



Media release

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SFBC welcomes measures to strengthen Swiss Financial System

The Federal Council, the Swiss National Bank (SNB) and the Swiss Federal Banking Commission (SFBC) present a joint set of measures. The measures developed by the authorities will contribute substantially to the strengthening of the Swiss Financial System.

Bern, 16 October 2008 – The Swiss Federal Banking Commission (SFBC) has been closely following the developments surrounding the two large banking groups, UBS and Credit Suisse, for more than a year and, whenever necessary, has taken appropriate supervisory measures. Both large banks at the present time satisfy all supervisory requirements with regards capital and liquidity. Customer deposits remain safe.

The growing intensity of the global financial crisis has led to a deterioration in credit market liquidity. Government actions abroad - including capital injections into banks, guarantees on interbank loans, and insurance on customer deposits - have made it more difficult for banks to obtain liquidity funding.

Large Banking Groups

Against this backdrop, the Federal Council, SNB and SFBC have decided to implement a set of prearranged measures to strengthen the Swiss Financial System. One such measure is to create a special purpose company that will purchase illiquid bank assets and liquidate those assets in an orderly way. In addition, separate measures have been taken to strengthen the capital base of the large banks. This forward-looking package of measures has been taken at the appropriate moment and is offered to both large banking groups.

UBS will make use of these measures and – by doing so – will substantially reduce its risk positions. The risk reduction, as well as the strengthening of the capital base, will contribute significantly to the sustainability and stability of the bank. UBS has a solid capital base. Credit Suisse has opted not to participate in these measures; instead the bank has decided to approach the market to raise a significant amount of capital. Credit Suisse's decision to raise capital is partly motivated by its desire to bring their capital base into line with the new, stricter capital requirements for large banking groups, which have been developed by the SFBC in coordination with the SNB and are set to be implemented over the next few years. The SFBC has established a common



understanding with Credit Suisse over the principal elements of the new capital regime for large banking groups, which will be decided by the supervisory authority. With the measures announced today, Credit Suisse currently exceeds the new risk-weighted capital target for 2013 and the minimum leverage ratio requirement. A similar agreement is expected to be reached with UBS within the next few weeks. The strengthened starting point should allow UBS to meet future requirements without difficulty.

Other Banks in Switzerland

The condition of the other banks in Switzerland is generally sound. Despite the impact of global market events on Switzerland, the Swiss banks remain strong. They enjoy a solid capital base and sufficient liquidity.

Dr. Eugen Haltiner, President of the SFBC: "To maintain trust, what is needed is not lengthy declarations but well designed measures. The measures announced today contribute substantially to the stability of the situation and is an effective tool for increasing the strength of the Swiss Financial System".

Today, October 16, 2008, a joint **media conference** by the Federal Department of Finance, SNB and SFBC takes place at **10AM** at the **Media-Center in Bern**.

Note to the media: In the course of today the SFBC is going to make public its findings as to the causes of the value adjustments/ provisions at UBS AG until August 2007. At 2PM a separate press release can be expected.