



(INCORPORATED IN SWITZERLAND)

# Habib Bank AG Zurich

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## Appendix I

### FinfraG - Notes and definitions

Clearing	The Swiss Financial Market Supervisory Authority (FINMA) can designate certain Derivatives subject to clearing over a central counterparty. It applies to all Derivatives transactions with the Bank no matter whether you are domiciled in Switzerland or abroad. FINMA has not designated any Derivatives category subject to clearing yet. The clearing obligation does not apply to NFC-.
Derivative	A derivative in scope of FinfraG is a financial contract whose value depends on one or several underlying assets.
Exemptions of public sector bodies	The confederation, cantons and communes, the Swiss National Bank and the Bank for International Settlements are not affected by the regulations of the chapter on derivatives trading. Parties exempted from the obligations are moreover multilateral development banks, organizations including social insurance institutions that are owned by the confederation, cantons or communes or for that a liability of the respective canton or the respective commune applies, and insofar as no financial counterparty is involved.
Large Financial Counterparty (FC+)	Financial Counterparties (FC) are <ol style="list-style-type: none"><li>(1) banks, securities dealers, insurance companies, re-insurance companies domiciled in Switzerland or abroad,</li><li>(2) ultimate holding companies of a financial or insurance group or conglomerates,</li><li>(3) fund management companies and asset managers of collective investment schemes, collective investment schemes according to the Collective Investment Schemes Act, but also corresponding foreign legislation, and</li><li>(4) Swiss pension schemes and investment foundations ("Financial Counterparties").</li></ol>
Small Financial Counterparty (FC-)	If the average gross position of all outstanding OTC Derivatives transactions of a Financial Counterparty on an aggregated financial or insurance group level calculated over a period of 30 working days exceeds the threshold of CHF 8 billion, the Financial Counterparty is deemed to be a "Large Financial Counterparty".
Large Non-Financial Counterparty (NFC+)	Companies that do not qualify as Financial Counterparties. This means for Swiss companies that they must be entered into the commercial register according to Art. 934 of the Swiss Code of Obligations and for non-Swiss companies that they are legal persons according to domestic law, as well as trusts or similar constructions ("Non-Financial Counterparties").
Small Non-Financial Counterparty (NFC-)	If the average gross position of all outstanding OTC Derivatives transactions of the Non-Financial Counterparty on an aggregated financial or insurance group level exceeds at least one of the following thresholds: credit derivatives (CHF 1,1 billion); equity derivatives (CHF 1,1 billion); interest rate derivatives (CHF 3,3 billion); foreign exchange derivatives (CHF 3,3 billion); commodity derivatives and other derivatives (CHF 3,3 billion), calculated over 30 working days, the Non-Financial Counterparty is deemed to be a "Large Non-Financial Counterparty".
OTC Derivative	A Derivative traded over the counter („OTC Derivative“).

Platform trading obligation	FINMA might designate certain Derivatives subject to trading over a licensed or recognized stock exchange, Multilateral Trading Facility (MTF) or other Organised Trading Facility (OTF). NFC- are not subject to the platform trading obligation.
Reporting	Derivatives transactions falling within the scope of application of FinfraG must be reported no later than on the subsequent day of the entry into, amendment or termination of a transaction to a FINMA licensed or recognized trade repository. Exempted Derivatives transactions are not subject to reporting. The reporting obligation applies to both intra Switzerland and cross-border transactions. The reporting obligation must be fulfilled unilaterally by one counterparty. The Bank aims to provide this service, unless differently agreed between the parties.
Risk mitigation measures	<p>The risk mitigation measures applicable to NFC- are the obligation to</p> <ul style="list-style-type: none"> <li>(1) confirm Derivatives transactions</li> <li>(2) agree on the resolution of disputes, and</li> <li>(3) compress outstanding OTC Derivatives if they exceed 500. NFC- are not subject to the reconciliation and collateral exchange obligations.</li> </ul>
Small Financial Counterparty (FC-)	Meets the requirements of a Financial Counterparty (see FC+) and the average gross position of all its outstanding OTC Derivatives transactions on an aggregated financial or insurance group level calculated over 30 working days is below the threshold of CHF 8 billion.
Small Non-Financial Counterparty (NFC-)	<p>Meets the requirements of a Non-Financial Counterparty (see NFC+), however the average gross positions of open OTC derivatives transactions are below any of the following thresholds: credit derivatives (CHF 1,1 billion); equity derivatives (CHF 1,1 billion); interest rate derivatives (CHF 3,3 billion); foreign exchange derivatives (CHF 3,3 billion); commodity derivatives and other derivatives (CHF 3,3 billion), calculated over 30 working days.</p> <p>If one of the calculated average gross positions of an existing NFC- exceeds one of the relevant thresholds, the counterparty is no longer deemed to be small after the time of four months.</p>