

This Programme is dated as of 31 May 2018



**Issuance and Offering Programme**

**EFG BANK AG**

*(incorporated in Switzerland)*

**as Issuer**

*and*

**EFG INTERNATIONAL FINANCE (GUERNSEY) LTD**

*(incorporated in Guernsey)*

**as Issuer**

*and*

**EFG INTERNATIONAL AG**

*(incorporated in Switzerland)*

**As Guarantor in respect of certain products issued by  
EFG International Finance (Guernsey) LTD**

*and*

**EFG BANK AG**

*(incorporated in Switzerland)*

**As Guarantor in respect of certain Products issued by  
EFG International Finance (Guernsey) LTD**

Under the terms of this Issuance and Offering Programme (the "**Programme**") EFG International Finance (Guernsey) Ltd ("**EFGIF LTD**") and EFG Bank AG ("**EFG Bank**") (each an "**Issuer**", together the "**Issuers**") may from time to time issue Structured Products (the "**Structured Products**") or Warrants (the "**Warrants**") and other derivative instruments in the forms as set out in this Programme (the "**Products**") and specified in the relevant termsheet of each Product (the "**Final Termsheet**"). Unless indicated otherwise, the term "Issuer" is used interchangeably for EFGIF LTD and EFG Bank.

The Products may include, but not be limited to, Warrants and 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 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 EFGIF LTD that are listed on the SIX Swiss Exchange are guaranteed by either EFG International AG ("**EFGI**") or EFG Bank, as specified in the Final Termsheet (each a "**Guarantor**"). The term "EFGI Group" or the "Group" refer to EFGI together with its consolidated subsidiaries. Products of EFGIF LTD that are not listed on the SIX Swiss Exchange are only guaranteed if the Final Termsheet expressly indicates a Guarantor. Unless indicated otherwise, the term "Guarantor" is used interchangeably for EFGI and EFG Bank. Products issued by EFG Bank are not subject to any Guarantee.

**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 also 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 31 May 2018 as an issuance programme pursuant to Article 22 of the SIX Additional Rules for the Listing of Derivatives for the purpose of providing 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 Articles 21(3) et seq. of the SIX Additional Rules for the Listing of Derivatives.

No person is authorized to provide any information or to make any representation not contained in or not consistent with this Programme, a relevant 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 the purchase of 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 also review, inter alia, the most recently published financial statements 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 consist of derivative components and 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 Europaallee 39, 8004 Zurich, Switzerland, via telephone +41 58 800 1000, fax +41 58 800 1010 or via e-mail [termsheet@leonteq.com](mailto: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, Investors in the Products may incur a partial or even a total loss of their invested capital. Potential Investors (the "**Potential Investors**", thereafter also the "**Investor**", where applicable) and the Investors, where applicable, should therefore consider the following factors prior to investing in and/or while holding the Products.

Each of the Issuer and the Guarantor believes that the factors described below represent the principal risks inherent to the Products, but the inability of the Issuer or the Guarantor to fulfil its obligations in connection with the Products may occur for other reasons which may not be considered significant risks by the Issuer and the Guarantor based on information currently available to them or which they may not currently be able to anticipate.

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.

### 1. GENERAL RISK FACTORS

#### 1.1 Advice from your Principal Bank

This information is not intended to replace the advice 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 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

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 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, 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, 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, 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 the Guarantor. 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 Investors with advice in relation to accompanying risks.

#### **1.4 Investor Suitability**

Purchase of the Products involves substantial risks. 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, 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 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 (a "Tax Call"). Accordingly, 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, 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 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 (and assume) no responsibility for (i) the lawfulness of the acquisition of the Products by Investors or for (ii) the compliance by 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 Investors.

Concerns about geopolitical developments, commodity 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 the investor and its 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 certain jurisdictions.

The Issuer and/or the Lead Manager or any third party appointed by the Issuer, as applicable, intend (if specified in the Final Termsheet), 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. **Investors in 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, for example to actively managed certificates or COSI Products, as required by the SIX Swiss Exchange regulations. 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 duly exercised discretion (billiges Ermessen) that an Underlying is illiquid at a relevant time. Underlying Illiquidity might lead to a larger bid/offer spread for 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 postponed redemption and 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 unwinding 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 entirely cease its trading activities related to an Underlying.

This market conduct of the Hedging Entity as well as the limitation of its trading and 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 furthermore negatively impact the redemption amount or the liquidation price of the Product. Furthermore, Investor shall note that the Hedging Entity may enter into hedging activities with affiliates of the Issuer.

### **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 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 in which 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, 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 at any time during the life 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.

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 each 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 or exceeded outside of 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 exercised 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 exercised 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 less favourable 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 exercised 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 by 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 upon 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.

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 whose value is 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. 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 on 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 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. 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 guarantee 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 conduct 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. Investors therefore should be aware that the value of the Products does not solely depend upon the value of the Collective Investment Scheme's or the Funds' underlying asset, but also upon 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. futures 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 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 (the "**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 mostly 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 a material event 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 Risks related to Products linked and/or including LIBOR, EURIBOR and other interest rates, equity, commodity, foreign exchange rates and other types of benchmarks**

Interbank Offered Rates (including The London Interbank Offered Rate ("LIBOR"), the Euro Interbank Offered Rate ("EURIBOR")) and other interest rates, equity, commodity, foreign exchange rates and other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory reform. Following any such reforms, benchmarks may perform differently than in the past or disappear entirely, or there could be other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any securities linked to such a benchmark.

Key regulatory proposals and initiatives in this area include (amongst others) IOSCO's Principles for Financial Market Benchmarks (the "IOSCO Benchmark Principles") the EU Regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "Benchmark Regulation"), and the transition proposed by the UK's Financial Conduct Authority (the "FCA"), away from LIBOR to one or more alternative benchmarks (each, as discussed below).

The IOSCO Benchmark Principles aim to create an overarching framework of principles for benchmarks to be used in financial markets, specifically covering governance and accountability as well as the quality and

transparency of benchmark design and methodologies. Subsequent implementation reviews have found that widespread efforts are being made to implement the IOSCO Benchmark Principles by the majority of administrators surveyed. However, these reviews also note that, as the "benchmarks industry" is in a state of flux, IOSCO may need to take further steps in the future - although it is not yet clear what these steps might be. On 16 December 2016, IOSCO published a report setting out guidance to improve the consistency and quality of reporting on compliance with IOSCO Benchmark Principles.

The Benchmark Regulation entered into force in June 2016 and became fully applicable in the EU on 1 January 2018 (save that certain provisions, including those related to "critical benchmarks", took effect on 30 June 2016), subject to certain transitional provisions. The Benchmark Regulation applies to the contribution of input data to a "benchmark", the provision or administration of a "benchmark" and the use of a "benchmark" in the EU. Among other things, it (a) requires EU benchmark administrators to be authorised or registered as such and to comply with extensive requirements relating to the administration of "benchmarks" and (b) prohibits certain uses by EU supervised entities of "benchmarks" provided by EU administrators which are not authorised or registered in accordance with the Benchmark Regulation (or, if located outside of the EU, deemed equivalent or recognised or endorsed). The scope of the Benchmark Regulation is wide and, in addition to so-called "critical benchmark" indices such as EURIBOR, applies to many other interest rate indices, as well as equity, commodity and foreign exchange rate indices and other indices. This will include "proprietary" indices or strategies where these are used to (i) determine the amount payable under, or the value of, certain financial instruments (including securities or OTC derivatives listed on an EU regulated market, EU multilateral trading facility (MTF), EU organised trading facility (OTF) or "traded via a systematic internaliser"), (ii) determine the amount payable under certain financial contracts, or (iii) measure the performance of an investment fund.

The Benchmark Regulation could have a material impact on securities linked to a "benchmark". For example:

- a rate or index which is a "benchmark" may not be used in certain ways by an EU supervised entity if (subject to applicable transitional provisions) its administrator does not obtain authorisation or registration (or, if a non-EU entity, does not satisfy the "equivalence" conditions and is not "recognised" pending an equivalence decision).; and
- the methodology or other terms of the benchmark could be changed in order to comply with the terms of the Benchmark Regulation, and such changes could reduce or increase the rate or level or affect the volatility of the published rate or level, and (depending on the terms of the particular Securities) could lead to adjustments to the terms of the Securities, including potentially determination by the Calculation Agent of the rate or level in its discretion.

In a speech in July 2017, the Chief Executive of the FCA committed the FCA to begin planning a transition away from LIBOR to alternative reference rates that are based on actual transactions, such as SONIA (the Sterling Overnight Index Average). The speech envisaged the current LIBOR arrangements continuing until at least the end of 2021. The Bank of England's Working Group on Sterling Risk-Free Reference Rates has been considering risk free rates for use as alternatives to LIBOR and has chosen a reformed Sterling Overnight Index Average ("SONIA"). The reforms to SONIA will become effective on 23 April 2018 and it is expected that there will be a transition to SONIA over the next four years across sterling bond, loan and derivatives related markets, so that SONIA is established as the primary sterling interest rate benchmark by end 2021.

Ongoing international and/or national reform initiatives and the increased regulatory scrutiny of benchmarks generally could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any applicable regulations or requirements. Such factors may discourage market participants from continuing to administer or contribute to benchmarks, trigger changes in the rules or methodologies used in respect of benchmarks, and/or lead to the disappearance of benchmarks, including LIBOR. This could result in (i) adjustments to the terms and conditions and/or early redemption provisions and/or provisions relating to discretionary valuation by the Calculation Agent, (ii) delisting, and/or (iii) other consequences for securities linked to any such benchmarks. Any such consequence could have a material adverse effect on the value of and return on any such securities.

### **3.13 Investing in the Products does not correspond to a direct investment in the Underlying**

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 share as Underlying. 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.

### **3.14 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, 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.

### **3.15 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 value 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, 3.18, 4.40 and 1.1).

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.

### **3.16 Views of the Issuer, the Guarantor and/or the Lead Manager and Research Reports published by the Issuer, the Guarantor and/or the Lead Manager**

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 global 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 should derive information about the relevant markets from multiple sources. Investors should investigate these markets and not rely solely upon 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.

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 the relevant securities. 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.

### **3.17 Products and/or Underlyings 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 the 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.

### **3.18 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 neither 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.

### **3.19 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 (collectively referred to as "FATCA"), the Issuer may, under certain circumstances, be required to withhold U.S. tax at a rate of 30 percent on all or a portion of interest, principal or other payments on the Products if such payments are treated as "foreign passthru payments" made to foreign financial institutions, unless such foreign financial institution payee complies with applicable FATCA

requirements, or other entity payees subject to FATCA withholding. On 6 January 2017, the Internal Revenue Service (IRS) published revised Final FATCA Regulations in the Federal Register, confirming the postponement of the withholding on "foreign passthru payments" until January 1, 2019, at the earliest. As a result, non-U.S. source payments (not subject to Section 871(m)) made prior to 1 January 2019 generally should not be subject to a FATCA withholding tax.

Nonetheless, 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 or to compensate the payee or the holder as a result of the deduction or withholding of such tax.

Since 1 January 2017, U.S. withholding tax applies to certain payments arising from products treated as in-scope pursuant to Section 871(m) of the U.S. Internal Revenue Code and the corresponding regulations issued by the IRS. If an amount in respect of Section 871(m) 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 or to compensate the payee or the holder as a result of the deduction or withholding of such tax.

### **3.20 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.

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. 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. 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 EFGI GROUP**

##### **4.1 Changes to the laws applicable to the Issuer could have a material negative effect on the Issuer or its business activities.**

EFGIF LTD is subject to the laws of Guernsey, any of which may change at any time and could have a material adverse effect on the Issuer or its business activities. Such changes could include changes to statutory, tax and regulatory regimes.

EFG Bank is subject to the laws of Switzerland and through its branches to the laws of Bahrain, Cayman, Hong Kong and Singapore, any of which may change at any time and could have a material adverse effect on the Issuer or its business activities. Such changes could include changes to statutory, tax and regulatory regimes.

##### **4.2 The Issuer depend on other members of the EFGI Group.**

EFGIF LTD is a finance vehicle established by the Guarantor for the purpose of issuing Structured Products. In order for the Issuer to fulfill its obligations under this Programme, EFGIF LTD will therefore be dependent upon payments from other members of the Group, upon the Guarantor capitalizing EFGIF LTD adequately and upon other members of the Group paying interest on and repaying in a timely fashion any loans the Issuer might grant to them. Should any Group member fail to make any such payments in a timely fashion, that failure could have a material effect on the ability of EFGIF LTD to fulfill its obligations under the Programme. By virtue of its dependence on other Group members, each of the risks described below that affect the Guarantor will also indirectly affect EFGIF LTD and to a lesser extent EFG Bank.

##### **4.3 Factors that may affect the Guarantor's and Issuer's ability to fulfill its obligations under the Guarantees.**

As a result of its business activities, the Group is exposed to a variety of risks, the most significant of which are business risk, credit risk, market risk, compliance risk, reputational risk, operational risk and liquidity risk. Failure to control these risks could have a material adverse effect on the Guarantor's and the Group's result of operations and financial condition. In addition, the EFGI Group is exposed to risks relating to global economic and market conditions or trends as the Group is operating globally. Weak macroeconomic conditions, recession, changes in monetary policies and global financial market turmoil and volatility have affected and may continue to affect the EFGI Group's financial condition, regulatory capital and results of operations.

**4.4 The EFGI Group operates in markets that are highly competitive and face an increase in the intensity of competition.**

All aspects of the EFGI Group's business are highly competitive and the competitive conditions are expected to continue to intensify, also as a result of the globalisation, 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 competes 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. Generally, they also have substantial financial resources and, accordingly, have the ability to support offerings in an effort to gain market share, which could result in pricing and other competitive pressures on EFGI Group's business. In addition, the cost of doing business has increased substantially as a result of recent financial market reforms and increased regulatory scrutiny. The EFGI Group also competes with established local and regional competitors, including Swiss private banks and private banks based in other local markets in which the EFGI Group operates.

The EFGI Group'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 inability to compete effectively could materially and adversely affect the EFGI Group's business, financial condition and results of operations.

**4.5 The EFGI Group has 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 has 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 or other financial institutions and counterparties, and could materially and adversely affect the EFGI Group'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. Such systemic risk could materially and adversely affect the EFGI Group's or business, financial condition and results of operations, including its ability to raise new funding.

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

In the highly competitive environment arising from globalisation and convergence in the financial services industry, a reputation for financial strength and integrity is critical to the EFGI Group's financial 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 is exposed to the risk that negative publicity, media reports, press speculation and threatened or actual legal proceedings and investigations concerning the EFGI Group's business, employees, clients, external asset managers, business introducers or counterparties may harm the EFGI Group's reputation.

Any of these negative effects could materially and adversely affect the EFGI Group's business, financial condition and results of operations.

**4.7 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.**

The EFGI Group's operations include certain limited market making activities, principally in respect of Structured Products and proprietary trading activities in foreign exchange and fixed-income products, including related derivatives markets. The EFGI Group is therefore exposed to losses in the event of adverse market movements (whether up or down) in specific foreign exchange, equity, commodity and 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.

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

In connection with the EFGI Group's market making and proprietary trading activities, the EFGI Group 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. 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 the EFGI Group'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.

**4.9 The EFGI Group issues and manages financial products with high complexity, including structured products and Islamic products, which may have serious adverse consequences on the EFGI Group's business.**

Shortcomings or failures in EFGI Group's internal processes, people or systems, or errors in execution, could expose the EFGI Group to substantial financial and reputational losses, regulatory intervention and/or liability to EFGI Group's clients or to investors in products issued by the EFGI Group. EFGI Group's business is highly dependent on the ability to process complex structured products across several asset classes in different currencies efficiently and accurately. The issuance, hedging and trading, including market making, of structured products is a complex process, which requires appropriate management, documentation, life cycle management and controls. EFGI Group's failure effectively to manage the increasing complexity of EFGI Group's product offerings, could negatively affect the Group's business, results of operations and financial condition.

The EFGI Group is exposed to operational risks, including legal risks, arising from the issuance, hedging and trading of structured products. Also incorrect marking of risk parameters that could result in mis-hedging could expose the EFGI Group to significant losses, especially in extreme market conditions or, if the error is not detected by the EFGI Group's risk control department.

Operational risk is mitigated by EFGI Group's risk management framework, general directives, policies and functions. Any lapse or breakdown of these procedures or controls could significantly increase the EFGI

Group's exposure to operational risk, which could result in a material loss to and adversely affect EFGI Group's business, results of operations and financial condition.

The EFGI Group also issues halal structured products. EFGI Group relies on Sharia adviser's confirmation on the Sharia compliance of the banking products offered, including but not limited to the procedures in place and the underlying investments. Changes in the Sharia adviser's view may adversely affect the performance of the EFGI Group's business.

**4.10 The EFGI Group uses 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 also depends on third parties for certain services. Although the EFGI Group engages in due diligence and closely scrutinise such third parties, ultimately the EFGI Group does 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 also invests in, and may advise clients to invest in, third party investment funds which the EFGI Group does 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 reputation, ability to retain clients, financial condition and results of operations may be negatively affected.

Thus, to the extent that third parties or third party financial products do not perform as contractually required or expected, the EFGI Group may be subject to the risk of client attrition, legal action, the EFGI Group'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.

EFGI Group issues Structured Products and notes through its subsidiaries, EFG International Finance (Guernsey) Ltd. and EFG Bank AG under this Programme. In connection with this the EFGI Group has entered and / or is planning to enter into agreements with Leonteq Securities AG and certain of its subsidiaries (together "**Leonteq**"), to manage certain or all aspects of this structured notes issuance programme such as the structuring, the issuance, hedging, product documentation, life cycle management, market making as well as redemption of the structured investment products, which exposes the EFGI Group to risks if Leonteq does not perform as contractually required or expected. The EFGI Group does not control Leonteq and is 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 could be unable to hedge part or all of the market risks associated with the EFGI Group's Issuance and Offering Programme and may consequently terminate parts of or the entire programme and 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.

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

The EFGI Group's businesses has in the past been, and will continue to be, exposed to risks 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 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 takes to prevent and detect this activity may not always be effective. Such losses and reputational damages could adversely affect the EFGI Group's business, results of operations and financial condition.

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

A part of the Revenue Generating AUM of the EFGI Group is managed by external asset managers. While these external asset managers operate under a direct mandate with EFGI Group's clients, it cannot be excluded that the Group may be deemed responsible for such improper acts. Even if the EFGI Group was able to successfully defend itself against such claims, the EFGI Group may suffer losses due to loss of clients, withdrawal or loss of Revenue Generating AUM and revenues and the costs of defence. 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 business, results of operations and financial condition.

**4.13 The EFGI Group'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 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 could also be affected by risks to the systems and information of clients, vendors, service providers, counterparties and other third parties.

If any of EFGI Group's systems does not operate properly or are compromised as a result of a threat materializing, the EFGI Group 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 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 business, results of operations and financial condition.

**4.14 The EFGI Group depends on the accuracy and completeness of information about clients and counterparties.**

In the course of business operations, the EFGI Group requires 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. The EFGI Group relies on information furnished by or on behalf of clients and counterparties, including their financial statements and other financial information (including Know

Your Customer (“KYC”) requirements) for fulfilling regulatory, legal and other requirements such as e.g. information requirements towards tax authorities. The EFGI Group 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.

If information about clients and counterparties at any time 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 business, financial condition, reputation or results of operations.

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

As global private banks, the EFGI Group relies heavily on financial, accounting and other data processing systems, which are varied and complex. The EFGI Group'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 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 may introduce new products or services or change processes, for example in connection with the Integration, resulting in new operational risk that the EFGI Group 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 data or that of the EFGI Group's clients. Furthermore, regulatory requirements in this area have increased and are expected to increase further, exposing the EFGI Group's operations to additional risks that could materially and adversely affect the EFGI Group's business, financial condition and results of operations.

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

The EFGI Group makes estimates and valuations that affect reported results, including measuring the fair value of certain assets and liabilities (including but not limited to calculating the expected credit loss as per International Financial Reporting Standard 9), 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 realise deferred tax assets, valuing equity-based compensation awards, life insurance portfolio estimates/assumptions including impairment testing and support of the carrying value, modelling risk exposure and calculating expenses and liabilities associated with pension plans. These estimates are based upon judgement and available information, and actual results may differ materially from these estimates as well as that actual results may change over time, which, in turn, could materially and adversely affect the EFGI Group's ability to make accurate estimated, predictions and valuations which in turn could adversely affect EFGI Group's business, financial condition and results of operations.

**4.17 The EFGI Group reports its regulatory capital under Swiss GAAP**

EFG Bank and EFGI report its regulatory capital applying FINMA Circular 2015/1 “Accounting – Bank” (“**Swiss GAAP**”). Swiss GAAP differs from the International Financial Reporting Standard as issued by the International Accounting Standards Board (“**IFRS**”) in various aspects and accordingly may lead to different results. The regulatory capital of the EFGI Group tends to be higher under Swiss GAAP, due to,

for example, the treatment of future pension liabilities under Swiss GAAP compared to IAS 19 and the treatment of its main life insurance policy portfolio under Swiss GAAP compared to IFRS 9, leading to higher capital ratios and a higher leverage ratio than under IFRS. See note 10 of the EFGI Group's 2017 audited consolidated financial statements. The EFGI Group understands that FINMA is focused on the Swiss GAAP-based measurements while other stakeholders such as rating agencies and investors might emphasise the IFRS measurements. Hence, the application of two different generally accepted accounting standards may lead to different conclusions, depending on the application of Swiss GAAP or of IFRS.

**4.18 The EFGI Group's new risk management framework, general directives and policies may not be sufficient, accurate, up-to-date or properly evaluated.**

The EFGI Group is currently in the process of introducing a new risk management framework, general directives and policies which are designed to manage business risk credit risk, market risk, liquidity risk, operational risk, compliance risk, legal risk and reputational risk. The new risk framework, general directives and policies, however, may not always be properly implemented, rolled out, 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 the risk management framework, general directives and policies are not properly adhered to. Certain techniques, rely on historical data to reflect changes in the financial and credit markets which may not be indicative of the future. No risk management framework can anticipate every market development or event and EFGI Group's internal risk management regulation and the judgments behind them may not fully mitigate the EFGI Group's risk exposure in all markets or against all types of risks.

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.

**4.19 The EFGI Group may incur losses due to interest rate fluctuations.**

Like all banking groups, the EFGI Group earns interest from loans and other assets and pays 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. In addition, interest rate fluctuations also influence the value of the EFGI Group's fixed income portfolios. 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.

**4.20 The EFGI Group is exposed to historically low and/or negative interest rate levels.**

The EFGI Group's earnings have traditionally benefitted from its 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 EUR at times, 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 currently holds significant balances at the SNB and earns i.e. incurs negative interest rates on these balances to the extent they exceed certain thresholds.

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

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

The EFGI Group is exposed to risks from fluctuations in exchange rates, specifically the exchange rates for the United States Dollar ("USD"), the British Pound ("GBP") and the Euro ("EUR") against the Swiss franc ("CHF").

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 CHF. A depreciation of these currencies against the CHF would reduce the EFGI Group's shareholders' equity.

The EFGI Group's risk weighted assets are also denominated in currencies other than CHF, 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. As a result currency fluctuations may have an impact on EFGI Group's regulatory capital ratios.

The EFGI Group is further exposed to currency fluctuations in connection with foreign exchange trading positions the EFGI Group maintains as part of its foreign exchange sales and trading as well as in order to manage client transaction flow. 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 CHF. 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 CHF 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 CHF relative to those currencies due to translation differences.

Thus, given their multifaceted impact on the EFGI Group's operations, currency fluctuations will continue to materially and adversely affect the EFGI Group's business, financial condition and results of operations.

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

EFGI Group holds significant investments in life insurance policies. These life insurance policies are issued by US life insurance companies. Upon the insured individual (US based) having deceased, the life insurance company pays a lump sum death benefit to the EFGI Group. The EFGI Group pays a periodic premium to the life insurance company to keep the policy valid. If the EFGI Group did not pay this premium, the insurance policy would lapse and then the EFGI Group would need to write off the asset as it will not receive the death benefit when the insured individual died. 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 key risks that the EFGI Group is exposed to (and which impact the fair value) include longevity, changes in the premium streams (cost of insurance), counterparty credit risk and interest rate risk. The determination of the fair value of these financial assets and liabilities requires significant management judgment and assumptions.

The EFGI Group is exposed to similar risks to these mentioned above through loans that the EFGI Group has advanced to funds which have invested in life insurance (refer to note 7 of the EFGI Group's 2017 audited consolidated financial statements for further details)

The determination of the best estimate cash flows included in the valuation of the life insurance for the fair value estimate of these assets under IFRS 13 is considered to be a critical accounting policy for the EFGI Group, due to the lack of observable readily available information and the complexity of the determination of these assumptions.

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 category 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 Group's portfolio.

The EFGI Group uses management's best estimate cash flows considering historic information and relying on specialised opinions and information from external service providers about trends and market developments. Management also considers that the outcome of disputes involving significant increases in premiums observed in the US market will affect the expected premiums payable. The determination of the appropriate level of increase of cost of insurance in the underlying policies is one of the most important assumptions applied by management in the valuation model. Increases in cost of insurance considers the aging of the insured persons and increases in pricing levels of premiums imposed by certain carriers that issued these policies. The majority of life insurance policies have increasing annual premiums payable. In certain instances additional increases have been announced by the insurance companies.

The EFGI Group considers these increases in cost of insurance to be unjustified and have challenged their implementation in US courts. The EFGI Group filed two legal claims on 31 October 2016 against AXA Equitable Life Insurance Company and Transamerica with respect to 18 and 48 policies issued by these carriers, respectively. On 02 February 2017, the EFGI Group also filed a third legal claim against Lincoln National Life Insurance Company with respect to 28 policies. The legal cases against AXA and Transamerica are in discovery. Also the court in the Lincoln action has denied the carrier's motion to dismiss the EFGI Group's claims almost in its entirety. This case is also proceeding to discovery. The outcome of disputes involving significant increases in premiums observed in the US market affecting the life insurance policies in the portfolio are taken into account. In these cases, management has, in line with market participants, set their own best estimates taking into account the factors outlined above and the relevant contracts. As the ultimate resolution of these legal actions is significant for the EFGI Group, it relies on actuaries to set the cost of insurance assumptions.

The EFGI Group will also take legal actions against other carriers that have indicated that they will increase premiums. The EFGI Group believes that it will prevail in these claims, however legal proceedings are inherently unpredictable and the actual future outcome might materially differ from the EFGI Group's expectations. The assumptions related to premiums and cost of insurance take the market participants' view on the merits of the ongoing legal cases of the EFGI Group and other plaintiffs into account. The development and ultimate resolution of these proceedings have an impact on the EFGI Group's IFRS fair value assumptions by CHF 124.5 million

The EFGI Group tests at least annually whether life insurance policies held-to-maturity have suffered impairment in accordance with the accounting policy stated in note 2 (j) of the EFGI Group's 2016 audited consolidated financial statements for the purpose of calculating its regulatory capital in accordance with Swiss GAAP. The EFGI Group has concluded that there is no impairment at 31 December 2017. For sensitivity purposes the EFGI Group has made an assessment of the potential impact of the use of the full level of these communicated extraordinary and unprecedented cost of insurance increases, rather than management's best estimate. Management's assessment of the potential impact is that the sum of the carrying value and the premiums expected to be paid under the currently estimated life expectancy curves would be approximately CHF 168 million higher than the total death benefits receivable, resulting in a potential impairment.

Should EFGI Group receive further notices of premiums that are subject to increases, the current carrying value of EFGI Group's holdings of life insurance policies may 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 potentially required to record impairment charges in relation to EFGI Group's holding of life insurance policies. These would be significant and could have a material adverse effect on EFGI Group's reported results of operations in the future.

#### **4.23 The EFGI Group may suffer significant losses from counterparty credit exposures.**

The EFGI Group's business is 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, state, 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 including but not limited to unfavourable economic, political, legal and other developments. 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 counterparties default, the EFGI Group may suffer losses which could adversely affect the EFGI Group's business, financial condition and results of operations.

#### **4.24 The EFGI Group may suffer losses related to client exposures.**

Lending to private banking clients is a significant part of the EFGI Group's business. 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, mainly in Switzerland, Singapore and the UK. 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.

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 realisable value from the sale of properties securing the EFGI Group's loans may be insufficient to cover the EFGI Group's exposure. The EFGI Group's credit exposure also includes commercial lending, commercial real estate and other non-private banking exposures.

Thus, to the extent that the EFGI Group'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.

**4.25 The EFGI Group is subject to liquidity risks which may impact the ability to operate their business.**

Liquidity is critical to the ability to operate the Group's business, to grow and be profitable. The EFGI Group's business benefits from short-term funding sources, including, primarily, demand deposits and time deposits from clients. Although deposits have been, over time, a stable source of funding, this may not continue. In that case, the EFGI Group's liquidity position could be adversely affected and 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 Group's business, results of operations and financial condition.

Furthermore, available and access to 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 EFGI 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.

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

The EFGI Group has made commitments to current and former employees with regard to pension payments in Switzerland, 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. Under IFRS, in case the fair value of plan assets is less than the present value of defined benefit obligation, a provision in connection with this deficit needs to be booked, leading to a corresponding reduction of the IFRS equity, but not the regulatory capital as per Swiss GAAP, 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. Furthermore,

layoffs as part of the integration may trigger curtailment in the pension obligation and as such may impact the Group's financial condition and results of operations. 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.

**4.27 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 defence, 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.

**4.28 EFGI Group is involved in various legal and arbitration proceedings and the provisions established may not be sufficient.**

The Group is involved in various legal and arbitration proceedings in the normal course of its business operations. The Group establishes provisions for current and pending legal proceedings if management is of the opinion that the Group is more likely than not to face payments or losses and if the amount of such payments or losses can be reliably estimated. Refer to note 45 of the EFGI Group's 2017 audited consolidated financial statements

**4.29 The EFGI Group is exposed to risks relating to regulatory and legal changes and increased compliance requirements and costs.**

EFG International Finance (Guernsey) Ltd. falls within the consolidated regulatory supervision of EFG International AG by the FINMA and is neither licensed nor supervised by any Guernsey authority. Neither the Guernsey Financial Services Commission ("GFSC") nor the States of Guernsey Policy Council take any responsibility for the financial soundness of the Issuer or for the correctness of any of the statements made.

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. 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.

EFGI Group is subject to extensive regulation by governmental agencies, supervisory authorities and self-regulatory organisations in Switzerland, the EU, the UK, the U.S. and other jurisdictions in which the EFGI Group operates 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 and regulatory requirements 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 operates or invests. Such limitations can have a negative effect on the EFGI Group's business, financial condition and results of operations as well as on the EFGI Group's ability to implement strategic initiatives.

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 results of operations. Despite the EFGI Group'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, 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 results of operations and seriously harm the EFGI Group'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 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 reputation and could materially and adversely affect the EFGI Group'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. 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 and bind available resources as we all pose reputational risk to EFGI Group.

#### **4.30 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, realisation 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 recognise 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, for example, but not limited to, these Notes in restructuring proceedings. Laws governing resolution proceedings are still evolving and there might be further changes to such law as applicable to the EFGI Group, which may be applied to the Notes on a retrospective basis.

#### **4.31 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, nationalisation 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 materialise, 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.

#### **4.32 The EFGI Group may be unable to successfully integrate the operations of former BSI SA.**

The integration involves two private banks that have previously operated independently. The difficulties of combining the operations within the EFGI Group include for example:

- integration of management information, financial controls and information technology platforms, including the incurrence of penalties in connection with the termination of outsourcing agreements;
- aligning the risk management through the introduction of a new common risk management framework (incl, general directives and policies);
- ability to close certain Group (including former BSI SA entities and BSI SA itself) entities, locations and to dispose, transfer or liquidate assets, con-tracts and other obligations in a timely manner;
- conforming client documentation and renewing compliance and suitability checks;
- aligning different company and management cultures;
- ensuring that management retains sufficient capacity to conduct the daily business; and
- legal, regulatory, contractual, labour or other issues that could arise from the Integration.

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 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 or as a consequence of the integration 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.

If the actual asset under management attrition rate will be higher than expected by EFGI Group's management through the continued outflow of Revenue Generating AUM, 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 joined the EFGI Group from former BSI or that external asset managers which manage Revenue Generating AUM of former BSI's clients meet EFGI Group's standards. The former BSI 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 integration 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 former 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, labour or other issues in connection with the integration of clients, Revenue Generating AUM and CROs from former BSI or with continuing a business relationship with external asset managers who manage Revenue Generating AUM of former BSI's clients.

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

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 and the integration. 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 integration, which could materially and adversely affect EFGI Group's business, financial condition and results of operations.

**4.33 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 realise synergies by combining the operating platforms of the EFGI Group. In particular, the EFGI Group expects to realise substantial cost savings in relation to IT/operations and premises, corporate structure, front office as well as governance functions. EFGI Group's ability to realise these benefits will be limited by, among other things, legal, regulatory and contractual restrictions. These synergies and other benefits may not be realised 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 realised fully or at all or may take longer to realise than expected.

Furthermore, the EFGI Group may incur unanticipated expenses in order to maintain, improve or sustain the former BSI operations or assets and the EFGI Group may be subject to unanticipated or unknown liabilities

relating to former BSI and its business. These factors could harm EFGI Group's reputation and could make it more difficult for the EFGI Group to realise the anticipated benefits of the acquisition.

**4.34 The EFGI Group has discovered and is exposed to and may discover further contingent or other liabilities within former BSI or other facts of which it is not aware that could expose the EFGI Group to loss, and any indemnification it receives 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.**

Matters giving rise to losses may not be recoverable under the representations, warranties or indemnities provided for in the SPA, in respect of which EFGI Group's ability to recover is subject to certain customary exceptions. As such, any indemnification the EFGI Group received from BTG may be inadequate insufficient to protect the EFGI Group from risks related to known or hidden liabilities.

**4.35 EFGI Group is exposed to significant BSI legacy risks.**

On 31 October 2016, EFG International AG completed the acquisition of BSI Holdings AG including its Swiss and foreign subsidiaries, including, for the avoidance of doubt, the Swiss licensed bank BSI SA (“**BSI SA**”). Subsequently, effective 7 April 2017, substantially all of BSI SA’s Swiss business was transferred to the Issuer by way of an intra-group asset transfer pursuant to the Swiss Merger Act. This transfer included most client relationships and employees of BSI SA (the “**Transferred Swiss Business**”); however, certain assets and liabilities as well as certain litigations and other proceedings and risks and liabilities related therewith were retained by BSI SA, which today is a sister company of EFG Bank. In addition, certain of BSI SA’s foreign subsidiaries, in particular BSI Luxembourg (BSI Europe SA) including its Italian branch, were merged into entities of the EFGI Group in those jurisdictions. As a consequence of the above referred acquisition of BSI SA, legal, regulatory and reputational risks regarding BSI SA and/or its subsidiaries have become risks of the EFGI Group as a whole. While certain risks and liabilities were retained by and only relate to BSI, risks related to the Transferred Swiss Business have become direct risks of EFG Bank or other EFG.

See also the section “LEGAL, ADMINISTRATIVE AND REGULATORY PROCEEDINGS REGARDING THE EFGI GROUP” below. As a result, EFGI Group has been implementing a number of organizational changes to remedy these issues and overhaul its compliance framework and it is expected that EFGI Group will continue to incur substantial remedial costs in relation to these matters in the future.

These weaknesses create risks for BSI SA and the EFGI Group. There is a risk that additional failures in such controls and procedures will be discovered of which the EFGI Group 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 ongoing proceedings or otherwise, a weakness in the controls and procedures resulting in the breach of applicable laws. This could lead to substantial fines and penalties or other sanctions, and materially increase the risk that BSI and EFGI Group may be subject to substantial fines and penalties in relation to existing matters. In addition, EFGI Group has faced, and there is a risk that it will further face legal and/or regulatory proceedings arise as a result of such weaknesses, whether the subject of sanctions by a regulatory authority or not, and that EFGI Group faces further increased regulatory scrutiny as a result of past deficiencies that would materially increase its cost of regulatory compliance.

**4.36 BSI SA's non-prosecution agreement with the United States of America Department of Justice (the "DOJ") may be adversely impacted by other legal or regulatory proceedings, individually or collectively, or other proceedings arising in the future.**

On 30 March 2015, BSI SA entered into a non-prosecution Agreement (the "BSI NPA") with the DoJ in connection with its U.S. 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 SA acknowledged culpability. BSI SA cannot exclude the possibility that other legal or regulatory proceedings such as for example, the 1MDB Matter and or the FIFA Matter or other 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 SA's business, results of operations, financial condition and reputation.

**4.37 The EFGI Group has incurred, and will continue to incur significant integration-related costs.**

The EFGI Group has, and will, incur a number of non-recurring costs associated with the integration following the acquisition. The majority of the non-recurring expenses resulting from the acquisition will be transaction costs related to the acquisition and restructuring and integration costs have been incurred in the past. However, the restructuring and integration costs that the EFGI Group incurs in connection with the transfer of former BSI business onto EFGI Group platforms may be greater than the EFGI Group has anticipated or occur over a longer period than expected.

Major components of these costs include, among other things, information technology costs relating to the implementation of additional functionalities i.e. platform enhancements, infrastructure and migration costs; and costs relating to the hiring of temporary staff and . 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, including unanticipated liabilities. While the EFGI Group expect that the elimination of duplicative costs, as well as the realisation of other efficiencies or synergies related to the integration of the businesses, should allow the EFGI Group to offset incremental transaction, acquisition and integration related costs over time, this net benefit may not be achieved in the near term, or at all.

**4.38 EFGI is a holding company, which has no direct operations other than the holding of investments in other EFGI Group companies.**

EFGI is a holding company, which has no direct operations other than the holding of investments in other EFGI Group companies and the management of these investments. Apart from EFGI's own capital resources, the only source of funds for payments under the Guarantee, will, therefore, be dividends and other payments received from its subsidiaries in the form of dividends, interest, loan repayments, swap payments or repayments of capital. The ability of each subsidiary to pay dividends or make such other payments is determined individually and in accordance with applicable law, including capital requirements to which such subsidiary is subject and any other relevant contractual restrictions.

#### **4.39 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. Various 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 EFGIF LTD'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. EFGIF LTD has issued an irrevocable financial guarantee to EFG Bank up to the maximum amount of the outstanding cash and term deposits of EFGIF LTD held with EFG Bank in case predefined subsidiaries of EFGI fail to make payments due to EFG Bank. In order to primarily secure EFGIF LTD's obligations under this financial guarantee, certain term deposits are pledged to EFG Bank.

#### **4.40 General Insolvency Risk**

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

#### **4.41 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 act and 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 (see 3.16 above). Such activities could present conflicts of interest and may affect the market value of the Products.

#### **4.42 Significance of Credit Ratings**

Access to the unsecured funding markets is dependent on the Issuer's and/or 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 their respective competitive position and could increase the cost of funding or trigger additional collateral requirements.

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).

#### **4.43 Risks relating to a Service Provider Default Event**

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 early terminate 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 exercised 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).

**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 EFGI Group will have any other obligation, contingent or otherwise, to make any payments in respect thereof.

Reference is also made to all above sections with reference to the Guarantor.

## II. GENERAL TERMS AND CONDITIONS

The following General Terms and Conditions are applicable to all Products issued under this Programme by EFG International Finance (Guernsey) Ltd ("**EFGIF LTD**") and EFG Bank AG ("**EFG Bank**") (each an "**Issuer**", together the "**Issuers**") 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.

"**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):

- (i) In relation to a Share, the basket of Shares, as specified in the Final Termsheet, subject to adjustments;
- (ii) In relation to an Index, the basket of Indices, as specified in the Final Termsheet, subject to adjustments.
- (iii) 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 and settlement procedure (including precious metals) means a day on which (i) relevant clearing systems are open and Products can be settled, (ii) relevant commercial banks are open, (iii) banks in Zurich are open, (iv) foreign exchange markets execute payments in the respective Settlement Currency and (v) 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, or (iii) any other additional clearing system that may be relevant for the Product settlement purposes.

**"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** (15) 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, and set out 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:

- (i) 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 or 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".
- (ii) 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 Successor Index Calculation Agent and published by the Publishing Party or the Publishing Third Party, subject to the provisions set forth in the section headed "Market Disruption Event".
- (iii) 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.
- (iv) 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 exercised 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 or any succeeding market thereto, as the case may be, on which futures and/or options relating to the Underlying are traded as specified in the Final Termsheet.

**"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 in case of products issued by EFG International Finance (Guernsey) Ltd. only, as specified in the Final Termsheet. For the avoidance of doubt, products issued by EFG Bank under this Programme are not subject to a Guarantee.

**"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, the Securities Account Holder itself.

**"Issuer"** means EFG International Finance (Guernsey) Ltd or EFG Bank AG, 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.

**"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.

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

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

"**Rating**" means the rating of the Issuer and/or the Guarantor (if applicable), 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"** or **"SIX Swiss Exchange AG"** means the SIX Swiss Exchange AG, Zurich, Switzerland, or its successor.

**"SIX Swiss Exchange - Structured Products"** means a trading platform/market segment for Structured Products designed and operated by SIX Swiss Exchange AG, Zurich, Switzerland or its successor.

**"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, depository 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 sent to the Investors in respect of terminating the Products and published in accordance with the General Terms and Conditions 22 ("Notices").

**"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. It 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 cannot – based on the assessment of the Issuer or its agents – 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 exercised 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 that issued the Product and the Guarantor guaranteeing the Product, if applicable, but not of the other respective other Issuer or Guarantor, if any and rank pari passu with each and all other current and future unsubordinated and unsecured obligations, save for certain obligations preferred by law, regulation, judgement order or directive of any governmental, administrative or judicial authority, of the relevant Issuer and applicable 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.

The Products are not capital protected (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:

- (i) **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*) (the "**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 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*) in the name of the intermediary and (ii) the intermediaries (*Verwahrungsstellen*) holding the Products for their own account and in their name.

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.

- (ii) **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*) (the "**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 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*) 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.

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.

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

#### **4. TRANSFER OF PRODUCTS**

Transactions in, including transfer of, the Products may only be effected in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*), i.e., 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)**") in accordance with General Terms and Conditions 8, or, if any such Early Redemption Date or 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 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,
  - 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, or
  - b. 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:

- (i) the payment of the Redemption Amount (if the Redemption Amount is a positive amount);
- (ii) 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
- (iii) 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**

(i) 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.

(ii) 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 exercised 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:

- (i) The Investor will not need to deliver an Exercise Notice or to take any other action, unless otherwise specified in the Final Termsheet; and
- (ii) 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:

- (i) specify the name and address of the Investor in respect of the Warrants being exercised;
- (ii) specify the number of Warrants of the relevant Series being exercised by the Investor (which may not be less than the Minimum Exercise Number);
- (iii) 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;
- (iv) 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;
- (v) 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;

(vi) 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

(vii) 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,

- (i) the Exercise Notice is incomplete or not in proper form; or
- (ii) 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;

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**

### **(i) 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 exercised 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.

### **(ii) 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**

### **(i) 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.

### **(ii) 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 exercised 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.

(iii) 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.*

In case of an exercised Warrant, when the relevant Company has announced a dividend and the first date when the shares are going to be traded ex-dividend on the related stock exchange is after the relevant date of exercise, but:

- (i) in case of a cash processing before or after the expiry (except if the expiry is the exercise date), then in case of a cash processing the repayment amount related to such Share will 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).
- (ii) in case of a settlement of the underlying at or before the repayment's date, then the investor, in case of delivery of underlying to which the Warrant refers, 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**

- (i) 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.

- (ii) 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 exercised 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 either cash settlement or cash settlement and/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 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:

- (i) specify the name and address of the Investor in respect of the Structured Products being redeemed;
- (ii) 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);

- (iii) 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;
- (iv) specify the account number at the relevant Clearing System to be credited with the Redemption Amount for the Structured Products being redeemed or specify the account number with the relevant Clearing System to be credited with the relevant shares or the delivery details for such shares;
- (v) 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;
- (vi) 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
- (vii) 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:

- (i) the Redemption Notice is incomplete or not in proper form; or
- (ii) 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 stating 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**

#### **(i) 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.

#### **(ii) 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**

#### **(i) Determination and Notification of the Redemption Amount**

The Calculation Agent shall determine as soon as commercially possible, in its duly exercised 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.

#### **(ii) 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)**

### **(i) 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.

### **(ii) 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 exercised 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 exercised 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.

### **(iii) 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 five (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 entitling 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.*

- (i) 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.

(ii) Rights on a Market Disruption Event

If the Calculation Agent, in its duly exercised discretion (*billiges Ermessen*), determines 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 exercised discretion (*billiges Ermessen*). The Fair Market Value of the Share shall then be determined by the Calculation Agent in its duly exercised 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.*

(i) 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).

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

If the Calculation Agent in its duly exercised discretion (*billiges Ermessen*) determines 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 exercised 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.*

(i) 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 the Futures and Options 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 the Futures and Options 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.

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

If the Calculation Agent in its duly exercised discretion (*billiges Ermessen*) determines 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 exercised 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 exercised discretion (*billiges Ermessen*).

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

If the Calculation Agent in its duly exercised discretion (*billiges Ermessen*) determines 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 exercised 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) low or the absence of 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**

- (i) 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.

- (ii) 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) has/ 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.

- (iii) 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 at the latest on the fifth (5<sup>th</sup>) 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) (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 unwinding and termination of already executed hedging transaction) on a best efforts basis, taking into account the possibility of unduly affecting the market and to consequently limiting 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 is 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 as it considers appropriate in its duly exercised discretion (*billiges Ermessen*) and in accordance with established market practice. 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 exercised discretion (*billiges Ermessen*), but in accordance with established market practice, to be appropriate to account for that diluting or concentrative effect. The Calculation Agent shall further determine, in its duly exercised discretion (*billiges Ermessen*), but in accordance with established market practice, the effective date(s) of such adjustment(s).

## 11.2 Merger Event

- (i) Following the occurrence of any Merger Event, the Issuer will, in its duly exercised discretion (*billiges Ermessen*) but in accordance with established market practice, determine whether or not the relevant Products shall continue.
- (ii) If the Issuer determines that the relevant Products shall continue, the Calculation Agent may make such adjustment, in its duly exercised 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. Any such 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.
- (iii) 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).
- (iv) 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 transfer 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 exercised 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
  - (ii) by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of 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 exercised discretion (*billiges Ermessen*) and 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 exercised discretion (*billiges Ermessen*) and 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 this 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 exercised 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 of another 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 exercised 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 exercised discretion (*billiges Ermessen*), but in accordance with established market practice, determines is the Fair Market Value to the Investor. Alternatively, the Issuer is entitled to continue the affected Products with a new underlying ("**Successor Underlying**"). The Issuer shall determine the Successor Underlying in its duly exercised discretion (*billiges Ermessen*), but in accordance with established market practice.

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

In this case the Successor Basket Component will be deemed to be the Basket Component and any reference in the General Terms and 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 11 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 11 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 change to the Conditions of the Products under these General Terms and Conditions 11.

## **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 Index Calculation Agent may substitute the Successor 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 publishes an Index**

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

The same provisions will apply in the event that the Publishing Third Party ceases publication of the Index but is replaced by another Publishing 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 method of calculation of an Index or in any other way materially modifies an Index in the event of, among others, 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 that Index by the Index so modified or by the substitute index (if any) multiplied, if need be, by a linking coefficient ensuring continuity in the evolution of the underlying index. In such event, the modified Index or the substitute index and (if necessary) the linking coefficient, will be notified to the Investors in accordance with the General Terms and Conditions 22 (Notices) within the ten (10) Business Days following the date of modification or substitution of that Index; or

- ii. apply the provisions of the General Terms and Conditions 12.4.

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:

- (i) 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 exercised 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 (7) 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 (10) 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.

- (ii) in the case of Products related to a Basket of Indices, at its option, either:
  - (a) 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
  - (b) 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 exercised 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 exercised 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 for and method of calculation as used in the calculation of such fixing level, 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 by another currency in its function as legal tender in the country or jurisdiction, or countries or jurisdictions, by the authority, institution or other body which issues such currency, by another currency or is 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 exercised 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, or order, or (iii) directive of any governmental, administrative, legislative or judicial authority or power or controlling authority or of the relevant competent market authorities or due to Increased Cost of Hedging, (iv) Hedging Disruption or (v) Increased Cost of Collateralization in case of collateralized Products, including COSI Products and (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. 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 exercised 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 exercised discretion (*billiges Ermessen*) – decide to deliver the Underlying of such Product.

In addition the Issuer has the right to terminate any Products, starting thirty (30) Business Days after the Issue Date, if there is no outstanding position of the relevant 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 the event that 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 (a "Tax Call"). 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 the 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](http://www.six-swiss-exchange.com/news/official_notices), on the relevant Termsheet on the website [www.leonteq.com](http://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](http://www.efginternational.com), and/or on the website [www.leonteq.com](http://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 that 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, if any, 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.

The Guarantor and the Issuer may at any time, without the consent of the Investors, declare that the Guarantor substitutes the Issuer as new Issuer (the "**New Issuer**") provided that the New Issuer shall assume

all obligations that the Issuer owes to the Investors or in relation to the Products. Neither the maintenance of any existing guarantees nor the appointment of a new Guarantor is required in this case.

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 in 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 the FI's (i) at a discount 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**"); 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, 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.

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. 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. 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)**

*This section applies only to Products that are issued by EFG International Finance (Guernsey) Ltd. Products that are issued by EFG Bank AG shall neither be offered nor be subject to COSI collateralization.*

#### **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 securities. 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 favour 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 effective as of 10 April 2017 ("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 Europaallee 39, 8004 Zurich, Switzerland via telephone +41 58 800 1000, fax +41 58 800 1010 or via e-mail [termsheet@leonteq.com](mailto: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](http://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 Swiss Exchange 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. The 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 Federal Act on Banks and Savings Banks, or restructuring measures or the liquidation (winding-up proceedings) under Article 25 et seq. of the 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 according to the issuing conditions of the COSI Products 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 according to the issuing conditions of the COSI Product 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 that 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 of 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 only once 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) which is irrevocable on the part of the Collateral Provider. The acquisition of a COSI Product by an Investor automatically entails the declaration vis-à-vis SIX Swiss Exchange, as described in Art. 112 paragraph 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, the Investors are bound by the provisions of the Framework Agreement, specifically the choice of Swiss law and the exclusive jurisdiction of the courts in 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 with binding effect for 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 flat-rate Fee of 0.1 percent from 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 net 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 maturity 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 rules and 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 of 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.

**11. 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.****SECONDARY LISTING**

Apart from the primary listing of the COSI Products on SIX Swiss Exchange the issuer may apply for a listing or admission to trading on one or more secondary exchanges. All aspects and events related to listing or admission to trading of the COSI Products on a secondary exchange of the COSI Product shall be disregarded under the Framework Agreement. In particular, prices of the COSI Products on secondary exchanges are not taken into consideration for the calculation of the Current Value and events which are related to a listing or admission to trading of the COSI Product on a secondary exchange, 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 listing or admission to trading of the COSI Product on a secondary exchange 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 Federal Act on Collective Investment Schemes (CISA). They do not require authorization or 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:

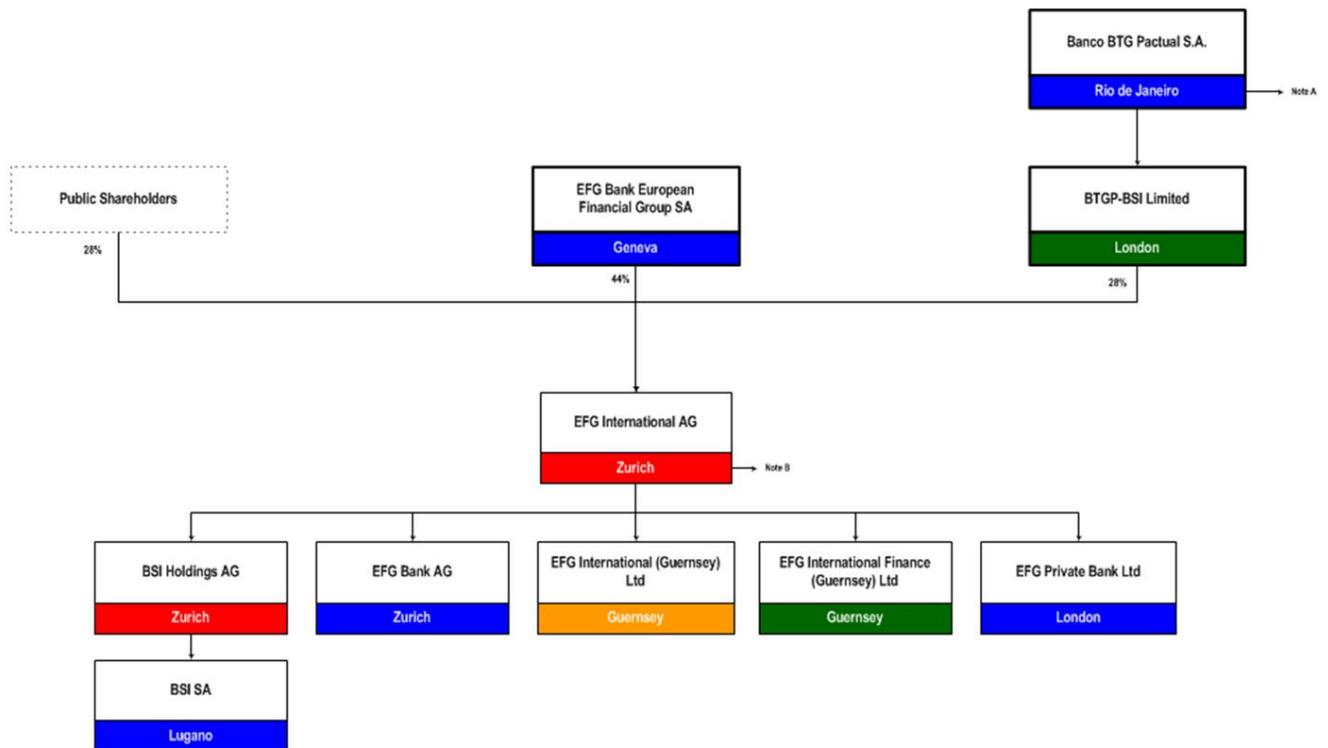
<b>Term used in this section "Collateral Secured Instruments (COSI)"</b>	<b>Corresponding Programme Definition</b>
issuer	Issuer
trading day	Exchange Business Day
maturity	Redemption, Redemption Date or Final Fixing Date
redemption	Redemption

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 EFGI GROUP

EFGIF LTD and EFG Bank are fully owned subsidiaries of EFGI. EFGI also fully owns BSI Holding AG (“BSI”). Further, EFGI's principal shareholders are 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, "EFGI Group", whose ultimate beneficiaries are Latsis family interests, and BTGP-BSI Limited which is fully owned by Banco BTG Pactual S.A., a company listed on the BOVESPA Sao Paulo Stock Exchange in Brazil.

The below chart provides a summary of EFGI Group’s holding structure (all companies are 100% controlled, unless indicated otherwise):



Note A: Listed at the B3 São Paulo Stock Exchange in Brazil  
 Note B: Listed at the SIX Swiss Exchange in Switzerland

A list of EFGI's subsidiary undertakings as at 31 December 2017 is set out in note 35 to the consolidated financial statements of EFGI the year ended 31 December 2017 incorporated by reference into this Programme<sup>1</sup>.

<sup>1</sup> By virtue of the legal integration of most of BSI's business into EFG Bank and other EFGI Group entities in 2017, BSI SA's residual business is limited and conducted under special supervision of 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 Gategny Esplanade, St Peter Port, Guernsey, Channel Islands GY1 4ND.

### **SUPERVISION**

EFG International Finance (Guernsey) Ltd. falls within the consolidated regulatory supervision of EFG International AG by the Swiss Financial Market Supervisory Authority ("FINMA") and is neither licensed nor supervised by any Guernsey authority. Neither the Guernsey Financial Services Commission ("GFSC") nor the States of Guernsey Policy Council takes any responsibility for the financial soundness of the Issuer or for the correctness of any of the statements made

### **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 Issuer is not restricted from entering into hedging transactions or hedging services with EFGI Group subsidiaries and is currently exploring the possibility to also hedge its obligations with EFGI Group subsidiaries.

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 2017**

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 2017.

## **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.

<b>Name</b>	<b>Position held</b>
Michael Rodel	Director
Kurt Haueter	Director
Stephen Richard Watts	Director
Richard Mark Burwood	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

#### 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.

#### Overview

EFG International AG is the holding company of EFGI Group, an international private banking and asset management group based in Zurich. EFGI has been listed according to the International Reporting Standard of SIX since 2005.

The EFGI Group provides a wide range of financial services and products including private banking, asset management, financial advisory, trust administration, securities brokerage and other personal financial services primarily to high net worth individuals as well as to institutional investors.

The EFGI Group operates in around 40 locations with more than 14 booking centres and has approximately 3,370 employees as at the date of this Programme.

EFGI is rated A3 (outlook stable) by Moody's Investor Services Ltd. and A (outlook negative) by Fitch as of the date of this Programme. A rating 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 organisation.

#### Significant Shareholders

1,861 shareholders were recorded in EFGI's share register as at 31 December 2017 (i.e. shareholders with voting rights) representing 81.40 per cent. (previous year: 73.68 per cent.) of the total share capital issued. The shares of unregistered shareholders amounted to 18.97 per cent. (previous year: 26.32 per cent.).

The shareholding structure of EFGI as at 31 December 2016 is shown in the table below:

	Number of registered shares	Percentage of voting rights
EFG Bank European Financial Group SA <sup>2</sup> .....	126,874,865	43.79%

<sup>2</sup> EFG Bank European Financial Group SA is controlled by the Latsis Family through several intermediate parent companies. Details about the ownership structure of the shareholder have been disclosed in a reporting of significant shareholdings to SIX on 2 November 2016.

BTGP-BSI Limited, London <sup>34</sup> .....	79,378,609	27.40%
Capital Research & Management Company, Los Angeles <sup>5</sup> .....	8,921,627	3.08%
Other Shareholders .....	74,542,167	25.73%
<b>Total</b> .....	<b>289,717,268</b>	<b>100.00%</b>

At 31 December 2017, the EFGI Group held 40,223 of its own shares (2016: 31,011) and 750 (2016: 750) Bons de Participation “B”; or approximately 0.01 per cent. of EFGI's share capital.

## 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 CROs who work under its brand, supervision and responsibility, but manage clients on their own. CROs 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 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 that can contribute to the expansion and strengthening of the client basis.

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.

The key pillars of the EFGI Group's growth strategy include:

- Focus on the current competitive strengths in the High Net Worth Individual core private banking segment;
- Strengthen existing locations as part of the enhanced global network;
- Offer an extensive range of wealth management products and services through a flexible open architecture platform and increased penetration of investment solutions;

<sup>3</sup> BTGP-BSI Limited is a wholly-owned subsidiary of Banco BTG Pactual SA, Rio de Janeiro, a bank listed on the BOVESPA São Paulo Stock Exchange in Brazil. Details about the ownership structure of the shareholder have been disclosed in a reporting of significant shareholdings to SIX on 2 November 2016.

<sup>4</sup> Including 17.7% of the EFG International registered shares that were transferred to an Escrow Agent based on an Escrow agreement between EFG International, BTGP-BSI Limited and Bratschi Wiederkehr & Buob Ltd (Escrow Agent).

<sup>5</sup> The Capital Group Companies Inc., Los Angeles, exercises the voting rights of Capital Research & Management Company, Los Angeles. Details have been disclosed in a reporting of significant shareholdings to SIX on 2 December 2016.

- Achieve differentiation through the entrepreneurial spirit of the business and the high level of experience and continuity among CROs; and
- Maintain a strong capital position and a low risk profile.

The Group offers clients a variety of services in various markets globally:

### **Principal markets**

The EFGI Group offers clients a range of investment services, in-house investment products, margin loans, mortgages 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**

Part of 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. EFG Asset Management 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. In addition EFGI Group offers six discretionary mandate lines, managed according to different management styles and with different levels of personalisation.

### **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. Furthermore, the offering is differentiated by direct access to investment specialists and additional features such as the continuous monitoring of risk parameters. 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 specialises in the efficient structuring, protection and transfer of wealth. The EFGI Group's teams of experienced wealth planners and trustees 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.

Through its own fiduciary company (EOS Servizi Fiduciari SpA) EFGI Group further offers to Italian resident clients the possibility to hold assets abroad on a fiduciary basis and benefit from a local tax agent service in compliance with Italian law. The EFGI Group through its subsidiary/ies, has custody and asset management agreements with a number of insurance companies in place, allowing clients to hold their assets through life insurance policies (wrappers). In Switzerland the EFGI Group through its subsidiary/ies offers retirement savings accounts and has an agreement with Assicurazioni Generali for the promotion of certain insurance products.

### **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 office properties, primarily in the UK and selected other jurisdictions such as, among others, Switzerland, Singapore and France. 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 favour 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.

In addition, the EFGI Group through its subsidiary/ies, offers commercial loans (including loans secured by commercial real estate) and trade financing, with credits connected to trade finance operations. Furthermore, the EFGI Group through its subsidiary/ies offers loans to municipalities in the Canton of Ticino.

### **Global Markets Division**

Through its Global Markets Division, EFGI Group executes client orders and performs sales and trading activities on foreign exchange as well as, fixed income sales. In addition the Global Markets Division manages a structured notes issuance programme.

EFGI Group's foreign exchange sales and trading business on one hand serves the private banking clients, and on the other hand corporate and institutional customers in Switzerland and northern Italy. The EFGI Group serves as a market maker in foreign exchange markets, as well as an issuer of foreign exchange related options.

EFGI Group's proprietary fixed income trading business comprises long-short fixed income trading focusing on lower rated investment grade debt and higher rated speculative debt, which the EFGI Group holds with the intention of earning revenues.

EFGI Group's internal Structured Products business includes both on and off-balance sheet issuers, and includes a wide range of payoffs and Core asset classes, including Sharia compliant Structured Products. The hedges for these Structured Products are managed by EFGI Group.

In addition 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 EFG International Finance (Guernsey), pursuant to the platform partnership with Leonteq, or by EFG Bank or other EFGI subsidiaries. In the context of platform partnership, Leonteq is responsible for the structuring and hedging aspects of the products which are issued by the EFG International Finance (Guernsey) Limited.

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. Through the EFGI Group's "Direct Market Access", direct access to the EFGI Group's trading desks is provided to a group of experienced active clients.

### **Funds**

The EFGI Group offers a range of internally managed funds, including the "New Capital" funds 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 EFG Asset Management's discretionary strategies. The EFGI Group's internal fund offering spans across the main asset classes including but not limited to specialist equities, fixed income and sophisticated multi-asset and alternative strategies (including funds of hedge funds), covering global, regional, developed and emerging markets. Most of these funds are actively managed with some not actively distributed outside of the EFGI Group. The EFGI Group purchases and advises the EFGI Group's clients on a large variety of third party products on the basis of a list of approved funds that is maintained by the EFGI Group's in-house fund selection team or on the basis of individual analysis.

### **Family office-like services**

Through its affiliate Patrimony 1873 SA, the EFGI Group offers family office-like investment services to high net-worth individuals, such as consolidated portfolio reporting and risk management.

### **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 depository 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.

### **Personal banking services**

The EFGI Group's subsidiary EFG Bank also has a product range dedicated to retail and affluent clients with assets below CHF 1 million, including investment advisory and discretionary management and an investment funds accumulation plan.

### **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 open-ended 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.

## Other services

The EFGI Group offers securities lending services and programmes to its clients. Furthermore, through a team of in-house corporate finance specialists, which are part of the EFGI Group's subsidiary/ies, EFGI Group advises entrepreneurs in relation to their company financial activities, such as company sales or purchases, capital markets operations and business valuations.

## Information on board of directors, management and auditors

### Board of Directors

The Board of Directors of EFGI (the "**Board**") is ultimately responsible for supervision of the management of EFGI. The Board of Directors sets the strategic direction of EFGI and monitors its management.

The Board comprises fourteen members, all of whom are non-executive directors. The Board of Directors of EFG Bank AG is composed of the same members as the Board. With the exception of Mr. John A. Williamson, who served as CEO of EFGI and EFG Bank until April 2015, no member of the Board held a management position in EFGI or any of its subsidiaries over the last three years.

The table below sets out the name, position held on the Board, Board committee, memberships and principal activities outside the EFGI Group for each of the current members of the Board.

Name	Position held on the Board	Board Committee Memberships	Principal activities in other EFGI Group companies and outside the EFGI Group
John Alexander Williamson	Chair	<ul style="list-style-type: none"><li>remuneration and nomination committee (member)</li><li>acquisition committee (member)</li></ul>	<ul style="list-style-type: none"><li>Member of the Board, EFG Capital Holding Corp.</li><li>Member of the Board, EFG Investment and Wealth Solutions Holding AG</li><li>Member of the Board, Association of Swiss Asset and Wealth Management Banks (VAV/ABG)</li><li>Trustee, Serious Trust</li></ul>
Niccolò Herbert Burki	Vice-Chair	<ul style="list-style-type: none"><li>remuneration and nomination committee (chair)</li></ul>	<ul style="list-style-type: none"><li>Founder of Burki Attorneys-at-Law</li><li>Member of the Swiss Bar Association, International Bar Association and International Fiscal Association</li></ul>
Susanne Brandenberger	Member	<ul style="list-style-type: none"><li>risk committee (chair)</li><li>audit committee (member)</li></ul>	<ul style="list-style-type: none"><li>Member of the Board of the association "insieme 21"</li><li>Member of the Board, Thurgauer Kantonalbank</li></ul>

Name	Position held on the Board	Board Committee Memberships	Principal activities in other EFGI Group companies and outside the EFGI Group
Emmanuel Leonard Bussetil	Member	<ul style="list-style-type: none"> <li>• acquisition committee (chair)</li> <li>• audit committee (member)</li> <li>• risk committee (member)</li> <li>• remuneration and nomination committee (member)</li> </ul>	<ul style="list-style-type: none"> <li>• Member of the Board, EFG Bank (Monaco) SAM</li> <li>• Member of the Board, European Financial Group EFG (Luxembourg) SA</li> <li>• Member of the Board, SETE Holdings Sarl, Luxembourg</li> <li>• Member of the Board, Hellinikon Global SA</li> <li>• Non-executive Director, Paneuropean Oil and Industrial Holdings SA</li> <li>• Non-executive Director, Consolidated Lamda Holdings SA. Luxembourg</li> <li>• Member of the Board Latsis Group</li> </ul>
Michael Norland Higgin	Member	<ul style="list-style-type: none"> <li>• audit committee (chair)</li> <li>• risk committee (member)</li> </ul>	<ul style="list-style-type: none"> <li>• Trustee of the London Youth Support Trust and independent member of DCMS' Audit and Risk Committee</li> <li>• Member of the Board, EFG Private Bank Ltd</li> </ul>
Spiro J. Latsis	Member		<ul style="list-style-type: none"> <li>• Chair of the Board, European Financial Group EFG (Luxembourg) SA</li> <li>• Chair of the Board, EFG Bank European Financial Group SA</li> <li>• Member of the Board, EFG Bank (Monaco)</li> <li>• Non-executive Director, Consolidated Lamda Holdings SA Luxembourg</li> <li>• Chair, Paneuropean Oil and Industrial Holdings SA</li> <li>• Honorary fellow and member of the Court of Governors of the London School of Economics</li> <li>• Member of the Board of Trustees of the Institute for Advanced Study at Princeton</li> </ul>
Freiherr Bernd-Albrecht von Maltzan	Member	<ul style="list-style-type: none"> <li>• risk committee (member)</li> <li>• acquisition committee (member)</li> <li>• remuneration and nomination committee (member)</li> </ul>	<ul style="list-style-type: none"> <li>• Member of the Advisory Board, Würth-Group</li> <li>• Member of the Advisory Board, MANNGroup</li> <li>• Member of the Supervisory Board, Sal. Oppenheim jr.&amp;Cie, AG&amp;Co KGaA</li> <li>• Member of the Finance Committee, Fritz-Thyssen Stiftung</li> <li>• Member of the Finance Committee, G.u.I. Leifheit Stiftung</li> <li>• Member of the Board, EFG Investment (Luxembourg) SA</li> <li>• Member of the Board, EFG Bank (Luxembourg) SA</li> </ul>
Périclès Petalas	Member	<ul style="list-style-type: none"> <li>• acquisition committee (member)</li> <li>• audit committee (member)</li> <li>• remuneration and nomination committee (member)</li> <li>• risk committee (member)</li> </ul>	<ul style="list-style-type: none"> <li>• Non-executive Director, European Financial Group EFG (Luxembourg) SA</li> </ul> <p>Chief Executive Officer, EFG Bank European Financial Group SA</p>
Daniel Zuberbühler	Member	<ul style="list-style-type: none"> <li>• risk committee (member)</li> <li>• audit committee (member)</li> </ul>	<ul style="list-style-type: none"> <li>• Member of the Board, Banca Popolare di Sondrio (Suisse) SA, Lugano</li> </ul>

Name	Position held on the Board	Board Committee Memberships	Principal activities in other EFGI Group companies and outside the EFGI Group
Roberto Isolani	Member	<ul style="list-style-type: none"> <li>risk committee (member)</li> </ul>	<ul style="list-style-type: none"> <li>Managing Partner, Member of the Global Management Committee and Head of International Client Coverage of BTG Pactual</li> <li>Independent Board Member and Deputy Chair of Banca Monte dei Paschi di Siena</li> <li>Board Member of ABI (Associazione Bancaria Italiana)</li> <li>Member of the Advisory Board of BT Italia S.p.A.</li> </ul>
Stephen Michael Jacobs	Member	<ul style="list-style-type: none"> <li>acquisition committee (member)</li> <li>remuneration and nomination committee (member)</li> </ul>	<ul style="list-style-type: none"> <li>Managing Partner and Head of Asset Management of BTG Pactual</li> <li>Chair of the venture capital company Vesuvium Limited, UK</li> <li>Member of the Board of Directors of BTGP-BSI Limited</li> <li>Member of the Board of Directors of BTG Pactual UK Holdco Limited</li> <li>Member of the Board of Directors of the Tick Tock Club, a charity foundation of the Great Ormond Street Hospital, UK</li> </ul>
Fong Seng Tee	Member		<ul style="list-style-type: none"> <li>Chair of EFG's Advisory Board for Asia</li> <li>Dean's Fellow in Lee Kong Chian School of Business in Singapore Management University.</li> </ul>
John Spiro Latsis	Member		<ul style="list-style-type: none"> <li>Managing Director of Gestron Services SA.</li> <li>Active member of a number of committees and Boards of Directors.</li> <li>Member of the Board of Directors of EFG European Financial Group</li> <li>Chairman of the SETE Property Committee</li> <li>Member of the Board of the La Tour Holding SA</li> <li>Member of the Council and the Finance Committee of the International Latsis Foundation</li> <li>Chair of the Foundation Board and the Investment Committee of the Independent Social Research Foundation.</li> <li>Member of the Higher Education Academy of the United Kingdom</li> </ul>
Stuart M. Robertson	Member <sup>1</sup>		<ul style="list-style-type: none"> <li>Member of the Institute of Chartered Accountants of Scotland and of the Swiss Institute of Certified Accountants and Tax Consultants</li> </ul>

<sup>1</sup>: As of 1 October 2018

No member of the Board (neither as individual nor as representative of a third party) has any significant business connection with EFGI or any of its subsidiaries.

The business address of each member of the Board is EFGI's registered office Bleicherweg 8, CH-8001 Zurich, Switzerland.

The Board consists of at least five members, who are individually elected at the general meeting of shareholders for one-year terms with the possibility of being re-elected. Furthermore, there is no limit on the numbers of terms and the term of office ends at the closure of the next annual general meeting. The tenure of all the current members of the Board will expire at the 2017 annual general meeting to be held in April 2018, at which time all directors will be subject to re-election by the shareholders, who will also elect the Chair of the Board and all members of the Remuneration and Nomination Committee individually and on an annual basis.

The Board meets as often as business requires, but at least four times a year, normally once every quarter. The Board met eleven times in 2017.

The Board has established an Audit Committee, a Risk Committee, Remuneration and Nomination Committee and an Acquisition Committee according to the terms of the internal regulations.

### **Audit Committee**

The Audit Committee is established as a committee of the Board of Directors. Its primary function is to assist the Board in fulfilling its oversight responsibilities of the EFGI Group with regard to:

- the financial and business reporting processes, including the selection and application of appropriate accounting policies;
- the integrated internal control systems for financial reporting as well as the internal controls of areas beyond financial reporting;
- EFGI Group's tax risks
- The internal and external audit processes,

The Audit Committee comprises at least three Board members (as at the date hereof: Mr. M.N. Higgin (chair), Mrs. S. Brandenberger and Messrs. E.L. Bussetil, P. Petalas and D. Zuberbühler (members)).

The Audit Committee meets at least four times a year and as often as business requires, as well as for the review of the financial statements and related reports before these are approved by the Board. Ordinary meetings typically last three to four hours and are also attended by members of the executive management responsible for areas supervised by the Audit Committee. During 2017, the Audit Committee met twelve times.

Minutes of the Audit Committee are reviewed by the Board at its ordinary meetings. In addition, the Chair of the Audit Committee provides a verbal report to the Board of Directors at its meetings.

### **Risk Committee**

The Risk Committee is the primary advisory committee of the Board of Directors on matters relating to risk and compliance. The Risk Committee proposes the risk management framework of EFGI Group and advises the Board of Directors accordingly. In addition, it monitors the risk profile and reports on the state of risk culture in the EFGI Group, and interacts with and oversees the performance of the Chief Risk Officer and the Group Risk Compliance Officer. The Risk Committee's tasks include oversight of the strategies for capital and liquidity management as well as the management of all relevant risks of the EFGI Group, such as credit, market, liquidity, operational and reputational risks, to ensure they are consistent with the stated risk appetite. It examines any situations or

circumstances giving rise to a substantial risk for the EFGI Group and has the authority to require the reduction of any position or limit or existing client relationships which it considers excessive.

The Risk Committee comprises at least three members of the Board of Directors (as at the date hereof: Mrs. S. Brandenberger (chair) and Messrs. D. Zuberbühler, E. L. Bussetil, M. N. Higgin, R. Isolani, B.-A. von Maltzan and P. Petalas (members)).

The Risk Committee meets as often as business requires but at least four times a year. Ordinary meetings typically last six to seven hours and are attended by members of the executive management responsible for risk management. During 2017, the Risk Committee met ten times.

Minutes of the Risk Committee are reviewed by the Board of Directors at its ordinary meetings. In addition, a verbal report from the Chair of the Risk Committee is given to the Board of Directors at its meetings.

### **Remuneration and Nomination Committee**

The Remuneration and Nomination Committee is established as a committee of the Board of Directors. Its primary function is to assist the Board of Directors in fulfilling its governance responsibilities, with regards to remuneration-related aspects:

- establishing the compensation strategy and the general remuneration policy of EFGI Group;
- reviewing annually the remuneration of members of the Board of Directors and the Executive Committee of EFG International and making a recommendation to the Board of Directors thereupon;
- approving annually the remuneration of all other staff of EFGI and of its subsidiaries;
- any other tasks conferred to it by the Board of Directors from time to time.

In addition, the Remuneration & Nomination Committee reviews and assesses the nomination of the new members of the Board of Directors , with regards to the following aspects:

- the composition, size and capability of the Board of Directors to adequately discharge its responsibilities and duties;
- the succession of the Board members;
- the selection criteria and processes for the identification and submission of suitable candidates to become members of the Board for election by the general meeting of shareholders;
- the external directorships and other positions held by any person being considered for the appointment to the Board or any new appointment for existing members of the Board;
- any other tasks conferred to it by the Board from time to time.

The Remuneration and Nomination Committee comprises of at least three members of the Board of Directors (as at the date hereof: Mr. N.H. Burki (chair) and Messrs. E.L. Bussetil, St. M. Jacobs P. Petalas, B.A. von Maltzan and J.A. Williamson (members)).

The Remuneration and Nomination Committee meets annually in the first quarter to review salary and variable compensation proposals. Additional meetings can be held when necessary. Meetings typically last two hours and are attended by the CEO and the Global Head of Human Resources.

During 2017, the Remuneration and Nomination Committee met eleven times.

The Minutes of the Remuneration and Nomination Committee are reviewed by the entire Board of Directors. In addition, a verbal report by the Chair of the Remuneration and Nomination Committee is given to the Board of Directors at its meetings.

### **Acquisition Committee**

The Acquisition Committee is established as a committee of the Board of Directors. Its primary function is to examine and approve or recommend to the Board of Directors all acquisitions of companies or businesses proposed by management in accordance with the acquisition policy approved by the Board of Directors. The Acquisition Committee has the authority to approve all investments with a purchase price below or equal to the threshold set in the acquisition policy (based on the Acquisition Committee's estimate at the time of acquisition in the case of transactions where the purchase price is defined in earn-out terms). Above this threshold, only the Board of Directors may approve acquisitions and the Acquisition Committee will submit a recommendation to the Board.

The Acquisition Committee comprises at least three members of the Board of Directors (as at the date hereof: Mr. E.L. Bussetil (chair) and Messrs. B.-A. von Maltzan, P. Petalas, J.A. Williamson and S.M. Jacobs have been appointed as members of the Acquisition Committee)).

The Acquisition Committee meets on an ad hoc basis throughout the year in order to review specific transactions or to receive an update from the CEO and the CFO regarding the status of negotiations with various acquisition targets. It also reviews and approves management proposals for divestments. Meetings vary in length from one to three hours and can be attended by members of the management or external advisors.

The minutes of the Acquisition Committee are reviewed by the entire Board of Directors at its meetings. In addition, a verbal report from the Chair of the Acquisition Committee is given to the Board of Directors at its meetings. During 2017, the Acquisition Committee met two times. Additionally the Acquisition Committee reviewed several transactions during 2017.

### **Executive Committee**

The Board has delegated operational management of EFGI Group to the Chief Executive Officer ("CEO") and the executive committee (the "**Executive Committee**"). Members of the Executive Committee are appointed by the Board upon recommendation of the CEO. The executive officers, under the responsibility of the CEO and the control of the Board, manage the operations of the EFGI Group pursuant to the internal regulations and report thereon to the Board on a regular basis.

The Executive Committee is responsible for the Guarantor's and the EFGI Group's overall strategy, within the respective parameters established by the Board, and is accountable for all operational and organisational matters as well as for the operating results. The Executive Committee is responsible for the day-to-day activities of the Guarantor.

The EFGI Group is organised as a single structure, reporting to the CEO respectively to the Deputy CEO & CFO. The Executive Committee comprises at least four members. Various support, service or control units report either directly to the CEO or to a member of the Executive Committee. Information concerning each of the members of the Executive Committee is set out below:

<u>Name</u>	<u>Position held</u>
Piergiorgio Pradelli	<p>Chief Executive Officer.</p> <p>Piergiorgio Pradelli was appointed CEO of EFG International and EFG Bank, effective as of 01 January 2018. He is also a member of the Board of Directors of EFG International's subsidiaries EFG Bank (Monaco) and EFG Investment and Wealth Solutions Holding AG, Zurich.</p>
Renato Cohn	<p>Deputy Chief Executive Officer and Head of Investment Solutions</p> <p>Renato Cohn holds the role of Deputy CEO for EFG International and EFG Bank AG and is Head of Investment Solutions.</p>
Dimitrios Politis	<p>Chief Financial Officer</p> <p>Dimitris Politis is the Chief Financial Officer (CFO) of EFG International and a member of the Executive Committee. In his role as CFO, his responsibilities encompass, apart from the Finance and Planning functions, the Global Treasury as well as the Investor Relations functions.</p>
Mark Bagnall	<p>Chief Technology Officer</p> <p>Mark Bagnall is the Chief Technology Officer of EFG International and EFG Bank, effective as of 15 January 2018.</p>
Adrian Kyriazi	<p>Adrian Kyriazi was appointed Regional Business Head of Continental Europe &amp; Switzerland of EFG International in July 2014 and member of EFG Bank's Executive Committee in the function as Head of Private Banking Switzerland. Since November 2016, he focuses on the activities of the Swiss business in the Romandie. He is also a member of the Board of Directors of EFG International's subsidiaries EFG Investment (Luxembourg) SA, EFG Bank (Luxembourg) SA, Asesores y Gestores Financieros SA, A&amp;G Banca Privada SA and EFG Bank (Monaco), and EFG Bank von Ernst AG (Liechtenstein).</p>
Albert Chiu	<p>Head of Asia Region</p> <p>Albert Chiu was appointed Head of Asia Region of EFG International and EFG Bank in June 2016. Since July 2015 he was attendee of the Executive Committee. Mr. Chiu is Chief Executive of EFG Bank's Asia Pacific Region. Mr. Chiu joined EFG Bank in 2000 and established EFG Bank's Private Banking activities in Asia (with branches in Hong Kong and Singapore).</p>
Sir Anthony Cooke-Yarborough	<p>Head of UK Region</p> <p>Sir Anthony Cooke-Yarborough was appointed Head of UK Region of EFG International in June 2016. Since July 2015 he was attendee of the Executive Committee. Sir Cooke-Yarborough is a member of the Board of Directors and CEO of EFG Private Bank Ltd, London, EFG International's wholly owned subsidiary in</p>

United Kingdom. He is also a member of the Board of Directors of EFG International's subsidiaries EFG Private Bank (Channel Islands) Ltd, Guernsey, and EFG Asset Management (UK) Ltd, London

Maurizio Moranzoni

Head of Capital Markets

Maurizio Moranzoni is Head of Global Markets of EFG International and EFG Bank, effective as of 31 October 2016.

Previously, he served as member of the Group Executive Board of BSI SA, and he has been responsible for the Capital Markets Division since 2015.

Marcelo Coscarelli

Head of Latin America Region

Marcelo Coscarelli was appointed Head of Americas Region and a Member of the Executive Committee of EFGI, effective as of 1 January 2017.

Vittorio Ferrario

Group Chief Compliance Officer

Vittorio Ferrario is Group Chief Compliance Officer and a member of the Executive Committee of EFG International, effective 1 August 2017. Vittorio Ferrario joined EFG in May 2014 as Group Chief Compliance Officer. As EFG representative, he acted as a member of the Group Executive Board of BSI Bank from November 2016 until April 2017 during the merger process of EFG with BSI

Christian Flemming

Chief Operating Officer

Christian Flemming is the Chief Operating Officer (COO) of EFG International and a member of the Executive Committee, effective 15 January 2018. In his role as COO, his responsibilities encompass the bank's overall Operations functions and further improving EFG's efficiency as well as the continuous development of the bank's servicing platform

Thomas A. Mueller

Chief Risk Officer

Thomas A. Mueller was appointed Chief Risk Officer of EFG International and EFG Bank and member of the Executive Committee, effective as of 01 January 2018. In his role he is responsible for the Risk and Regulatory Affairs functions and report directly to the CEO.

Franco Polloni

Head of Central Switzerland, Ticino and Italy Region

Franco Polloni is Head of Central Switzerland, Ticino & Italy Region and a Member of the Executive Committee of EFG International, effective, May 2017

The business address of each member of the Executive Committee of the Guarantor is the Guarantor's registered office Bleicherweg 8, CH-8001 Zurich, Switzerland.

There are no external mandates and vested interests of any members of the Executive Committee other than in the biographies above.

## **Corporate Governance**

EFGI fully adheres to the principles set out in the Swiss Code of Best Practice, including its appendix stipulating recommendations on the process for setting compensation for the Board and the Executive Committee.

## **Statutory Auditors**

PricewaterhouseCoopers Ltd, Geneva, were appointed as statutory auditors and group auditors of EFGI for the first time on 8 September 2005, when EFGI was incorporated and has been reelected annually since then. Mr. Christophe Kratzer took up office as audit partner in charge on 24 April 2015.

PricewaterhouseCoopers Ltd is a member of EXPERTsuisse – Swiss Expert Association for Audit, Tax and Fiduciary.

The shareholders must confirm the appointment of the auditors on an annual basis at the general meeting.

## **Share Capital**

### **Issued Share Capital**

As at 31 December 2017 EFGI had fully paid and issued share capital of CHF 144,858,634 comprising 289,717,268 registered shares with a nominal value of CHF 0.50 each (the "**Ordinary Shares**").

EFGI is and has been a publicly held corporation since its initial public offering in October 2005. Its registered shares are listed and traded pursuant to the International Reporting Standard on SIX since 7 October 2005 under the ticker symbol "EFGN" (security no. 002226822; ISIN CH0022268228).

### **Conditional Share Capital**

The share capital may be increased by a maximum of CHF 5,431,158 by issuing up to 10,862,316 fully paid up registered shares with a face value of CHF 0.50 each through the exercise of option rights granted to officers and employees at all levels of EFGI and its group companies. The preferential subscription rights of the shareholders and participants are excluded in favor of the holders of the option rights.

The share capital may be increased by a maximum of CHF 10,000,000 by issuing up to 20,000,000 fully paid up registered shares with a face value of CHF 0.50 each through the exercise of conversion and/or option rights granted in connection with the issuance of newly issued convertible debentures with option rights or other financing instruments by EFGI or one of its group companies.

The preferential subscription rights of the shareholders and participants are excluded in favor of the holders of the conversion and/or option rights.

### **Authorised Share Capital**

The Board of Directors is authorised, at any time until 27 April 2020, to increase the share capital by a maximum of CHF 25,000,000 by issuing up to 500,000,000 fully paid up registered shares with a face value of CHF 0.50 each. Increases by firm underwriting, partial increases, as well as increases by way of conversion of own free funds are permitted.

## **Participation Certificates and Profit Sharing Certificates**

As at 31 December 2017 EFGI had 13,382 registered preferred participation certificates category B (Vorzugsnamenpartizipationsscheine Kategorie B) with a nominal value of CHF 15 each and a total amount of CHF 200,730 outstanding ("**Class B Bons de Participation**"). The Class B Bons de Participation have been issued to Banque de Luxembourg as fiduciary in connection with the initial issue by Banque de Luxembourg of the EUR 400 million EFG Fiduciary Certificates on 14 November 2004 and 17 January 2005. The preference rights attached to the Class B Bons de Participation consist of preferential dividend and liquidation rights, as mainly set out in article 13 of the articles of association of EFGI. The preferential dividend rights are expressed to remain at all times at the full discretion of the general meeting of shareholders.

EFGI has no profit sharing certificates (*Genussscheine*) outstanding.

## **Legal Information**

EFGI was incorporated as a corporation (*Aktiengesellschaft*) with unlimited duration according to Art. 620 et seq. of the Swiss Code of Obligations under the name "EFG International" and registered in the Register of Commerce in Zurich on 8 September 2005 under the register number (CH-020.3.028.719-1). As of 7 May 2008, it changed its name to "EFG International AG". Its registered and principal office is located at Bleicherweg 8, CH-8001, Zurich, Switzerland; its telephone number is +41 44 226 1850.

The Company publishes financial information and press releases in the electronic media and on its website at <http://www.efginternational.com>. Notices in respect to the Notes are published in accordance with Condition 13 of the Conditions.

## **Business Purpose**

Article 2 of the articles of association of EFGI dated 13 March 2017 states:

*"The purpose of the company 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. The company has the power to establish new businesses, acquire a majority or minority interest in existing businesses and provide related financing."*

## **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 largest shareholder is EFG Bank European Financial Group SA, Geneva (the latter, together with its subsidiaries forming the "**EFG 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, EFG 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.

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**

EFGI Group is involved in various legal and arbitration proceedings in the normal course of its business operations. The Group establishes provisions (see note 45 of the EFGI Group's 2017 audited consolidated financial statements) 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 reliably estimated.

The following contingent liabilities that management is aware of are related to legal proceedings which could have a material effect on the EFGI Group. However, based on presently available information and assessments, the EFGI Group currently does not expect that any of these contingent liabilities will result in material provisions or other liabilities.

The EFGI Group is engaged in certain litigation proceedings mentioned below and is vigorously defending the cases. The EFGI Group believes it has strong defences to the claims. The EFGI Group does not expect the ultimate resolution of any of the below mentioned proceedings to which the EFGI Group is party to have a significantly adverse effect on its financial position.

- (i.) Several entities in EFGI Group have been named as defendants in lawsuits by the liquidators of Fairfield Sentry Ltd. and Fairfield Sigma Ltd. in the US Bankruptcy Court for the Southern District of New York and in the High Court of Justice of the British Virgin Islands, asserting that redemption payments received by the EFGI Group entities on behalf of clients should be returned to Fairfield Sentry Ltd. and Fairfield Sigma Ltd. The amount claimed is uncertain, but the EFGI Group believes the amount claimed is approximately USD 217 million. The EFGI Group entities have obtained a complete and final dismissal of the lawsuits in the British Virgin Islands. They keep vigorously defending the lawsuits in New York and believe they have strong defences to the claims.
- (ii.) The Trustee of Bernard L. Madoff Investment Securities LLC (“**BLMIS**”) has filed a complaint in the US Bankruptcy Court for the Southern District of New York (“**SDNY**”) asserting that redemption payments totalling USD 411 million allegedly received by certain EFGI Group entities on behalf of clients through Fairfield and Kingate feeder funds should be returned to BLMIS. This action includes the redemptions claimed by the Fairfield liquidators (see previous paragraph). The EFGI Group entities are vigorously defending the cases and believe they have strong defences to the claims. The EFGI Group entities have obtained a complete dismissal of the Madoff action in the SDNY, which is now subject to appeal by BLMIS.
- (iii.) The EFGI Group is engaged in litigation proceedings initiated by a client claiming that he has been misled insofar as he thought that his investments were capital protected, that the agreed investment strategy has not been followed and that unauthorised transactions were performed. The amount claimed is approximately EUR 49 million plus interest. The EFGI Group entities are vigorously defending the cases and believe they have strong defences to the claims.
- (iv.) Various claims have been made against the EFGI Group in several jurisdictions for approximately USD 28 million, which the EFGI Group is vigorously defending. These proceedings relate to alleged mismanagement practices by a party unrelated to the EFGI Group, who was a former investment manager of a fund for which the EFGI Group acted as the administrator and custodian. 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. In return the EFGI Group has filed a claim against the investment manager. The EFGI Group strongly believes that there has been no wrongdoing on its part and that it has strong defences to the claims.

- (v.) The EFGI Group has been named as a co-defendant in litigation brought against certain individuals who have allegedly diverted approximately CAD 127 million from their employer for their own benefit. The plaintiffs allege that an employee of the EFGI Group acted on behalf of the alleged fraudsters and executed numerous potentially fraudulent transactions while being fully aware of the wrongdoings, and by doing so participated in causing damage to the plaintiffs. The plaintiffs also claim approximately CAD 13 million as compensation for incurred for reputational damage. The EFGI Group is vigorously defending the case and believes it has strong defences to the claims.
- (vi.) The EFGI Group is defending against a civil claim by a client who alleges that due to a breach of duties in providing investment management services by the EFGI Group, he suffered losses on one of his accounts ranging from USD 2 million to USD 11 million. The EFGI Group is vigorously defending the case and believes it has strong defences to the claims.
- (vii.) The liquidator of an investment company has brought a claim against the EFGI Group in the Commercial Court of Paris. The liquidator alleges that the EFGI Group is liable for processing a specific transfer of USD 50 million. The EFGI Group is vigorously defending against the claim and believes it has strong defences to the claim.
- (viii.) Clients have brought legal claims against the EFGI Group for CHF 13.6 million, alleging that the EFGI Group performed investments without a formal authorisation. The EFGI Group is vigorously defending against these claims and believes it has strong defences to the claims.
- (ix.) EFGI Group (through the acquisition of BSI) is the 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. The claimants in the civil proceedings claim that the EFGI Group was aware of the embezzlement scheme and the EFGI Group, 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. The EFGI Group is vigorously defending against the claim and believes it has strong defences to the claims. The EFGI Group is entitled to indemnification against any loss that may arise from these matters from the seller of the former BSI group.
- (x.) The EFGI Group (through the acquisition of BSI) is the counter-party in a share transaction brought a claim against the EFGI Group for CHF 90 million related to a shareholders agreement, where the EFGI Group sold their minority holding in a company that was also a supplier of services to the EFGI Group. The buyer of the minority holding has brought a claim for losses allegedly suffered from the EFGI Group terminating its contract with that supplier. The EFGI Group is vigorously defending against the claim and believes it has strong defences to the claim. The EFGI Group is entitled to indemnification against any loss that may arise from this claim from the seller of the former BSI group.
- (xi.) The EFGI Group has extended a loan of USD 193.8 million to an affiliate of a Taiwanese insurance company which was placed in receivership in 2014. With the early adoption of IFRS 9, the EFGI Group has assessed this loan as a Stage 3 loan and calculated an expected credit loss on this exposure which is explained in detail in note 5 of the EFGI Group's 2017 audited consolidated financial statements.

The following contingent liabilities (that arose through the acquisition of BSI) that EFGI's management is aware of, could have a material effect on the Group. However, based on presently available information and assessments, the Group is not able to reliably measure the possible obligation. The Group is entitled to indemnification against losses that may arise from these matters listed below from the seller of the former BSI group (see note 36 of the EFGI

Group's 2017 audited consolidated financial statements).

- (i.) The U.S. Department of Justice (“**DoJ**”) and the Office of the Attorney General in Switzerland are currently conducting criminal investigations into money laundering allegations involving 1 Malaysia Development Berhad (1MDB), a sovereign wealth fund owned by the government of Malaysia. Certain 1MDB-related accounts were opened and maintained by the Group and they are currently under review. DoJ has issued requests for assistance to the Swiss authorities in obtaining information for some of the 1MDB-related accounts. The US and Swiss authorities are also investigating whether the Group and other financial institutions complied with their anti-money laundering obligations in connection with the 1MDB-related accounts. The Group is cooperating fully with the Swiss and US authorities in these ongoing investigations.
- (ii.) In 2015, the US Attorney’s Office for the Eastern District of New York and the Office of the Attorney General in Switzerland initiated criminal investigations into bribery and money-laundering allegations involving officials of Fédération Internationale de Football Association (“**FIFA**”) and its member associations and related parties. Certain FIFA-related accounts were opened and maintained by the Group and they are currently under review. The DoJ has issued requests for assistance to the Swiss authorities in obtaining information for some of the FIFA-related accounts. The US and Swiss authorities are also investigating whether the Group and other financial institutions complied with their anti-money laundering obligations in connection with the FIFA-related accounts. The Group is cooperating fully with the Swiss and US authorities in these ongoing investigations.

#### **MATERIAL CHANGES SINCE DECEMBER 2017**

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 2017.

In the context of today’s Annual General Meeting on 27 April 2018, EFG International provided an update on its business performance. In terms of Net New Assets, EFG registered an improving trend on a year-to-date basis and saw underlying net inflows within its targeted annualised growth rate of 3 to 6%, albeit at the lower end. This growth was achieved with positive contributions from all businesses and regions with the exception of Central Switzerland, Ticino & Italy, while Revenue Generating AuM attrition levels were within previously given guidance. Overall net asset inflows were positive, offsetting year-to-date market and foreign exchange impacts, leading to an increase in Revenue Generating AuM to approximately CHF 143 billion, compared to CHF 142 billion at end 2017. In the first quarter of 2018, EFG continued to reduce its underlying cost base and to realise its targeted cost synergies of CHF 240 million by 2019, following the data migration to a single IT platform. Restructuring costs were substantially lower than in the same period last year and are expected to remain within the previously given guidance. Overall revenues reflected the lower average assets under management in the first quarter and impacts from non-underlying items. EFG International maintained its strong capital position. At the end of the first quarter of 2018, the Swiss GAAP Common Equity Ratio (CET1) stood at 17.4% and the Total Capital Ratio at 21.0%. In light of its strong capital position, EFG has decided, subject to compliance with statutory filing requirements and regulatory clearance, to repurchase shares from the market to fund its restricted stock units relating to its employee incentive plans. In the next twelve months, EFG plans to purchase up to 6,000,000 ordinary shares, which represents approximately 2.1% of the current total outstanding share capital. The repurchase of shares will offset the annual shareholder dilution, which has resulted in previous years from the issuance of shares from conditional capital in connection with the incentive plans.

On 27 April 2018, at the annual general meeting, EFG International’s shareholders also approved the payment of a dividend by way of a distribution out of reserves from capital contributions of CHF 0.25 per share (free of Swiss withholding tax). This is unchanged from the dividend distributed in the prior year.

John A. Williamson was re-elected as Chair of the Board of Directors for another one-year term of office. All other members of the Board of Directors – Susanne Brandenberger, Niccolò H. Burki, Emmanuel L. Bussetil, Michael N. Higgin, Roberto Isolani, Steven M. Jacobs, Spiro J. Latsis, Bernd A. von Maltzan, Périclès Petalas and Daniel Zuberbühler – were also re-elected. In addition, Fong Seng Tee, John Spiro Latsis and Stuart M. Robertson were elected as new members of the Board of Directors until the next annual general meeting. The election of Fong Seng Tee and John Spiro Latsis is thereby effective as of 27 April 2018 and the election of Stuart M. Robertson is effective as of 01 October 2018.

Among other items, further proposals by the Board of Directors that were approved by the annual general meeting included:

- The re-election of all current members of the Remuneration & Nomination Committee for a one year term of office
- The increase of conditional capital in connection with the company's equity incentive plans and the corresponding amendment to EFG International's articles of association
- The discharge of the members of the Board of Directors and the Executive Committee
- The compensation of the Board of Directors and the Executive Committee
- The further amendments of the articles of association as proposed by the Board of Directors
- The re-election of the auditors and the independent proxy

#### **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 <https://www.efginternational.com/About-EFG/Investor-relations/Financial-reports.html>):

- (i) the Annual Report 2016 of EFG International AG, as of 31 December 2016
- (ii) the Annual Report 2017 of EFG International AG, as of 31 December 2017

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

<b>Name</b>	<b>Position held</b>
John A. Williamson	Chairman of the board
Niccolo H. Burki	Vice-Chairman of the board
Susanne Brandenberger	Member of the board
Emmanuel L. Bussetil	Member of the board
Michael Norland Higgin	Member of the board
Roberto Isolani	Member of the board
Steven M. Jacobs	Member of the board
Spiro J. Latsis	Member of the board
Pericles-Paul Petalas	Member of the board
Bernd-A. Freiherr von Maltzan	Member of the board
Daniel Zuberbühler	Member of the board
Fong Seng Tee	Member of the Board
John Spiro Latsis	Member of the Board
Stuart M. Robertson	Member of the Board <sup>1</sup>

<sup>1</sup> As of October 1 2018

The executive committee currently comprises thirteen executive officers:

<b>Name</b>	<b>Position held</b>
Piergiorgio Pradelli	Chief Executive Officer
Renato Cohn	Head of Investment Solutions and Deputy CEO
Dimitrios Politis	Chief Financial Officer
Mark Bagnall	Chief Technology Officer
Christian Flemming	Chief Operating Officer
Adrian Kyriazi	Head of Romandie & Continental Europe Region
Albert Chiu	Head of Asia Region
Thomas Müller	Chief Risk Officer
Marcelo Coscarelli	Head of Latin America Region

### **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, Lugano, 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 28 April 2017 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**

Part of 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. EFG Asset Management 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. In addition EFGI Group offers six discretionary mandate lines, managed according to different management styles and with different levels of personalisation.

#### **Advisory solutions**

The 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. Furthermore, the offering is differentiated by direct access to investment specialists and additional features such as the continuous monitoring of risk parameters. 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 EFGI Group's in-house team of research specialists.

#### **Wealth solutions**

As wealth solutions providers, the Group specialises in the efficient structuring, protection and transfer of wealth. The EFGI Group's teams of experienced wealth planners and trustees 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.

The EFGI Group through its subsidiaries, has custody and asset management agreements with a number of insurance companies in place, allowing clients to hold their assets through life insurance policies (wrappers). In Switzerland the Group through its subsidiary offers retirement savings accounts and has an agreement with Assicurazioni Generali for the promotion of certain insurance products.

## **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. As part of the Group's ancillary financing solutions, the Group also issues bank guarantees on behalf of the EFGI Group's clients in favour 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.

In addition, the Group, offers commercial loans (including loans secured by commercial real estate) and trade financing, with credits connected to trade finance operations. Furthermore, the Group offers loans to municipalities in the Canton of Ticino.

## **Global Markets Division**

Through its Global Markets Division, the Group executes client orders and performs sales and trading activities on foreign exchange as well as, fixed income sales. In addition the Global Markets Division manages a structured notes issuance programme.

The Group's foreign exchange sales and trading business on one hand serves the private banking clients, and on the other hand corporate and institutional customers in Switzerland and northern Italy. The Group serves as a market maker in foreign exchange markets, as well as an issuer of foreign exchange related options.

The Group's proprietary fixed income trading business comprises long-short fixed income trading focusing on lower rated investment grade debt and higher rated speculative debt, which the EFGI Group holds with the intention of earning revenues.

The Group's internal structured products business includes both on and off-balance sheet issuers, and includes a wide range of payoffs and core asset classes, including Sharia compliant structured products. The hedges for these structured products are managed by the Group.

The 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. Through the Group's "Direct Market Access", direct access to the Group's trading desks is provided to a group of experienced active clients.

## **Funds**

The EFGI Group offers a range of internally managed funds, including the "New Capital" funds 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 EFG Asset Management's discretionary strategies. The Group's internal fund offering spans across the main asset classes including but not limited to specialist equities, fixed income and sophisticated multi-asset and alternative strategies (including funds of hedge funds), covering global, regional, developed and emerging markets. Most of these funds are actively managed with some not actively distributed outside of the EFGI Group. The Group purchases and advises the Group's clients on a large variety of third party products on the basis of a list of approved funds that is maintained by the EFGI Group's in-house fund selection team or on the basis of individual analysis.

## **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 depository 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 generates safekeeping fees in respect of securities that are held on behalf of the Group's clients. In addition, the general fees for managing discretionary portfolios 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.

## **Personal banking services**

The Group also has a product range dedicated to retail and affluent clients with assets below CHF 1 million, including investment advisory and discretionary management and an investment funds accumulation plan.

## **Ancillary banking services**

The Group also offers a traditional range of ancillary banking services, including payment facilities and safe deposit boxes.

## **Other services**

The Group offers securities lending services and programmes to its clients.

Furthermore, through a team of in-house corporate finance specialists, which are part of the EFGI Group's subsidiaries, the Group advises entrepreneurs in relation to their company financial activities, such as company sales or purchases, capital markets operations and business valuations.

## **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 2017**

Reference is made to the section "Material Changes since December 2017" 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 the 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 2016 of EFG Bank AG as of 31 December 2016
- (ii) the Annual Report 2017 of EFG Bank AG as of 31 December 2017

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.

*This Guarantee applies only to Products that are issued by EFG International Finance (Guernsey) Ltd. under this Programme and guaranteed by **EFG International AG**, as specified in the respective Final Termsheet.*

## **VIII. GUARANTEE OF EFG INTERNATIONAL AG**

### **Guarantee Agreement**

(the "**Guarantee**")

entered into as of 31 May 2018

effective as of 31 May 2018

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**")

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,

(the "**Issuer**").

## WHEREAS

- (A) EFG International Finance (Guernsey) Ltd (“EFGIF LTD”) may from time to time issue warrants, structured products and other derivatives in certified, securitized or uncertificated form (the “**Products**”) under the terms of its Issuance and Offering Programme dated 31 May 2018 as amended from time to time (the “**Programme**”) and as supplemented by the relevant final terms and conditions as set out in the Final Termsheet 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 EFGIF LTD'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 EFGIF LTD 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 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 EFGIF LTD is entitled (provided that the Guarantor shall retain its own rights of objection and defense arising from the Product Documentation as regards its function as a Guarantor and the Guarantee), EFGIF LTD's obligations in accordance with the terms and conditions of the Programme and the respective Products which are issued under this Programme and guaranteed by the Guarantor, 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 EFGIF LTD under the Programme dated 31 May 2018, 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 EFGIF LTD 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 31 May 2018 and effective as of 31 May 2018

**EFG INTERNATIONAL AG**

By: \_\_\_\_\_ By: \_\_\_\_\_

**EFG INTERNATIONAL FINANCE (GUERNSEY) LTD**

By: \_\_\_\_\_ By: \_\_\_\_\_

*This Guarantee applies only to Products that are issued by EFG International Finance (Guernsey) Ltd. under this Programme and guaranteed by **EFG Bank AG**, as specified in the respective Final Termsheet.*

## **IX. GUARANTEE OF EFG BANK AG**

### **Guarantee Agreement**

(the "**Guarantee**")

entered into as of 31 May 2018

effective as of 31 May 2018

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**")

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,

(the "**Issuer**").

## WHEREAS

- (A) EFG International Finance (Guernsey) Ltd (“**EFGIF LTD**”) may from time to time issue warrants, structured products and other derivatives in certified, securitized or uncertificated form (the “**Products**”) under the terms of its Issuance and Offering Programme dated 31 May 2018, as amended from time to time (the “**Programme**”) and as supplemented by the relevant final terms and conditions as set out in the Final Termsheet 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 EFGIF LTD'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 EFGIF LTD 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 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 EFGIF LTD is entitled (provided that the Guarantor shall retain its own rights of objection and defense arising from the Product Documentation as regards its function as a Guarantor and the Guarantee), EFGIF LTD's obligations in accordance with the terms and conditions of the Programme and the respective Products which are issued under this Programme and guaranteed by the Guarantor, 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 respective 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, at its own 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 EFGIF LTD under the Programme dated 31 May 2018, 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 EFGIF LTD 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 31 May and effective as of 31 May 2018

**EFG BANK AG**

By: \_\_\_\_\_ By: \_\_\_\_\_

**EFG INTERNATIONAL FINANCE (GUERNSEY) LTD**

By: \_\_\_\_\_ By: \_\_\_\_\_

## X. 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 Termsheet contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such programme or Final Termsheet, 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.

The Products must not be offered, sold or otherwise made available to any retail investor within the meaning of the Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") in the EEA if a key information document is required by the PRIIPs Regulation for offering or selling the Products or otherwise making them available to retail investors in the EEA and no such document has been prepared. Therefore offering or selling the Products or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

#### **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 (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, and each further financial intermediary appointed under the Programme and each other dealer will be required to represent and agree, that it has not offered or sold, promoted, advertised or delivered and will not offer or sell, promote, advertise or deliver any Products to the public in the Republic of Italy, and that such activities concerning the Products shall be effected towards the public in the Republic of Italy 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 be distributed or made available in the Republic of Italy except:

- (i) if it is specified within the relevant Final Termsheet that a non-exempt offer may be made in the Republic of Italy pursuant to this Programme, provided that such prospectus has been (i) approved in another Relevant Member State and notified to CONSOB, and (ii) completed by the Final Termsheet (if applicable) expressly contemplating such non-exempt offer, in the twelve months period of validity of the Programme commencing on the date of its approval, in accordance with the Prospectus Directive, as implemented in the Republic of Italy under the Italian Legislative Decree No. 58 of 24th February, 1998 as amended from time to time ("**Italian Financial Services Act**") and CONSOB Regulation No. 11971 of 14th May, 1999, as amended from time to time ("**CONSOB Regulation No. 11971/1999**");
- (ii) to "**Qualified Investors**" (*investitori qualificati*), as defined under Article 100 of the Italian Financial Services Act, as implemented by Article 34-ter, paragraph 1, letter b), of CONSOB 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
- (iii) in other circumstances which are expressly exempted from the rules on public offering pursuant to the Italian Financial Services Act and its implementing CONSOB Regulations, including 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 under (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190/2007, as amended, and Legislative Decree No. 385 of 1 September 1993, as amended; and
- (ii) in compliance with any other applicable laws and regulations.

### *Provisions relating to the secondary market in Republic of Italy*

Investors should also note that, in accordance with Article 100-bis of the Italian Financial Services Act:

- (i) if any of the Products have been initially placed pursuant to an exemption to publish a prospectus, the subsequent distribution of such Products on the secondary market in Italy which is not carried out under an

exemption pursuant to (b) or (c) above must be made in compliance with the rules on offer of securities to the public provided under the Italian Financial Services Act and CONSOB Regulation No. 11971;

- (ii) if any of the Products which have been initially placed with Qualified Investors in Italy or abroad which are then systematically resold to non-Qualified Investors in the 12 months following the placement, such resale would qualify as an offer of securities to the public if no exemption under (c) above applies. Where this occurs, if a prospectus compliant with the Prospectus Directive has not been published, the purchasers of such Products (who are acting outside of the course of their business or profession) may be entitled to obtain that the resale is declared null and void and the authorised entities ("*soggetti abilitati*" as defined in the Italian Financial Services Act) transferring the Products may be held liable for any damages suffered by the purchasers; and
- (iii) any intermediary subsequently reselling the Products is entitled to rely upon the prospectus published by the issuer or the person responsible for drawing up a prospectus as long as this is valid, duly supplemented in accordance with the Italian Financial Services Act and CONSOB Regulation No. 11971 and provided that the issuer or the person responsible for drawing up a prospectus gives its written consent to its use.

### **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

- (i) 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
- (ii) 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.

## **XI. 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. 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 advisors 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**

The following discussion is a summary of certain material Swiss tax considerations based on the legislation, regulations, rulings and decisions as of the date of this Programme. It does not aim to be a comprehensive description of all the Swiss tax considerations that may be relevant for a decision to invest in Products. The tax treatment for each investor depends on the particular situation. All Potential Investors and Investors are advised to consult with their professional tax advisors as to the respective Swiss tax consequences of the purchase, ownership, disposition, lapse, 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. These specific types 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 EFG International Finance (Guernsey) Ltd

All payments by EFGIF LTD, of interest on, and repayment of principal of, the Products will be made without deduction of Swiss federal withholding tax, provided the EFGIF LTD is at all times tax resident outside Switzerland and the proceeds of the Products will be used outside of Switzerland unless use in Switzerland is permitted under Swiss tax laws in force from time to time without payments in respect of interest due in connection with the Products becoming subject to withholding or deduction for Swiss federal withholding tax as a consequence of such use of proceeds in Switzerland (all as interpreted by the Swiss tax authorities).

Products issued by EFG Bank AG

Payments of interest (including original issue discount, repayment premium or interest accrued upon redemption) by EFG Bank in respect of Products issued by it will be subject to 35% Swiss federal withholding tax. An Investor of a Product issued by EFG Bank who resides in Switzerland or holds the Product through a permanent establishment in Switzerland, and who, at the time the payment of interest is due, is the beneficial recipient of the payment of interest and, in the case of an Investor who is an individual duly reports the gross payment of interest in his or her tax return, or, in the case of an Investor who is a legal entity or an individual required to keep accounting books includes such payment as earnings in the income statement, is entitled to claim a full refund of, a full tax credit for the Swiss federal withholding tax. An Investor of a such a Product who does not reside in Switzerland and does not hold the Product through a permanent establishment in Switzerland may be able to claim a full or partial refund of the Swiss federal withholding tax by virtue of the provisions of an applicable double taxation treaty, if any, between Switzerland and the country of residence of such Investor.

Potential new Swiss withholding tax legislation

On November 4, 2015, the Swiss Federal Council announced that it had mandated the Swiss Federal Finance Department to appoint a group of experts to prepare a proposal for reform of the Swiss federal withholding tax system. The proposal is expected to, among other things, replace the current debtor-based regime applicable to interest payments with a paying agent-based regime for Swiss federal withholding tax. This paying agent-based regime is expected to be similar to the one contemplated in the draft legislation published by the Swiss Federal Council on December 17, 2014, which was subsequently withdrawn on June 24, 2015.

If this legislation or similar legislation were enacted at some point and a payment in respect of a Product were to be made or collected through Switzerland and an amount of, or in respect of, Swiss federal withholding tax were to be deducted or withheld from that payment, neither the Issuer nor any paying agent nor any other person would pursuant to the General Terms and Conditions of the Products be obliged to pay additional amounts with respect to any Products as a result of the deduction or imposition of such withholding tax.

## 2.3 Income Taxation on principal or interest

### Products Held by Non-Swiss Resident Investors

Payments by the Issuer or the Guarantor of interest and repayment of principal to, and gain realized on the sale or redemption of Products by, an Investor of Products who is not a resident of Switzerland and who during the relevant taxation year has not engaged in a trade or business through a permanent establishment or a fixed place of business in Switzerland to which the Products are attributable and who is not subject to income taxation in Switzerland for any other reason will not be subject to any Swiss federal, cantonal or communal income tax.

### Products Held by Swiss Resident Investors as Private Assets

Products without a “predominant one-time interest payment”: An individual Investor who resides in Switzerland and privately holds a Product the yield-to-maturity of which predominantly derives from periodic interest payments and not from a one-time- interest-payment such as an original issue discount or a repayment premium, is required to include all payments of interest received on such Product in his or her personal income tax return for the relevant tax period and is taxable on the net taxable income (including the payment of interest on the Product) for such tax period at the then prevailing tax rates.

Products with a “predominant one-time interest payment”: An individual Investor who resides in Switzerland and privately holds a Product the yield-to-maturity of which predominantly derives from a one-time-interest payment such as an original issue discount or a repayment premium and not from periodic interest payments, is required to include in his or her personal income tax return for the relevant tax period any periodic interest payments received on the Product and, in addition, any amount equal to the difference between the value of the Product at redemption or sale, as applicable, and the value of the Product at issuance or secondary market purchase, as applicable, realized on the sale or redemption of such Product, and converted into Swiss Francs at the exchange rate prevailing at the time of sale or redemption, issuance or purchase, respectively, and will be taxable on any net taxable income (including such amounts) for the relevant tax period. An Investor of a Product may offset any value decrease realized by him or her on such a Product on sale or redemption against any gains (including periodic interest payments) realized by him or her within the same taxation period on the sale or redemption of other debt securities with a predominant one-time interest payment.

Capital gains and losses: Swiss resident individuals who sell or otherwise dispose of privately held Products realize either a tax-free private capital gain or a non-tax-deductible capital loss. See the preceding paragraph for an overview of the tax treatment of a gain or a loss realized on Products with a “predominant one-time interest payment”. See “Products Held as Swiss Business Assets” below for an overview on the tax treatment of individuals classified as “professional securities dealers”.

### Products Held as Swiss Business Assets

Individual Investors who hold Products as part of a business in Switzerland and Swiss-resident corporate taxpayers and corporate taxpayers residing abroad holding Products as part of a permanent establishment or fixed place of business in Switzerland are required to recognize the payments of interest and any capital gain or loss realized on the sale or other disposition of such Products in their income statement for the respective tax period and will be taxable on any net taxable earnings for such tax period. The same taxation treatment also applies to Swiss-resident individual Investors who, for income tax purposes, are classified as

“professional securities dealers” for reasons of, inter alia, frequent dealings and leveraged transactions in securities.

## **2.4 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.

## **2.5 International Automatic Exchange of Information in Tax Matters**

Switzerland has concluded a multilateral agreement with the European Union on the international automatic exchange of information (“**AEOI**”) in tax matters. The agreement became effective as of 1 January 2017 and applies to all 28 EU member states and also Gibraltar. Also on 1 January 2017 the multilateral competent authority agreement on the automatic exchange of financial account information (“**MCAA**”), and based on the MCAA, a number of bilateral AEOI agreements with other countries became effective. Based on such agreements and the implementing laws of Switzerland, Switzerland collects data in respect of financial assets, including, as the case may be, Notes, held in, and income derived thereon and credited to, accounts or deposits with a paying agent in Switzerland for the benefit of individuals resident in an EU member state or resident in a treaty state from 2017 or 2018, exchanges the data or will exchange it from 2018 or 2019, in each case depending on the effectiveness of the relevant agreement. Switzerland has signed and intends to sign further AEOI agreements with further countries, which, subject to ratification, will become effective at a later date. An up-to-date list of the AEOI agreements of Switzerland in effect or signed and becoming effective can be found on the website of the State Secretariat for International Financial Matters.

## **2.6 Swiss Facilitation of the Implementation of the U.S. Foreign Account Tax Compliance Act**

Switzerland has concluded an intergovernmental agreement with the U.S. to facilitate the implementation of FATCA. The agreement ensures that the accounts held by U.S. persons with Swiss financial institutions are disclosed to the U.S. tax authorities either with the consent of the account holder or by means of group requests within the scope of administrative assistance. Information will not be transferred automatically in the absence of consent, and instead will be exchanged only within the scope of administrative assistance on the basis of the double taxation agreement between the U.S. and Switzerland. On 8 October 2014, the Swiss Federal Council approved a mandate for negotiations with the U.S. on changing the current direct-notification-based regime to a regime where the relevant information is sent to the Swiss Federal Tax Administration, which in turn provides the information to the U.S. tax authorities.

## **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.

#### **4. United States Taxation**

Under Section 1471 through 1474 of the U.S. Internal Revenue Code, as amended, and the regulations promulgated thereunder (collectively referred to as "FATCA"), the Issuer may, under certain circumstances, be required to withhold U.S. tax at a rate of 30 percent on all or a portion of interest, principal or other payments on the Products if such payments are treated as "foreign passthru payments" made to foreign financial institutions, unless such foreign financial institution payee complies with applicable FATCA requirements, or other entity payees subject to FATCA withholding. On 6 January 2017, the Internal Revenue Service (IRS) published revised Final FATCA Regulations in the Federal Register, confirming the postponement of the withholding on "foreign passthru payments" until January 1, 2019, at the earliest. As a result, non-U.S. source payments (not subject to Section 871(m)) made prior to 1 January 2019 generally should not be subject to a FATCA withholding tax.

Nonetheless, 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 or to compensate the payee or the holder as a result of the deduction or withholding of such tax.

Since 1 January 2017, U.S. withholding tax applies to certain payments arising from products treated as in-scope pursuant to Section 871(m) of the U.S. Internal Revenue Code and the corresponding regulations issued by the IRS. If an amount in respect of Section 871(m) 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 or to compensate the payee or the holder as a result of the deduction or withholding of such tax.

## **XII. 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 and by the Board of Directors of EFG Bank AG pursuant during their meeting on 27 April 2018.

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.

The execution and the delivery of the Guarantee was authorized by resolutions adopted by the Board of Directors of the EFG Bank AG as of 30 July 2010.

### **LISTING**

The SIX Swiss Exchange has approved the Programme as of 31 May 2018.

### **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 2016 and 31 December 2017 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 2016 and 31 December 2017 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 (including any incorporated documents) 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 2017 except as published and/or disclosed herein.

## **TREND INFORMATION**

Save as disclosed herein neither the Issuer nor the Guarantor 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 Issuers intend 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, as the case may be, created by the issuance of the Products.

### XIII. GLOSSARY

The EFGI Group uses certain financial measures in this Issuance and Offering Programme that are not measures of financial performance or liquidity under the International Financial Reporting Standards ("**IFRS**"). For the purpose of this Issuance and Offering Programme, the following definitions apply, where the context so admits:

- Revenue Generating Assets Under Management ("**Revenue Generating AUM**"), as defined by the EFGI Group, includes securities in custody, fiduciary placements, client deposits, client loans and mortgages, funds, mutual funds, third-party assets in custody managed by the EFGI Group, third-party funds administered by the EFGI Group and structured notes structured and managed by the EFGI Group and other third party issuers but excludes the Guarantor's shares held by the EFGI Group and further excludes assets under administration, as described in more detail in note 56 of EFGI Group's 2016 audited consolidated financial statements, as well as assets for which EFGI Group solely acts as custodian.
- Revenue Margin ("**Revenue Margin**") or Return On AuM ("**Return on AUM**"), as defined by the EFGI Group, is calculated as the ratio of net operating results to the average Revenue Generating AUM (calculated as the average from the beginning of the period and the end of the period) divided by 1000.
- Cost-Income Ratio ("**Cost-Income Ratio**"), as defined by the EFGI Group, is calculated as the ratio of operating expenses (including amortisation expense of software and tangible fixed assets) to operating income.
- Net New Assets ("**Net New Assets**"), as defined by the EFGI Group, represent the amount by which the Revenue Generating AUM increase or decrease in any given reporting period as a result of new client acquisitions, client departures, inflows or outflows of funds attributable to existing clients (whether in cash or securities) and new or repaid client loans, mortgages or overdrafts and interest expense relating to client loans. Net New Assets does not include changes in Revenue Generating AUM resulting from changes in market prices of securities, changes in foreign exchange rates affecting the translation of the value of assets and liabilities denominated in currencies other than CHF into CHF for reporting purposes or fees and commissions charged to clients. Changes in Revenue Generating AUM resulting from any acquisition or disposal of one of our businesses are also excluded from the calculation of Net New Assets. Because Net New Assets excludes the impact of fluctuations in currency and exchange rates and securities prices, the EFGI Group believes it is an accurate reflection of the performance of the business in generating growth in our business in any given period.

These non-IFRS financial measures presented herein are not recognised measures of financial performance or liquidity under IFRS, but measures used by the EFGI Group's management to monitor the underlying performance of the EFGI Group's business and operations. These non-IFRS financial measures have limitations as analytical tools and should not be viewed as indicators of, or alternatives to, its results or any performance or liquidity measures under IFRS, as set forth in its financial statements. The non-IFRS financial measures should therefore be considered as supplementary information to, and read only in conjunction with, the consolidated financial statements of the EFGI Group, prepared in accordance with IFRS, and included elsewhere in this Programme.

The EFGI Group has presented these non-IFRS measures in this Programme because it considers them to be important supplemental measures of the EFGI Group's performance and believes that they are widely used by investors comparing performance between companies. Since not all companies define or compute these non-IFRS financial measures in the same way, the manner in which the EFGI Group's management has chosen to define or compute the non-IFRS financial measures presented herein may not be comparable with similarly defined terms used by other companies.

#### **XIV. RESPONSIBILITY**

The Issuers and the Guarantors accept responsibility for the information contained in this Programme. The Issuers and the Guarantors 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**

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**EFG International AG**

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**EFG Bank AG**

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