Habib Bank AG Zurich

Annual disclosures according to Basel III (Year 2015)

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(Incorporated in Switzerland 1967)

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1. Scope of consolidation

Scope of consolidation for capital adequacy purposes

The scope of consolidation for capital adequacy purposes consist of the following companies (hereafter referred to as "the Group"):

• Habib Bank AG Zurich	(hereafter referred to as "the Bank")
• Habib Canadian Bank Ltd., Canada	(100% ownership)
• HBZ Bank Limited, South Africa	(100% ownership)
• Habib European Bank Ltd., Isle of Man	(100% ownership)
• Habib Metropolitan Bank Ltd., Pakistan	(51% ownership)
• Habib Bank Zurich (Hong Kong) Ltd., Hong Kong	(51% ownership)
• Habib AG Zurich UK Plc, UK	(100% ownership)

Scope and method of consolidation according to FINMA Circular 2015/1 "Accounting - Banks"

The Group's method of capital consolidation follows the purchase method. The scope of consolidation according to FINMA Circular 2015/1 "Accounting - Banks" additionally includes the subsidiary HBZ Services FZ-LLC (100% ownership). This company acts as a service provider for the Group and does not operate in the financial sector. (please refer to the Annual Report 2015, page 35).

2. Group risk principles

Risk & Control Framework

The Risk & Control Framework of the Group is the cornerstone for risk management and control. The Risk & Control Framework provides the basis to effectively identify, assess and manage risks within the Group. Furthermore, it defines which body has the overall responsibility for a particular risk class, who manages it and who performs independent risk control.

Risk organisation

At the level of the Board of Directors, the responsibilities are the following:
- the Board of Directors is responsible for the strategic direction, supervision and control of the Group, and for defining our overall risk tolerance by means of a risk appetite statement and overall risk limits;
- the Risk & Control Committee is responsible for assisting the Board of Directors in fulfilling its oversight responsibilities by providing guidance regarding risk governance and the development of the risk profile, including the regular review of major risk exposures and overall risk limits; and
- the Audit Committee is responsible for assisting the Board of Directors in fulfilling its oversight responsibilities by monitoring General Management's approach with respect to financial reporting, internal controls and accounting. Additionally, the Audit Committee is responsible for monitoring the independence and performance of the Group Internal Audit and external auditors.

At the operational level, the Group operates with a three-line of defence model whereby business functions, risk management oversight and assurance roles are performed by functions independent of one another.

Furthermore, a clear distinction is made between "risk owners", "risk managers" and "risk controllers":
- Risk owners bear the overall supervision and responsibility for the management of specific risk classes or risk types;
- Risk managers focus on the monitoring and proactive management of risk. They initiate risk management measures and can change the risk profile;
- Risk controllers independently monitor and assess risk as well as highlight deviations from target risk parameters and non-compliance with policies.

Risk management principles

The following general principles support the Group's effort to maintain an appropriate balance between risk and return:
- We protect the financial strength of the Group by controlling our risk exposures and avoiding potential risk concentrations at individual exposure levels, at specific portfolio levels and at an aggregate Group-wide level across all risk types;

- We protect our reputation through a sound risk culture characterised by a holistic and integrated view of risk, performance and reward, and through full compliance with our standards and principles;
- We systematically identify, classify and measure risks applying best practice;
- We ensure management accountability, whereby Business Line Management owns all risks assumed throughout the Group and is responsible for the continuous and active management of all risk exposures to ensure that risk and return are balanced;
- We set up independent risk control functions or units, which monitor effectiveness of risk management and oversee risk-taking activities;
- We disclose risks to the Board of Directors, regulators and other stakeholders in a comprehensive and transparent manner.

Internal controls

Internal controls are processes and instruments used to monitor and control operational and other business risks. In order to continuously enhance the Group’s internal control system and the effectiveness of controls, results of actual control processes are reviewed and the outcome of Group's Operational Risk Management processes is taken into account. The organisational units responsible for internal controls work closely with other organizational units within the Group.

Credit risk

Credit risk arises from the possibility that a counterparty, i.e. private and corporate clients, financial institutions as well as issuers or sovereigns do not fulfil its contractual obligations or the credit quality deteriorates. In order to manage potential default risk and other prevailing credit risks most effectively, it is divided into the following risk types: client credit risk, issuer credit risk, counterparty credit risk, country risk (including cross-border / transfer risk), settlement risk and credit concentration risk.

The Group Credit Management Committee is responsible for credit risks and credit decisions, which may be delegated to the respective Country Credit Management Committees. The Group manages its credit risk within a conservative framework by evaluating the creditworthiness of the borrowing counterparties, setting appropriate credit limits and obtaining collateral as deemed necessary. For each collateral type a minimum haircut is defined in order to account for the volatility in market values according to the nature and liquidity of the collateral. Around 40% of the Group's credit exposure is secured by property and only 16% is unsecured.

The Group's credit risk appetite is defined and monitored through a comprehensive system of credit limits.

The Group has its own rating system for corporate clients. Each credit is assessed as to the borrower's credit worthiness, collateral coverage and collateral quality requirements, as well as the underlying transaction rationale, business potential and any additional risk mitigations. Personal credits are usually only granted on a fully collateralized basis. Collateral coverage is monitored on a regular basis and according to the prevailing market conditions.

Adequate and clear segregation of duties are established among the various organizational units involved in the acquisition of credit business, the analysis and approval of a credit request, and the subsequent administration.

Bank counterparties, issuers and sovereigns are analysed according to their financial performance and their external rating. Over 75% of the credit exposure to financial institutions is of investment grade quality and the remaining 25% consists mainly of trade finance exposure in emerging markets where the Group is closely related to and monitors the portfolio with a set of country limits.

Regarding non-performing loans, the Group is in a comfortable position: After taking the collateral at market value and the specific provisions into account, the net unsecured and un-provided position at the end of December 2015 was only CHF 7.5 million.

Country risks are monitored quarterly and are either guaranteed with the World Bank (MIGA) or provided for in accordance with the guidelines of the Swiss Bankers' Association using international ratings.

For capital adequacy purposes, the Group uses the standardised approach under Basel III. External ratings are only used for Group counterparties and financial investments, as all corporates within the SME sector do not have external ratings from eligible rating agencies. Furthermore, the Group uses the simple approach for collateral recognition.

Liquidity Risk

The Group applies a prudent approach to liquidity risk management. The Group Asset & Liability Management Committee oversees liquidity and market risks regularly.

The Group grants advances and loans to customers both on a short-term basis and with tenors generally up to 5 years. Funding is primarily obtained through deposits, which are mainly at sight, or short-term deposits. Wholesale funding is not significant and deposits are well diversified. No single depositor accounts for more than 5% of the Group's total deposits. Excess liquidity is held as bank placements or financial investments. The latter primarily consist of bond portfolios of sovereign issuers or other issuers of high quality.

The contractual maturities of the Group's financial assets exceed the contractual maturities of the financial liabilities. However, when determining maturity gaps, the stickiness of deposits or economic maturities needs to be considered, which significantly reduces the contractual gaps. Furthermore, individual customer groups in different countries will not act in the same way and at the same time.

In general, the Group is exposed to potentially larger depositor outflows and sudden adverse market developments. Therefore, related scenarios have been analyzed as part of three liquidity stress tests performed throughout the Group. The stress test results showed that the liquid assets available could absorb projected outflows in all cases.

The Group maintains a strong liquidity position, which is further supported by established repo functionalities. In addition, liquidity coverage ratio targets have been defined for all operating group companies.

The short-term liquidity disposition and liquidity situation of individual countries are monitored by the respective country treasury function. In addition, liquidity reserves are held both on Group and on country level and contingency funding plans are in place for the Group, all branches and subsidiaries.

Liquidity coverage ratio (LCR)

The Group's total "High quality liquid assets" (HQLA) increased by CHF 440 million or 55 % and the "Total cash inflows" increased by CHF 78 million or 7% (in total plus CHF 518 million) from Quarter 1 2015 to Quarter 4 2015. On the other hand, the "Total cash outflows" increaed by CHF 645 million or 51%. Therefore, the total increase in HQLA and "Total cash inflows" is CHF 127 million lower than "Total cash outflows" and the Groups liquidity coverage ratio dropped during the reporting year by 104% from first to the fourth Quarter 2015. The liquidity coverage ratio in CHF and USD is generally higher than for other currencies (e.g. PKR or AED) because almost all eligible bond investments in HQLA are denominated in these currencies.

The Group's total HQLA of CHF 1.2 billion in Quarter 4 2015 includes mainly balances with central banks in countries where the Group is active, investments in local government bonds in Pakistan and bond investments in Switzerland. Moreover, HQLA government bonds in Pakistan are only be considered up to the net cash outflow of the entity, which is in line with the FINMA Circular 2015/2 "Liquidity risks-Banks", margin 161.

The increase of "Total cash outflows" totalling to CHF 1.9 billion in Quarter 4 2015 is driven by the increase in amounts due in respect of customer deposits. This reflects the fact that client deposits are the Group's primary source of funding and therefore the primary source of potential outflows. The "Total cash outflows" includes other contingent funding obligations of CHF 55 million in Quarter 4 2015 as well and represents contingent liablities related to our trade finance business (e.g. guarantees and letters of credit).

Placements with banks and advances (Amounts due from customers and mortgage loans) maturing within 30 days are the main source of "Cash inflows from non-impaired receivables" of CHF 1.2 billion in Quarter 4 2015 (increase of 7.5% compared to Quarter 1 2015), see also Table 10.

Liquidity coverage ratio (LCR)

Group's average weighted values

in CHF 000's (1)	Quarter 1 2015	Quarter 2 2015	Quarter 3 2015	Quarter 4 2015
Total high quality liquid assets (HQLA)	839'013	917'298	952'549	1'241'547
Total cash outflows	-1'221'327	-1'415'864	-1'534'350	-1'871'680
Total cash inflows	1'057'132	1'091'392	1'332'535	1'144'741
Liquidity coverage ratio (LCR)	275%	237%	248%	171%
Bank's values				
Liquidity coverage ratio (LCR) (1)	216%	188%	171%	171%
Leverage ratio 31.12.2015				12.4%

(1) simple average of figures at the end of the respective month in the quarter

Market risk

The Group is exposed to market interest rate risk, foreign exchange risk and, to a very limited extent, to equities and commodities risk.

The Group's market risk appetite is defined and monitored through a comprehensive system of market risk limits by the Group Asset & Liability Management Committee. Furthermore, the Group regularly performs scenarios and stress tests for interest rate and foreign exchange risks based on prevailing risk exposures.

The Group is exposed to interest rate risk due to interest periods set for advances made to customers exceeding the interest periods for client deposits taken. To limit interest rate risk most customer advances are agreed on a 3- or 6-month base rate plus a credit spread.

In addition, branches and subsidiaries have placed excess liquidity in bank placements or in financial investments with tenors usually up to 3-5 years. While the volume of financial investments is kept limited, the average duration of the fixed income portfolios creates interest rate risk exposure given the absence of long-term wholesale financing.

For foreign exchange risks the Group pursues a risk-adverse approach and aims at keeping potential foreign exchange losses low. The Group does not pursue proprietary foreign exchange trading activities.

Profits earned in the Bank's branches are subject to exchange rate risk up to their remittance to Habib Bank AG Zurich, Zurich. These risks are monitored in the Head Office, and profits hedged as felt appropriate. Capital and reserves held in the branches are also subject to foreign exchange risk insofar as they are held in local currencies. Any foreign exchange translation gain or loss on these capital and reserves is taken to the income statement in the year in which they occur.

Operational risk

Operational risk is defined as the risk of loss, resulting from inadequate or failed internal processes, people, systems, or from external events.

The Group makes use of six operational risk management processes, which consist of key risk indicators, change risk assessment, risk self-assessment, scenario analysis, risk event management and issue management & action tracking.

Furthermore, three types of risk mitigation are used and comprise, control enhancement, business continuity management and other mitigation measures (risk avoidance, risk reduction, risk transfer).

To pro-actively address risks related to potential business disruptions, business impact analyses, crisis management teams and business continuity plans have been established for the Group as well as all branches and subsidiaries.

Table 1: Disclosure regulatory eligible capital according to FINMA Circular 2015/1 "Accounting - Banks"

in CHF 000's	31.12.15
Assets	
Liquid assets	1'042'715
Amounts due from banks	2'470'380
Amounts due from securities financing transactions	
Amounts due from customers	2'774'605
Mortgage loans	420'757
Trading portfolio assets	98
Positive replacement values of derivative financial instruments	8'092
Other financial instruments at fair value	2'437'957
Financial investments	1'139'177
Accrued income and prepaid expenses	123'623
Non-consolidated participations	88
Tangible fixed assets	86'936
Intangible assets	3'428
Other assets	74'783
- of which for deferred tax assets	*50'692*
Total assets	**10'582'638**
Liabilities	
Amounts due to banks	381'948
Amounts due to securities financing transactions	72'946
Amounts due in respect of customer deposits	8'695'754
Negative replacement values of derivative financial instruments	10'918
Accrued expenses and deferred income	142'945
Other liabilities	35'333
Provisions	17'991
- of which for deferred taxes	*3'478*
Total liabilities	**9'357'835**

in CHF 000's	31.12.15
Equity	
Reserves for general banking risks	556'136
Bank's capital	150'000
Retained earnings reserves	255'186
Currency translation reserves	-13'073
Minority interest in equity	188'327
Group profit / loss	88'228
Total equity	**1'224'804**

Table 2A: Eligible capital

in CHF 000's	**31.12.15**
Common equity Tier 1 capital (CET1)	
Reserves for general banking risks	556'136
Bank's capital	150'000
Retained earnings reserves	255'186
Currency translation reserves	-13'073
Minority interest in equity	188'327
Group profit / loss	88'228
Common equity Tier 1 capital before deductions	**1'224'804**
Deductions from common equity Tier 1 capital	
Presumed dividend (incl. payments to minority interests)	-28'735
Non-consolidated participations	-88
Goodwill	-3'427
Deductions for minority interests	-80'444
Total deductions from common equity Tier 1 capital (CET1)	**-112'694**
Eligible adjusted common equity Tier 1 capital (CET1)	1'112'109
Eligible additional Tier 1 capital (AT1)	
Eligible Tier 2 capital (T2)	
Total eligible capital	**1'112'109**

Table 2B: Capital requirements

risk weighted at 8%

in CHF 000's		**31.12.15**
Credit risk	Standardised approach	353'744
Non-counterparty risks	Standardised approach	16'791
Market risk	Standardised approach	24'286
- of which currencies		*24'286*
Operational risks	Basic indicator approach	52'692
Total minimum capital requirements		**447'513**

Table 2C: Capital ratio

in CHF 000's	**31.12.15**
Solvency ratio (%) in respect of minimal capital requirements	19.9%
The minimal requirement is 11.2%	

Group:
As per 31 December 2015 the Group's has the following key capital quota's: CET1-Quota of 19.88%, Tier 1-Quota of 19.88% and total capital quota of 19.88%. FINMA set a minim target capital ratio of 11.2% in Swiss regulations for category 4 banks (CET1-target 7.4%, Tier 1-target 9.0%). The intervention level according FINMA Circular 2011/2 "Capital buffer and capital planning - banks" is 10.5%.

The Group has no capital requirement to cover excess on limits for participations and large exposures.

Bank:
As per 31 December 2015 the Group's has the following key capital quota's: CET1-Quota of 23.92%, Tier 1-Quota of 23.92% and total capital quota of 23.92%. FINMA set a minim target capital ratio of 11.2% in Swiss regulations for category 4 banks (CET1-target 7.4%, Tier 1-target 9.0%). The intervention level according FINMA Circular 2011/2 "Capital buffer and capital planning - banks" is 10.5%.

Table 3: Credit risk allocation according to counterparty

in CHF 000's		Sovereigns	Banks	Other institutions	Corporates	Retail	Equity	Other exposure	Total
Liquid assets		962'747	62'927					17'041	**1'042'715**
Amounts due from banks		110'030	2'360'343	4				3	**2'470'380**
Amounts due from securities financing transactions									
Amounts due from customers		90'354		162'765	2'055'968	705'708		1'827	**3'016'622**
Mortgage loans					78'691	343'493			**422'184**
Trading portfolio assets						98			**98**
Other financial instruments at fair value		2'334'011		5'699	9'848		88'399		**2'437'957**
Financial investments		472'887	310'481	38'774	302'673		1'339	13'023	**1'139'177**
Accrued income and prepaid expenses		75'684	93	327	7'056	714	203	39'546	**123'623**
Non-consolidated participations									
Other assets		362			12'004	1'021		10'704	**24'091**
Total credit risk exposure	**31.12.15**	**4'046'075**	**2'733'844**	**207'569**	**2'466'240**	**1'051'034**	**89'941**	**82'144**	**10'676'847**
Total credit risk exposure	31.12.14	3'340'706	2'441'221	210'979	2'499'703	1'206'009	118'159	109'484	9'926'261

in CHF 000's		Sovereigns	Banks	Other institutions	Corporates	Retail	Equity	Other exposure	Total
Contingent liabilities		4'766	98'718	110'563	709'566	217'186		23	**1'140'822**
Irrevocable commitments								1'596	**1'596**
Credit commitments			70'322	345	119'201	22'539			**212'407**
Total off balance sheet transactions	**31.12.15**	**4'766**	**169'040**	**110'908**	**828'767**	**239'725**		**1'619**	**1'354'825**
Total off balance sheet transactions	31.12.14	8'597	119'821	119'108	883'819	271'244		3'538	1'406'127

Table 4: Credit risk mitigation (CRM)

in CHF 000's		Sovereigns	Banks	Other institutions	Corporates	Retail	Equity	Other exposure	Total
Exposure net of value adjustments and provisions, post application of credit conversion factors on off-balance sheet items		4'050'841	2'902'884	318'477	3'295'007	1'290'759	89'941	83'763	**12'031'672**
Exposure covered by guarantees					-48				**-48**
Exposure covered by credit derivates									
Financial collateral: simple method		-89		-79	-277	-531			**-976**
Net exposure	**31.12.15**	**4'050'752**	**2'902'884**	**318'398**	**3'294'682**	**1'290'228**	**89'941**	**83'763**	**12'030'648**
Net exposure	31.12.14	3'349'303	2'553'202	220'727	3'107'746	919'594	118'159	113'022	10'381'753

Table 5: Segmentation by risk weights (On + Off balance)

in CHF 000's		Sovereigns	Banks	Other institutions	Corporates	Retail	Equity	Other exposure	Total
0%		3'964'248		93				17'192	**3'981'533**
	of which without credit assessment								
20%		2'220	2'048'465	28'785	53'848				**2'133'319**
	of which without credit assessment		*370'148*						*370'148*
35%						16'527			**16'527**
50%			602'617	7'142	43'153			1'596	**654'508**
	of which without credit assessment		*213'868*						*213'868*
75%						1'037'677			**1'037'677**
100%		84'373	241'217	282'457	3'147'347	225'369	32'037	64'975	**4'077'776**
	of which without credit assessment	*991*	*219'534*	*279'722*	*2'768'743*				*3'268'989*
150%			10'584		50'658	11'185	57'904		**130'332**
	of which without credit assessment								
Total	**31.12.15**	**4'050'841**	**2'902'884**	**318'477**	**3'295'007**	**1'290'759**	**89'941**	**83'763**	**12'031'672**
Total	31.12.14	3'349'303	2'561'042	330'087	3'383'522	1'477'253	118'159	113'022	11'332'388

Table 6: Analysis of credit risk allocation by region

in CHF 000's		Europe	thereof Switzerland	Asia	Others	Total
Assets						
Central banks		55'150	53'287	977'456	9'508	**1'042'114**
Banks		879'880	318'559	1'711'233	329'911	**2'921'024**
Multilateral development banks		7'743	0	1'997	0	**9'740**
Financial corporations		18'171	8'996	1'116	11'010	**30'296**
Households		91'547	2'069	362'188	25'108	**478'843**
Non financial corporations		547'706	113'910	847'758	359'215	**1'754'680**
Public sector		186'194	31'374	37'890	132'744	**356'828**
Other sectors		88'494	17'612	3'836'490	64'128	**3'989'113**
Total	**31.12.15**	**1'874'885**	**545'808**	**7'776'128**	**931'626**	**10'582'638**
Total	31.12.14	1'737'345	657'640	7'273'821	915'095	9'926'261

in CHF 000's		Europe	thereof Switzerland	Asia	Others	Total
Off balance sheet						
Contingent liabilities		198'905	88'393	951'875	31'526	**1'182'316**
Irrevocable commitments		1'596	1'596		0	**1'596**
Credit commitments		18'201	17'755	177'532	16'674	**212'407**
Total	**31.12.15**	**218'701**	**107'744**	**1'129'408**	**48'210**	**1'396'319**
Total	31.12.14	85'026	56'636	1'290'152	30'949	1'406'127

Table 7: Impaired loans from customers by region

in CHF 000's		Impaired loans	Individual value adjustments
Europe		56'149	16'526
- of which Switzerland		*554*	*554*
Asia		286'814	155'151
Others		4'182	55'031
Total	**31.12.15**	**347'145**	**235'852**
Total	31.12.14	368'461	226'708

Table 8: Interest risk

in CHF 000's	**+ 100 basis points**	**- 100 basis points**
Change in total equity given a shift in the interest rate curve of:	-50'870	+52'745
in percent of total equity	-4.15%	+4.31%

Table 9: Leverage ratio

	in CHF 000's	31.12.2015
	Comparison between assets recognized in the balance sheet and the exposure measure for leverage ratio	
1	Total assets according to published accounting standards	10'582'638
2	Restatement of investments in banks, financial companies, insurers and commercial companies which are consolidated as per accounting standards but not for regulatory purposes (margin nos. 6-7 FINMA circ. 15/3) and adjustments as regards assets which are to be deducted from Tier 1 capital (margin nos. 16-17 FINMA circ. 15/3)	-9'314
3	Restatement of fiduciary assets which are recognized in the balance sheet as per accounting standards but which do not need to be taken into consideration for leverage ratio (margin no. FINMA circ. 15/3)	
4	Restatement of derivatives (margin nos. 21-51, FINMA circ. 15/3)	29'971
5	Restatement of securities financing transactions (SFT) (margin nos. 52-73, FINMA circ. 15/3)	
6	Restatement of off-balance sheet transactions (conversion of off-balance sheet transactions into credit equivalents) (margin nos. 74-76, FINMA circ. 15/3)	582'021
7	Other restatements	
8	**Total exposure for leverage ratio (sum of lines 1-7)**	**11'185'316**
	Detailed presentation of leverage ratio	
	Balance sheet items	
1	Balance sheet items (without derivatives and SFT but including collateral) (margin nos. 14 - 15, FINMA circ. 15/3)	10'571'128
2	Assets which must be deducted from eligible Tier 1 capital) (margin nos. 7 and 16-17 FINMA circ. 15/3)	
3	**Total on-balance sheet items for leverage ratio (without derivatives and SFT (sum of lines 1 and 2)**	**10'571'128**
	Derivatives	
4	Positive replacement values for derivative transactions, including those for CCPs taking into consideration received margins and netting agreements (margin nos. 22-23 and 34-35 FINMA circ. 15/3)	8'092
5	Add-ons for all derivatives (margin nos. 22 and 25 FINMA circ. 15/3)	24'074
6	Reintegration of collateral posted for derivatives if their accounting treatment caused a reduction of assets (margin no. 27 FINMA 15/3)	
7	Deduction of receivables caused by cash variation margins posted as per margin no. 36 FINMA circ. 15/3)	
8	Deduction for trade exposures to qualified central counterparties (QCCP) if the institution is not obligated to reimburse the client for any losses suffered due to changes in the value of its transactions) (margin no. 39 FINMA circ. 15/3)	
9	The effective notional value of written credit derivatives after deducting any negative replacement values (margin no. 43 FINMA circ. 15/3)	
10	Offsetting of effective notional values of offsetting credit derivatives (margin nos. 44-50 FINMA circ. 15/3) and deduction of add-ons for written credit derivatives as per margin no. 51 FINMA circ. 15/3)	
11	**Total exposures from derivatives (sum of lines 4–10)**	**32'166**

Table 9: Leverage ratio

	in CHF 000's	31.12.2015
	Securities financing transactions (SFT)	
12	Gross assets for SFT without offsetting (except in the case of novation with a QCCP as per margin no. 57 FINMA circ. 15/3), including those which were recorded as sale (margin no. 69 FINMA circ. 15/3), less the items stated in margin no. 58, FINMA circ. 15/3)	
13	Offsetting of cash payables and cash receivables related to SFT counterparties (margin nos. 59-62 FINMA circ. 15/3)	
14	Exposures to SFT counterparties (margin nos. 63-68 FINMA circ. 15/3)	
15	Exposures for SFT with the bank acting as agent (margin nos. 70-73 FINMA 15/3)	
16	**Total exposures from SFT (sum of lines 12-15)**	
	Other off-balance sheet items	
17	Off-balance sheet transactions as gross notional values prior to applying credit conversion factors	1'396'319
18	(Restatement of conversion to credit equivalents) (margin nos. 75-76, FINMA circ. 15/3)	-814'298
19	**Total exposures from off-balance sheet items (sum of lines 17 and 18)**	**582'021**
	Eligible capital and exposure measure	
20	Tier 1 capital (margin no. 5, FINMA circ. 15/3)	1'112'109
21	Exposure measure (sum of lines 3, 11, 16 and 19)	11'185'316
	Leverage ratio	
22	Leverage Ratio (margin nos. 3–4, FINMA circ. 15/3)	9.8%

The difference between total assets as per the financial statement and on-balance sheet items exposure (line 1 of "Detailed persentation of leverage ratio") refects the derivatie positions of CHF 8 million at 31 December 2015.

Table 10: Common LCR disclosures

		Quarter 1 2015 (1)		Quarter 2 2015 (1)		Quarter 3 2015 (1)		Quarter 4 2015 (1)	
	in CHF 000's	Unweighted valuess	Weighted valuess	Unweighted valuess	Weighted valuess	Unweighted valuess	Weighted valuess	Unweighted valuess	Weighted valuess
	High quality liquid assets (HQLA)								
1	**Total HQLA**		**839'013**		**917'298**		**952'549**		**1'241'547**
	Cash outflows								
2	Deposits from retail clients	4'109'535	463'903	4'672'431	522'456	4'379'480	480'382	4'554'237	512'351
3	- *of which stable deposits*	*43'432*	*2'172*	*121'182*	*6'059*	*94'410*	*4'721*	*84'280*	*4'214*
4	- *of which less stable deposits*	*4'066'103*	*461'731*	*4'551'249*	*516'397*	*4'285'069*	*475'662*	*4'469'957*	*508'137*
5	Unsecured funding provided by corporate or wholesale clients	1'360'863	701'168	1'486'931	796'640	1'943'840	983'522	2'526'563	1'282'014
6	- *of which operational deposits (all counterparties) and deposits with member institutions with their central institution*	*179'004*	*44'751*					*20'260*	*5'065*
7	- *of which non-operational deposits (all counterparties)*	*1'170'843*	*645'401*	*1'451'042*	*760'751*	*1'900'965*	*940'647*	*2'484'942*	*1'255'588*
8	- *of which unsecured debt instruments*	*11'016*	*11'016*	*35'889*	*35'889*	*42'875*	*42'875*	*21'362*	*21'362*
9	Secured funding provided by corporate or wholesale clients and collateral swaps				1'002		2'836		7'603
10	Other cash outflows	41'225	21'354	66'986	47'085	27'919	3'812	32'419	4'562
11	- *of which cash outflows related to derivative and other transactions*	*12'173*	*12'173*	*44'134*	*44'134*	*424*	*424*	*758*	*758*
12	- *of which cash outflows due to losses in funding possibilities for asset-backed securities (ABS), covered bonds and other structured financing instruments, asset backed commercial papers (ABCP), special purpose entities (conduits), securities investment vehicles and other such financing facilities*								
13	- *of which cash outflows from committed credit and liquidity facilities*	*29'052*	*9'180*	*22'852*	*2'952*	*27'495*	*3'388*	*31'661*	*3'805*
14	Other contractual funding agreements	7'721		50'388	16'214	106'982	34'710	88'806	10'954
15	Other contingent funding obligations	698'062	34'903	649'343	32'467	581'739	29'087	1'083'923	54'196
16	**Total cash outflows**		**1'221'327**		**1'415'864**		**1'534'350**		**1'871'680**

Table 10: Common LCR disclosures

		Quarter 1 2015 (1)		Quarter 2 2015 (1)		Quarter 3 2015 (1)		Quarter 4 2015 (1)	
	in CHF 000's	Unweighted valuess	Weighted valuess	Unweighted valuess	Weighted valuess	Unweighted valuess	Weighted valuess	Unweighted valuess	Weighted valuess
	Cash inflows								
17	Collateralized financing transactions (e.g. reverse repo transactions)	11'607		28'127		33'893	27'625	2'806	2'806
18	Cash inflows from non-impaired receivables	1'263'773	1'039'307	1'139'471	1'038'285	1'371'118	1'282'117	1'227'554	1'119'970
19	Other cash inflows	17'825	17'825	53'107	53'107	22'793	22'793	21'965	21'965
20	**Total cash inflows**	**1'293'205**	**1'057'132**	**1'220'704**	**1'091'392**	**1'427'803**	**1'332'535**	**1'252'325**	**1'144'741**
	Net values								
21	Total high quality liquid assets (HQLA)		839'013		917'298		952'549		1'241'547
22	Total net cash outflow		305'332		386'845		383'587		726'939
23	Liquidity coverage ratio (LCR) (in %)		275%		237%		248%		171%

(1) simple average of figures at the end of the respective month in the quarter