efficient transfer of wealth between generations. To this end, the Group makes full use of a range of structures, including trusts, limited partnerships, foundations and companies. Structures may hold a variety of asset classes including cash and quoted investments, shares in private companies, real-estate, artwork, yachts and aircrafts.

Financing solutions

The Group offers investment financing and property financing solutions. Investment financing solutions comprise both current account overdrafts and fixed advance facilities, where such facilities are secured by the lending value of clients' diversified portfolios of liquid, marketable collateral such as cash, bonds, shares and funds. Property financing assistance is offered on a selective basis in some markets for residential real estate and high-grade office properties, primarily in the UK and selected other jurisdictions as an addition to the Group's private banking services. As part of the Group's ancillary financing solutions, the Group also issues bank guarantees on behalf of the Group's clients in favor of third parties and provide credit facilities to cover foreign exchange forward contracts as well as foreign exchange or equity options. Virtually all of the Group's lending activities are on a secured basis.

EFG Bank had not suffered any substantial loan losses since its inception.

Funds

The Group offers a range of internally managed funds, including the it's flagship fund "New Capital" designed to meet the diverse needs of private clients, financial intermediaries, wealth managers and institutional investors. New Capital funds reflect the Group's macro-economic beliefs and the asset allocations of the Group's discretionary strategies. The Group's internal fund offering straddles across specialist equities, fixed income and sophisticated multi-asset and alter- native strategies, covering global, regional, developed and emerging markets. Fundamental to the Group's client-focused business model, the Group's internal funds are not the object of any sales targets or budgets, rather, the Group purchases and advise the Group's clients on a large variety of third party products on the basis of a global list of approved funds consistent with the Group's full open architecture approach to investing that is maintained by the Group's in- house fund selection team.

Structured products & platform partner products

The Group provides clients with a selection of structured products both on an open architecture basis, in which case they are issued by large third party financial institutions, or issued by an EFGI subsidiary, pursuant to the platform partnership with Leonteq Securities AG ("**Leonteq**"). In the context of this cooperation, Leonteq is responsible for the structuring and hedging aspects of the products which are issued by the Issuer.

Brokerage and trading services

The Group has a near 24-hour trading capability five days a week, spanning across all major time zones. As such the Group is able to offer its clients efficient execution of trades in equities, fixed income securities and foreign exchange. Trading operations are primarily based in Geneva with additional teams in Hong Kong, London and Miami. Through the Group's "Direct Market Access", direct access to the Group's trading desks is provided to a selected group of primarily large, active and sophisticated clients.

Deposits

The Group offers current accounts, time deposits and fiduciary deposits. Current accounts permit clients to withdraw funds at any time and currently form the largest component of the Group's deposits. The Group also offer time deposits that may only be withdrawn at maturity and fiduciary placements, which are interest-bearing deposits placed outside Switzerland and deposited in the name of a Swiss depositary bank for a fee, but held on a fiduciary basis for a client. Clients bear all the risks and benefits of the placement in fiduciary deposits, as they are placed outside of Switzerland and, therefore, not subject to Swiss withholding tax on deposit interest.

Custody services

The Group offers its clients complementary securities' custody services. The Group generate safekeeping fees in respect of securities that are held on behalf of the Group's clients. In addition, the general fees for managing discretionary port- folios include a safekeeping fee for custody services. The Group also offers custody services for securities in portfolios that are managed by third party advisors or clients.

Ancillary banking services

The Group also offers a traditional range of ancillary banking services, including payment facilities and safe deposit boxes.

REGULATION AND SUPERVISION of EFG BANK

EFG Bank is regulated as a Swiss bank and as a securities-dealer by the FINMA by which the banking license was granted.

LEGAL, ADMINISTRATIVE, AND ARBITRATION PROCEEDINGS

Reference is made to the section "LEGAL, ADMINISTRATIVE AND REGULATORY PROCEEDINGS REGARDING THE EFGI GROUP" in VI. EFG International AG.

MATERIAL CHANGES SINCE DECEMBER 2015

Reference is made to the section "Material Changes since December 2015" in VI EFG International AG

INCORPORATION BY REFERENCE

This Prospectus should be read and construed in conjunction with the following information which has been previously published and that has been filed with SIX Swiss Exchange and which is incorporated into, and form an integral part of, this Prospectus by reference as provided below:

- (i) the Annual Report 2014 of EFG Bank AG as of 31 December 2014
- (ii) the Annual Report 2015 of EFG Bank AG as of 31 December 2015

Any statement contained in the Documents Incorporated By Reference shall be deemed to be modified or superseded for the purpose of this Prospectus, to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus. These documents shall also be maintained in printed format, for free distribution, at the offices of the Issuer for a period of twelve months after the publication of this document. These documents shall also be maintained in printed format, for free distribution, at the offices of the Issuer for a period of twelve months after the publication of this document.

VIII. THE ACQUISITION

On 22 February 2016, the EFGI Group announced EFGI's agreement to acquire all of the share capital of BSI Holdings AG (of which BSI SA is a wholly owned subsidiary) from Banco BTG Pactual S.A. ("**BTG Pactual**") and its indirect subsidiary, BTGP-BSI Limited (the "**Acquisition**"). The Acquisition is structured as a purchase by EFGI of the entire issued share capital of BSI Holdings AG, the registered holder of all the shares of BSI from BTGP-BSI Limited, a wholly owned indirect subsidiary of the Seller.

On 31 March and again on 7 April 2016, EFGI provided an update on the Acquisition, outlining, among other things, the proposed sources of funding for the Acquisition. Pursuant to the update, the Acquisition would be financed by a combination of CHF 225 million in existing cash funds, a rights-offering and the sale of bonds that qualify as Additional Tier 1 Capital of the EFGI Group.

On 29 April 2016, the Annual General Meeting of EFGI (the "**AGM**") resolved an ordinary share capital increase by way of rights offering of up to 81,687,324 newly issued registered shares at an offer price of at least CHF 6.12 and the creation of a new authorised share capital, authorising the Board of Directors of EFGI to issue up to 75,958,871 registered shares to BTG Pactual as consideration to be delivered at the closing of the Acquisition. On the same day, EFGI announced that the capital increase will be executed as an "at-market" rights offering with each shareholder (subject to certain restrictions) receiving 29 new shares for each 54 existing shares held on 2 May 2016. The price per new registered share was at least CHF 6.12.

On 11 May 2016, EFGI announced that, in the ordinary share capital increase, rights have been exercised for up to 46,465,975 new registered shares, corresponding to 56,9% of the up to 81,687,345 shares offered, and additional 1,700,000 new registered shares were purchased by investors in the international offering. As committed, EFG Bank European Financial Group has invested CHF 271 million, or 44,329,748 new registered shares at CHF 6.12 per share.

On 24 May 2016, FINMA issued a press release announcing the outcome of its enforcement proceedings against BSI in connection with the corruption scandal involving the Malaysian sovereign wealth fund 1MDB. FINMA stated that, through its business relationships and transactions surrounding 1MDB, BSI committed several serious breaches of money laundering regulations and "fit and proper" requirements under Swiss banking law (e.g. serious breaches of the statutory due diligence requirements in relation to money laundering and serious violations of the principles of adequate risk management and appropriate organisation). Among other measures, FINMA has ordered the disgorgement of profits amounting to CHF 95 million. FINMA has also launched enforcement proceedings against two of the bank's former top managers. At the same time FINMA announced its approval of the Acquisition. The approval is conditional upon BSI being fully integrated into the EFGI Group and dissolved within 12 months and that no BIS senior management works in the EFGI Group following the integration and dissolution of BSI. On the same date, the Monetary Authority of Singapore announced its intention to withdraw BSI Bank Limited's status as a merchant bank in Singapore for serious breaches of anti-money laundering requirements. In the interest of the customers, the Monetary Authority of Singapore allows the transfer of the assets and liabilities to the Singapore branch of EFG Bank or to BSI SA.

On the same day, the EFGI Group announced that EFGI received approval from the FINMA of the proposed Acquisition. The EFGI Group noted that the other regulatory approvals required for the transaction are on track and that it expects to complete the transaction in the fourth quarter of 2016.

The EFGI Group further noted that the share purchase agreement with BTG Pactual regarding the Acquisition has an indemnity in relation to the 1MDB and certain other matters up to the overall purchase price and that, pursuant to the

share purchase agreement, the indemnity will be backed by a material Swiss escrow account which, at closing, will contain 51.0 million EFGI shares issued to BTG Pactual as consideration, with shares locked up for two years. The fine and the penalty will result in a reduction in the purchase price. The indemnities and escrow account remain unchanged.

*This Guarantee applies only to Products that are issued by the Issuer under this Programme and guaranteed by **EFG International AG**, as specified in the respective Final Termsheet.*

IX. GUARANTEE OF EFG INTERNATIONAL AG

Guarantee Agreement

(the "**Guarantee**")

entered into as of 8 June 2016

effective as of 8 June 2016

by and between

EFG INTERNATIONAL AG

being a stock corporation with limited liability, duly organized and existing under the laws of Switzerland whose registered head office is situated at Bleicherweg 8, 8001 Zurich, Switzerland,

(the "**Guarantor**")

of the one part

and

EFG INTERNATIONAL FINANCE (GUERNSEY) LTD

being a stock corporation with limited liability, duly organized and existing under the laws of Guernsey whose registered head office is situated at EFG House, St Julian's Avenue, St Peter Port, Guernsey, GY1 4NN, Channel Islands,

of the other part

WHEREAS

- (A) EFG International Finance (Guernsey) Ltd (the "**Issuer**") may from time to time issue warrants and structured products in securitized or uncertificated form (the "**Products**") under the terms of its Derivative Programme dated 8 June 2016 as amended from time to time (the "**Programme**") and as supplemented by the relevant final terms of each Product (the "**Final Termsheet**", together with the Programme the "**Product Documentation**").
- (B) The Guarantor has determined to execute this Guarantee (within the meaning of Article 111 of the Swiss Code of Obligations) for the payment of the Redemption Amount or any other cash settlement amount, or, as the case may be, to deliver the Underlying, in cases of the Issuer's failure to deliver the Underlying or make payment of the Redemption Amount or any other cash settlement amount for the benefit of the Investor in respect of any Product that is issued by the Issuer and for which EFG International AG acts as Guarantor, as specified in the respective Final Termsheet.

The Guarantor hereby agrees as follows:

1. The Guarantor hereby unconditionally and, subject to the provisions in this Guarantee, irrevocably guarantees to the Lead Manager (as specified in the respective Final Termsheet) acting on behalf of each Investor, irrespective of the validity and enforceability of the Product Documentation, and waiving all rights of objection and defense arising from the Product Documentation to which the Issuer is entitled (provided that the Guarantor shall retain its own rights of objection and defense arising from the Programme and the Product Documentation as regards its function as a Guarantor and the Guarantee), the Issuer's obligations in accordance with the terms and conditions of the Programme and the respective Products which are issued under this Guarantee, as the case may be (the "**Guaranteed Obligations**"), except that the Guarantor is not obliged to settle physically. In the case of Cash Settlement, the Guarantor is obliged to make the cash payment of the Redemption Amount or any other cash settlement amount specifically defined in the relevant Final Termsheet. In the case of Delivery of Underlying according to the Final Termsheet, however, the Guarantor is not obliged to physically deliver any Underlying but may elect, irrespective of the provisions in the Final Termsheet, in its absolute and full discretion, Cash Settlement or Delivery of Underlying.
2. The Guarantor may not assign its rights nor delegate its obligations under this Guarantee in whole or in part, except for an assignment and delegation of all of the Guarantor's rights and obligations hereunder to another entity in whatever form that succeeds to all or substantially all of the Guarantor's assets and business and that assumes such obligations by contract, operation of law, or otherwise. Upon any such delegation and assumption of delegations, the Guarantor shall be relieved of and be fully discharged from all obligations hereunder.
3. This Guarantee shall be valid for any present or future Product for which EFG International AG acts as Guarantor, as defined in the Final Termsheet, and which is issued by the Issuer under the Programme dated 8 June 2016, as amended from time to time, such Products being further specified in the relevant Final Termsheet. This Guarantee may be terminated by the Guarantor upon thirty calendar days' written notice to the Lead Manager, provided that this Guarantee shall remain in full force and effect with respect to Guaranteed Obligations incurred by the Issuer as a result of Products issued prior to the date on which the Lead Manager received such notice of termination.

4. This Guarantee shall be governed by and construed in accordance with Swiss law. Disputes arising from this Guarantee shall fall within the jurisdiction of the ordinary courts of the canton of Zurich, venue being Zurich, with the right of appeal to the Swiss Federal Court in Lausanne where the law permits.

THUS DONE AND SIGNED in three originals in Zurich as of 8 June 2016 and effective as of 8 June 2016

EFG INTERNATIONAL AG

By: _____ By: _____

EFG INTERNATIONAL FINANCE (GUERNSEY) LTD

By: _____ By: _____

This Guarantee applies only to Products that are issued by the Issuer under this Programme and guaranteed by EFG Bank AG, as specified in the respective Final Termsheet.

X. GUARANTEE OF EFG BANK AG

Guarantee Agreement

(the "**Guarantee**")

entered into as of 8 June 2016

effective as of 8 June 2016

by and between

EFG BANK AG

being a stock corporation with limited liability, duly organized and existing under the laws of Switzerland whose registered head office is situated at Bleicherweg 8, 8001 Zürich Switzerland,

(the "**Guarantor**")

of the one part

and

EFG INTERNATIONAL FINANCE (GUERNSEY) LTD

being a stock corporation with limited liability, duly organized and existing under the laws of Guernsey whose registered head office is situated at EFG House, St Julian's Avenue, St Peter Port, Guernsey, GY1 4NN, Channel Islands,

of the other part

WHEREAS

- (A) EFG International Finance (Guernsey) Ltd (the "**Issuer**") may from time to time issue warrants and structured products in securitized or uncertificated form (the "**Products**") under the terms of its Derivative Programme dated 8 June 2016, as amended from time to time (the "**Programme**") and as supplemented by the relevant final terms of each Product (the "**Final Termsheet**", together with the Programme the "**Product Documentation**").
- (B) The Guarantor has determined to execute this Guarantee (within the meaning of Article 111 of the Swiss Code of Obligations) for the payment of the Redemption Amount or any other cash settlement amount, or, as the case may be, to deliver the Underlying, in cases of the Issuer's failure to deliver the Underlying or make payment of the Redemption Amount or any other cash settlement amount for the benefit of the Investor in respect of any Product that is issued by the Issuer and for which EFG Bank AG acts as Guarantor, as specified in the respective Final Termsheet.

The Guarantor hereby agrees as follows:

1. The Guarantor hereby unconditionally and, subject to the provisions in this Guarantee, irrevocably guarantees to the Lead Manager (as specified in the respective Final Termsheet) acting on behalf of each Investor, irrespective of the validity and enforceability of the Product Documentation, and waiving all rights of objection and defense arising from the Product Documentation to which the Issuer is entitled (provided that the Guarantor shall retain its own rights of objection and defense arising from the Programme and the Product Documentation as regards its function as a Guarantor and the Guarantee), the Issuer's obligations in accordance with the terms and conditions of the Programme and the respective Products which are issued under this Guarantee, as the case may be (the "**Guaranteed Obligations**"), except that the Guarantor is not obliged to settle physically. In the case of Cash Settlement, the Guarantor is obliged to make the cash payment of the Redemption Amount or any other cash settlement amount specifically defined in the relevant Final Termsheet. In the case of Delivery of Underlying according to the Final Termsheet, however, the Guarantor is not obliged to physically deliver any Underlying but may elect, irrespective of the provisions in the Final Termsheet, in its absolute and full discretion, Cash Settlement or Delivery of Underlying.
2. The Guarantor may not assign its rights nor delegate its obligations under this Guarantee in whole or in part, except for an assignment and delegation of all of the Guarantor's rights and obligations hereunder to another entity in whatever form that succeeds to all or substantially all of the Guarantor's assets and business and that assumes such obligations by contract, operation of law, or otherwise. Upon any such delegation and assumption of delegations, the Guarantor shall be relieved of and be fully discharged from all obligations hereunder.
3. This Guarantee shall be valid for any present or future Product for which EFG Bank AG acts as Guarantor, as defined in the Final Termsheet, and which is issued by the Issuer under the Programme dated 8 June 2016, as amended from time to time, such Products being further specified in the relevant Final Termsheet. This Guarantee may be terminated by the Guarantor upon thirty calendar days' written notice to the Lead Manager, provided that this Guarantee shall remain in full force and effect with respect to Guaranteed Obligations incurred by the Issuer as a result of Products issued prior to the date on which the Lead Manager received such notice of termination.

4. This Guarantee shall be governed by and construed in accordance with Swiss law. Disputes arising from this Guarantee shall fall within the jurisdiction of the ordinary courts of the canton of Zurich, venue being Zurich, with the right of appeal to the Swiss Federal Court in Lausanne where the law permits.

THUS DONE AND SIGNED in three originals in Zurich as of 8 June 2016 and effective as of 8 June 2016

EFG BANK AG

By: _____ By: _____

EFG INTERNATIONAL FINANCE (GUERNSEY) LTD

By: _____ By: _____

*This Payment Undertaking applies only to Products that are issued by the Issuer under this Programme and guaranteed by **EFG International AG** and for which **EFG Bank AG** acts as Payment Undertaking Obligor, as specified in the respective Final Termsheet.*

XI. PAYMENT UNDERTAKING OF EFG BANK AG

Payment Undertaking Agreement

(the "**Payment Undertaking**")

entered into as of 8 June 2016

effective as of 8 June 2016

by and between

EFG BANK AG

being a stock corporation with limited liability, duly organized and existing under the laws of Switzerland whose registered head office is situated at Bleicherweg 8, 8001 Zürich Switzerland,

(the "**Payment Undertaking Obligor**")

of the one part

and

EFG INTERNATIONAL AG

being a stock corporation with limited liability, duly organized and existing under the laws of Switzerland whose registered head office is situated at Bleicherweg 8, 8001 Zurich, Switzerland,

(the "**Guarantor**")

of the other part

WHEREAS

- (A) EFG International Finance (Guernsey) Ltd (the "**Issuer**") may from time to time issue warrants and structured products in securitized or uncertificated form (the "**Products**") under the terms of its Derivative Programme dated 8 June 2016, as amended from time to time (the "**Programme**") and as supplemented by the relevant final terms of each Product (the "**Final Termsheet**", together with the Programme the "**Product Documentation**").
- (B) The Guarantor guarantees under the Guarantee dated as of 8 June 2016 the Issuer's obligations in accordance with the terms and conditions of the Programme and the respective Products, as the case may be.
- (C) The Payment Undertaking Obligor has determined to execute this Payment Undertaking (within the meaning of Article 111 of the Swiss Code of Obligations) for the payment of the Redemption Amount or any other cash settlement amount, or, as the case may be, to deliver the Underlying, in the case of the Guarantor's failure to meet its obligations under the Guarantee.

The Payment Undertaking Obligor hereby agrees as follows:

1. The Payment Undertaking Obligor hereby unconditionally and, subject to the provisions in this Payment Undertaking, irrevocably guarantees to the Guarantor, irrespective of the validity and enforceability of the Guarantee, and waiving all rights of objection and defense arising from the Guarantee to which the Guarantor is entitled (provided that the Payment Undertaking Obligor shall retain its own rights of objection and defense arising from the Guarantee as regards its function as a Payment Undertaking Obligor and the Payment Undertaking), the Guarantor's obligations in accordance with the terms and conditions of the Guarantee relating to Products, as the case may be (the "**Undertaken Obligations**"), except that the Payment Undertaking Obligor is not obliged to settle physically. In the case of Cash Settlement, the Payment Undertaking Obligor is obliged to make the cash payment of the Redemption Amount or any other cash settlement amount specifically defined in the relevant Final Termsheet. In the case of Delivery of Underlying according to the Final Termsheet, however, the Payment Undertaking Obligor is not obliged to physically deliver any Underlying but may elect, irrespective of the provisions in the Final Termsheet, in its absolute and full discretion, Cash Settlement or Delivery of Underlying.
2. The Payment Undertaking Obligor may not assign its rights nor delegate its obligations under this Payment Undertaking in whole or in part, except for an assignment and delegation of all of the Payment Undertaking Obligor's rights and obligations hereunder to another entity in whatever form that succeeds to all or substantially all of the Payment Undertaking Obligor's assets and business and that assumes such obligations by contract, operation of law, or otherwise. Upon any such delegation and assumption of delegations, the Payment Undertaking Obligor shall be relieved of and be fully discharged from all obligations hereunder.

3. This Payment Undertaking shall be valid for any present or future Product issued by the Issuer under the Programme dated 8 June 2016, as amended from time to time, such Products being further specified in the relevant Final Termsheet. This Payment Undertaking may be terminated by the Payment Undertaking Obligor upon thirty calendar days' written notice to the Guarantor, provided that this Payment Undertaking shall remain in full force and effect with respect to Undertaken Obligations incurred by the Guarantor as a result of Products issued prior to the date on which the Guarantor received such notice of termination.
4. This Payment Undertaking shall be governed by and construed in accordance with Swiss law. Disputes arising from this Payment Undertaking shall fall within the jurisdiction of the ordinary courts of the canton of Zurich, venue being Zurich, with the right of appeal to the Swiss Federal Court in Lausanne where the law permits.

THUS DONE AND SIGNED in three originals in Zurich as of 8 June 2016 and effective as of 8 June 2016

EFG BANK AG

By: _____ By: _____

EFG INTERNATIONAL AG

By: _____ By: _____

XII. OFFERING AND SALE

Hereinafter are the forms of selling restrictions that will apply with respect to Products issued under the Programme unless otherwise amended, supplemented or modified in any particular Final Termsheet.

SELLING RESTRICTIONS

General

No action has been or will be taken by the Issuer, the Guarantor or the Lead Manager that would permit a public offering of any Products or possession or distribution of any offering material in relation to any Products in any jurisdiction where action for that purpose is required. No offers, sales, resales or deliveries of any Products or distribution of any offering material relating to any Products may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuer and/or the Guarantor and/or the Lead Manager.

The Lead Manager will, unless prohibited by applicable law, provide to each person to whom it offers or sells Products a copy of the Programme Documentation as then amended or supplemented. The Lead Manager is not authorized to give any information or to make any representation not contained in the Programme in connection with the offer and sale of Products to which the Programme relates.

With regard to each issue of Products, additional selling restrictions may be set out in the applicable Final Termsheet.

Switzerland

Any Final Termsheet of Products which are to be sold exclusively to qualified investors as defined by article 10 para. 3, 3bis and 3ter of the Swiss Federal Act on Collective Investment Schemes ("**CISA**") may not be distributed, copied, published or otherwise made public.

Any Products which are also to be distributed to non-qualified investors may only be offered or advertised in accordance with the provisions of the CISA and the Swiss Federal Ordinance on Collective Investment Schemes ("**CISO**").

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each offeror has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of Products which are the subject of this Programme as completed by the Final Termsheet to the public in that Relevant Member State, except that the Products may, with effect from and including the Relevant Implementation Date, be offered to the public in that Relevant Member State:

- (a) if the Final Termsheet in relation to the Programme specifies that an offer of those Products may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "Non-exempt Offer"), following the date of publication of a prospectus in relation to such Products which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such

prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Final Terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Lead Manager; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Products referred to in (b) to (d) above shall require the Issuer or the Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Products to the public" in relation to any Products in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Products to be offered so as to enable an investor to decide to purchase or subscribe the Products, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the Directive 2010/73/EU) and includes any relevant implementing measure in each Relevant Member State.

United States of America

The Products have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in accordance with Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act. Neither the United States Securities and Exchange Commission nor any other securities regulator within the United States has approved this Programme or has confirmed its correctness. This Programme and any Final Termsheet are not intended to be used within the United States and may not be delivered within the United States. The Products may not at any time be offered, sold, traded or delivered within the United States, directly or indirectly or to U.S. persons. Until 40 days after the later of the date of issue of the relevant Products and the completion of the distribution of such Products an offer or sale of such Products within the United States may violate the registration requirements of the Securities Act.

United Kingdom

Each offeror of the Products has represented and agreed that:

- (a) in relation to any Products which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Products other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Products would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "FSMA") by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Products in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Products in, from or otherwise involving the United Kingdom.

Guernsey

Neither this document nor any Products offered pursuant to this document may be offered to members of the public in Guernsey ("public" as defined in the Prospectus Rules, 2008 issued by the Guernsey Financial Services Commission). Circulation of this document and any Termsheet relating to any Product within Guernsey is restricted to persons or entities that are themselves licensed by the Guernsey Financial Services Commission under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, the Insurance Business (Bailiwick of Guernsey) Law, 2002 or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000.

Neither this document nor any Products offered pursuant to this document have been reviewed or approved by the Guernsey Financial Services Commission and neither the Guernsey Financial Services Commission nor the States of Guernsey Policy Council take any responsibility for the financial soundness of the Issuer or its securities, or for the correctness of any of the statements made or opinions expressed with regard to it.

Italy

The offering of the Products has not been registered pursuant to Italian securities legislation and, accordingly, each offeror represents and agrees that it has not offered or sold, and will not offer or sell, any Products in the Republic of Italy in a solicitation to the public, and that sales of the Products by the respective offeror in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

The Products will not be offered, sold or delivered nor copies of the Programme or any other document relating to the Products in the Republic of Italy are distributed except:

to "**Qualified Investors**" (*investitori qualificati*), as defined under Article 100 of the Legislative Decree No. 58 of 24 February 1998, as amended (the "Financial Services Act"), as implemented by Article 34-*ter*, paragraph 1, letter;

of CONSOB (*Commissione Nazionale per la Società e la Borsa*) Regulation No. 11971 of 15 May 1999, as amended ("**Regulation 11971/1999**") and by Article 26, paragraph 1(d) of CONSOB Regulation No. 16190 of 29 October 2007, as amended ("**Regulation No. 16190/2007**");

or in other circumstances which are exempted from the rules on offers of securities to be made to the public pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended ("**Financial Services Act**") and its implementing CONSOB Regulations, including Article 34-*ter*, first paragraph, of Regulation 11971/1999. Any such offer, sale or delivery of the Products or distribution of copies of this Programme or any other document relating to the Products in the Republic of Italy must be:

- (i) made by investment firms, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007, as amended, and Legislative Decree No. 385 of 1 September 1993, as amended; and
- (ii) in compliance with any other applicable laws and regulations.

Investors should note that, in accordance with Article 100-*bis* of the Financial Services Act, where no exemption under (b) above applies, the subsequent distribution of the Products on the secondary market in Italy must be made in compliance with the rules on offers of securities to be made to the public provided under the Financial Services Act and the Regulation 11971/1999. Failure to comply with such rules may result, *inter alia*, in the sale of such Products being declared null and void and in the liability of the intermediary transferring the Products for any damages suffered by the investors.

Hong Kong

This document has not been reviewed by the Securities and Futures Commission of Hong Kong, nor has a copy of it been registered by the Registrar of Companies in Hong Kong.

Each offeror of the Products has represented and agreed that

it has not offered or sold and will not offer and sell such Products in Hong Kong (excluding products defined as "structured products" in the Securities and Futures Ordinance (Cap. 571) of Hong Kong), by means of any document, to any person other than to "professional investors" within the meaning of the Securities and Futures Ordinance and any rules made under that Ordinance, or in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Products issued under this Programme which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Products issued under this Programme which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance and any rules made thereunder.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Products issued under this Programme may not be circulated or distributed, nor may Products issued under this Programme be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined under Section 4A(1)(c) of the Securities and Futures Act (Cap. 289) of Singapore ("SFA")) under Section 274 of the SFA, (ii) to a relevant person (as defined under section 275(2) of the SFA) pursuant to Section 275(1) (which term includes an accredited investor (as defined in Section 4A(1) of the SFA) ("accredited investor")), or any person pursuant to an offer that is made on terms that such shares are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or assets, pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Products issued under this Programme are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Products issued under this Programme under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person (as defined in Section 275(2) of the SFA), or to any person where the transfer arises from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; or
- (2) where no consideration is or will be given for the transfer; or
- (3) where the transfer is by operation of law; or
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments)(Shares and Debentures) Regulations 2005 of Singapore.

XIII. TAXATION

1. General

Purchasers of Products may be required to pay stamp taxes, transaction taxes and other taxes and/or charges in connection with the Products. Potential Investors of Products should be aware that transactions involving the Products, any purchase or disposal of or other dealings in a Product, the abandonment of a Product and any transaction involved in the exercise and settlement or, as the case may be, redemption of a Product, may have tax consequences in any jurisdiction (including, but not limited to possible liabilities to stamp duties, transfer and registration taxes). Such tax consequences may depend, amongst other things, upon the status of the potential purchaser of a Product. Purchasers of Products should consult their own tax advisers about the tax implications of purchasing and holding a Product, any transaction involving a Product, and any transaction involved in the exercise and settlement or, as the case may be, redemption of a Product.

2. Swiss Taxation

Investors and Potential Investors are advised to consult with their tax advisers with respect to the Swiss tax consequences of the purchase, ownership, disposition, lapse or exercise or redemption of a Product in light of their particular circumstances.

2.1 Stamp Taxes

Neither the issue of Products nor the trade of Products which classify as pure derivatives for Swiss tax purposes are normally subject to Swiss Issue Stamp Tax and Swiss Securities Transfer Tax even if an Issuer resident in Switzerland issues the Products. Exemptions to these rules apply to Products which, due to specific features, are considered debt financing instruments (bonds or money market securities), share-like or fund-like products, as well as Low Exercise Price Options (LEPO) on shares (with a maturity exceeding one year) for purposes of Swiss tax law. That specific kind of products are in general subject to Swiss Issue Stamp Tax and/or Swiss Securities Transfer Tax. If upon the exercise or redemption of a Product an underlying security is delivered to the Investors, the transfer of the underlying security may be subject to Swiss Securities Transfer Tax (i) of 0.15% in the case of an underlying security which has been issued by a Swiss resident issuer or (ii) of 0.3% in the case of an underlying security which has been issued by an issuer resident abroad, provided in both cases that a Swiss securities dealer (*Effekthändler*), as defined in art. 13 para. 3 of the Swiss Federal Act on Stamp Duties (*Bundesgesetz über die Stempelabgaben*), is a party to the Products transaction or acts as an intermediary thereto. Certain exemptions may, *inter alia*, apply with regard to certain institutional investors such as mutual funds, life insurance companies and social security institutions.

2.2 Swiss withholding tax

Products issued by an issuer resident outside of Switzerland are not subject to Swiss withholding tax.

2.3 Income Taxation of Products Held by Individuals as Part of Private Property

Payments or credits received by a holder of a Product, which are considered, from a Swiss taxation perspective, as investment income (dividends or interests or other income), are subject to income tax. Gains or losses realized upon a sale or other disposition by Swiss resident individuals holding a Product as part of their private property and which qualify as private capital gains or losses for Swiss tax purposes are as a rule not subject to income taxation or are not deductible from taxable income respectively. Capital gains may, however, be subject to income taxation, if a Product or a distinguishable part thereof qualifies as a bond where the predominant part of the annual yield is paid in a one-time payment (*überwiegende Einmalverzinsung*) or the Product is considered as not transparent for Swiss tax purposes. Losses arising from predominant one time interest paying bonds may be deducted from gains from similar instruments in the same tax period. Furthermore, for low exercise price options with a maturity exceeding one year the interest component is subject to income tax.

Profits and option premiums from Products, which are considered as pure derivatives for Swiss tax purposes (financial futures, options) are not subject to the income tax as such profits are in general considered as private capital gains provided the investor is holding the Products as private assets. Possible losses are not tax-deductible. Income derived from a Product which is neither a private capital gain nor a repayment of paid in capital (or face value in case of shares) is generally subject to income tax. This applies, *inter alia*, to any issuance discount, repayment premium, other guaranteed payments (besides repayment of capital) or any combination thereof. Payments or credits received by an Investor because of dividends, interest etc. of the Underlying may be subject to income tax for such Investor. This may apply likewise to payments or credits derived from underlying funds.

2.4 Income Taxation of Warrants and Structured Products Held by Swiss Resident Entities or Individuals as Part of Business Property

Income of any kind realized from Products as part of the business property of individuals (including deemed securities dealers due to frequent dealing, debt financing and similar criteria [*Wertschriftenhändler*]) or entities resident in Switzerland are subject to personal income tax or corporate income tax respectively. In general, respective losses are deductible regarding personal or corporate income tax.

2.5 Wealth Taxation of Products held by Swiss Resident Individuals

The market value of Products may be subject to wealth tax levied on the overall net wealth of Swiss resident individuals, regardless of whether the instruments are held as part of the Investor's private or business property.

2.6 EU Savings Directive

On 26 October 2004, the European Community and Switzerland entered into an agreement on the taxation of savings income pursuant to which Switzerland adopts measures equivalent to those of the European Directive 2003/48/EC of 3 June 2003 on the taxation of savings income in the form of interest payments. The agreement came into force as of 1 July 2005.

On the basis of this agreement, Switzerland introduced a withholding tax on interest payments and other similar income paid by a paying agent (as defined in Article 6 of the Agreement of 26 October 2004) within Switzerland to an individual resident in an EU member state. The withholding tax is withheld at a rate of 35%. The paying agent and Switzerland provide to the tax authorities of the Member State details of the payments in lieu of the withholding. The beneficial owner of the interest payments may be entitled to a tax credit or refund of the withholding, if any, provided that certain conditions are met.

2.7 Final Withholding Tax

Since the start of 2011, Switzerland had been negotiating an extension of cross-boarder cooperation in tax matters with various countries. A withholding tax agreement was signed with the United Kingdom in the autumn of 2011. The agreement was supplemented at the start of 2012. Switzerland signed a further agreement with Austria in April 2012. The Swiss Federal Council adopted the Swiss Federal Act on International Withholding Tax (IwTA) for the enforcement of these tax agreements in April 2012. The Swiss Federal Act on International Withholding Tax (IwTA) introduces inter alia a final withholding tax on investment income and capital gains levied by Swiss Paying Agents and entered into force on 20 December 2012. The tax agreements with the United Kingdom and Austria entered into force on 1 January 2013.

3. Guernsey Taxation

Following a review of Guernsey's corporate tax regime by the European Union Code of Conduct Group ("EUCCG"), the States of Guernsey agreed to abolish deemed distributions. The EUCCG confirmed in September 2012 that Guernsey's tax regime would then conform to the EU Code of Conduct and this was ratified by the EU Economic and Financial Affairs Council (ECOFIN) in December 2012. The States of Guernsey abolished deemed distributions with effect from 1 January 2013.

The Policy Council of the States of Guernsey has stated that it may consider further revenue raising measures in the future, including the possible introduction of a goods and services tax, depending on the state of Guernsey's public finances at the time. Any changes to the Guernsey corporate tax regime could have an impact on the Issuer's liability to Guernsey tax.

3.1 Stamp Taxes

No stamp duty or document duty will be levied or charged in Guernsey upon the issue of Products or upon the transfer, sale or redemption of Products.

3.2 Guernsey Income Tax

EFG International Finance (Guernsey) Ltd will be deemed to be resident in Guernsey for the purposes of Guernsey income tax. EFG International Finance (Guernsey) Ltd will, however, qualify for a zero rate of income tax.

3.3 Payments of Interest and Redemption Proceeds

Payments of interest and the payment of capital proceeds arising upon the redemption or repurchase of Products to non-Guernsey residents will not be subject to Guernsey withholding tax.

3.4 Capital Taxes

Guernsey does not levy capital taxes upon any gains made by non-Guernsey resident Investors on securities or debt instruments issued by Guernsey companies.

3.5 Savings Tax Directive

Guernsey has introduced measures equivalent to the EU Savings Tax Directive (EU Directive 2003/48/EEC). Following 1 July 2011, all Guernsey paying agents are required to automatically exchange information with other EU Member States, via the Guernsey tax authorities, instead of deducting retention tax.

The Issuer will not, under the existing regime, be regarded as an undertaking for collective investment established in Guernsey that is equivalent to a UCITS authorized in accordance with EC Directive 85/611/EEC of the Council for the purposes of the application in Guernsey of the bilateral agreements regarding the taxation of savings income entered into by Guernsey with EU Member States. Consequently, in accordance with current States of Guernsey guidance on the application of the bilateral agreements, where the Issuer's paying agent (as defined for these purposes) is located in Guernsey, the paying agent would not currently be required to exchange information regarding distributions made by the Issuer and/or the proceeds of the sale, repurchase, or redemption of the Products.

The operation of the EU Savings Tax Directive is currently under review by the European Commission and a number of changes have been outlined which, if agreed, will significantly widen its scope. These changes could lead to the Company having to comply with the provisions of the EU Savings Tax Directive in the future.

XIV. GENERAL INFORMATION

AUTHORIZATION

The annual update of the Programme and the issuance of Products under the Programme have been duly authorized by the Board of Directors of EFG International Finance (Guernsey) Ltd pursuant to a resolution dated as of 12 December 2007.

The execution and the delivery of the Guarantee was authorized by resolutions adopted by the Board of Directors of the EFG International AG as of 4 December 2007 in respect of the Issuer.

The execution and the delivery of the Guarantee as well as the Payment Undertaking was authorized by resolutions adopted by the Board of Directors of the EFG Bank AG as of 30 July 2010 in respect of the Issuer.

LISTING

The SIX Swiss Exchange has approved the Programme as of 8 June 2016.

CLEARING SYSTEMS

The Products have been accepted for clearing through SIX SIS AG. If the Products of any series are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Termsheet.

AUDITORS

The consolidated financial statements for the years ending 31 December 2014 and 31 December 2015 of EFG International AG have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been reported upon without qualification for EFG International AG by PricewaterhouseCoopers, certified public accountants, which has its principal place of business at Avenue Giuseppe-Motta 50, CH-1211 Geneva.

The financial statements for the years ending 31 December 2014 and 31 December 2015 of EFG Bank AG have been prepared in accordance with Swiss GAAP FER and have been reported upon without qualification for EFG Bank AG by PricewaterhouseCoopers, certified public accountants, which has its principal place of business at Avenue Giuseppe-Motta 50, CH-1211 Geneva.

SIGNIFICANT CHANGE

Save as disclosed herein there has been no significant change in the financial or trading position of EFG International Finance (Guernsey) Ltd, except the issuance of listed and non-listed products, since its incorporation. There has been no significant change in the financial or trading position of EFG International AG or EFG Bank AG and their subsidiaries (taken as a whole) since 31 December 2015 except as published and/or disclosed herein.

TREND INFORMATION

Save as disclosed herein neither the Issuer nor the Guarantor or the Payment Undertaking Obligor are aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on their respective prospects during the current financial year.

LEGAL, ADMINISTRATIVE AND ARBITRATION PROCEEDINGS

Save as disclosed herein (including any information incorporated by reference herein) neither EFG International AG nor any of its subsidiaries including EFG International Finance (Guernsey) Ltd as well as EFG Bank AG is or has been involved in any governmental, legal or arbitration proceedings which may have or have had during the 12 months preceding the date of this Programme a significant effect on the financial position or prospects of EFG International AG and its subsidiaries (taken as a whole) nor, so far as EFG International AG, EFG Bank AG, or EFG International Finance (Guernsey) Ltd are aware, are any such proceedings pending nor threatened.

USE OF PROCEEDS

The Issuer intends to use the net proceeds from each issue of Products for general purposes, for hedging the obligations and to secure the Products guaranteed by the Guarantor and the Payment Undertaking Obligor, as the case may be, created by the issuance of the Products.

XV. RESPONSIBILITY

The Issuer, the Guarantor and the Payment Undertaking Obligor accept responsibility for the information contained in this Programme. The Issuer, the Guarantor and the Payment Undertaking Obligor declare that the information contained in this Programme is, to the best of their knowledge, in accordance with facts and contains no omission likely to affect its import.

EFG International Finance (Guernsey) Ltd

EFG International AG

EFG Bank AG

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