Credit Suisse Bank (Europe), S.A.

2022 Pillar 3 Disclosures

Abbreviations are explained in the List of abbreviations in the back of this report.

Publications referenced in this report, whether via website links or otherwise, are not incorporated into this report.

In various tables, use of "–" indicates not meaningful or not applicable.

2022 Pillar 3 Disclosures

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Introduction

This document comprises the Pillar 3 disclosures for Credit Suisse Bank (Europe), S.A. ('CSEB' or 'Bank') as at 31 December 2022. It should be read in conjunction with CSEB 2022 Annual Report which can be found at: www.credit-suisse.com.

The information in these disclosures is prepared to meet the regulatory requirements of the Basel Capital Accord set out in Part Eight of the European Union ('EU') Regulation 575/2013 ('CRR') amended by EU Regulation 2019/876 ('CRR2') and EBA technical implementing standard ('ITS') disclosure requirements (EBA/ITS/2020/04) under Part Eight of EU Regulation 575/2013.

Pillar 3 aims to promote market discipline and transparency through the publication of key information on capital adequacy, risk management and remuneration.

CSEB is incorporated in Spain, as a wholly owned subsidiary of Credit Suisse AG, the main operating entity of the Credit Suisse group ('CS group'). In July 2020, as part of the EU entity strategy and with a focus on strengthening CS group's market offering in the EU, an application for authorization as a credit institution was filed with the Bank of Spain ('BoS') to convert the existing broker-dealer entity, Credit Suisse Securities, Sociedad de Valores, S.A. ('CSSSV'), into a fully licensed banking entity.

On 21 June 2021, said authorisation was notarised and the entity was transformed into a credit institution under the terms set out in the Authorisation and changed the business name of the entity to Credit Suisse Bank (Europe), S.A.

The credit institution application was approved and the conversion for CSEB was completed on 1 August, 2021 the date as from when the Entity was registered with the Registrar of Companies and on the Special Register of Credit institutions of the BoS under code 0243 and Legal Entity Identifier ('LEI') 959800TMGPWX7NYM4R72. The new bank is able to provide the full suite of investment banking business EU-wide, including capital markets advice, loan origination, arranging, underwriting, distribution and securities and derivatives sales, trading and execution services and remains CS group's main legal entity to conduct investment banking business in the EU.

Basis and Frequency of Disclosures

Where disclosures have been withheld, as permitted, on the basis of confidentiality, immateriality, or being proprietary in nature, this is indicated. Pillar 3 disclosures are published annually and could be found on the Credit Suisse website at: www.credit-suisse.com.

This Pillar 3 document has been verified and approved in line with internal policy. It has not been audited by CSEB's external auditors. The Board of Directors (the 'Board') of CSEB, at its meeting held on 28 June, 2023, approved this document. The information contained therein, to the extent that it is not covered by the audit of annual accounts, has been reviewed and integrated, prior to its publication, by the risk management unit.

Basis of Consolidation

These Pillar 3 disclosures are prepared on a stand-alone basis, as is CSEB's annual financial statements.

Remuneration Disclosures

The remuneration disclosures required by CRR Article 450 is included in this document with information on remuneration policies and practices for categories of staff whose activities have a material impact on the risk profile of the entity.

Regulatory Environment

Prudential Regulatory Framework

Basel III regulation is an internationally agreed set of measures developed by the Basel Committee on Banking Supervision ('BCBS') to strengthen the regulation, supervision and risk management of banks and investment firms with the goal of promoting a more resilient financial sector. BCBS published the revised Pillar 3 framework that were integrated in the Basel consolidated framework in December 2019. Pillar 3 seeks to promote market discipline through the publication of key information on capital adequacy, risk management and remuneration.

In 2013, the Basel III framework was incorporated into EU legislation through a legislative package comprising CRR and Directive 2013/36 (Directive 2013/36/EU ('CRD IV'), amending Regulation (EU) No. 648/2012. The purpose of this regulation is to define the levels of capital and the composition of own funds with which credit institutions must operate.

At the national level, CRD IV was transposed through Act 10/2014, on regulation, supervision and solvency of credit institutions and its subsequent regulatory development through Royal Decree 358/2018 which modified Royal Decree 84/2015, of February 13, 2015.

The Pillar 3 disclosure requirements from the Basel III framework have been implemented in EU regulation via part eight of the CRR. The EBA issued its own-initiative guidelines (EBA/GL/2016/11) to ensure harmonised and timely implementation of the revised Pillar 3 framework in the EU. These guidelines were developed with the objective to improve the consistency and comparability of institutional disclosures and promote market discipline.

Micro-prudential oversight in EU is performed by the EBA, the European Securities and Markets Authority ('ESMA') and the European Insurance and Occupational Pensions Authority ('EIOPA') in each of the relevant sectors of financial services. After the Single Supervision Mechanism ('SSM') came into force in 2014, a new European integrated micro-prudential supervision system for credit institutions was introduced, led by the European Central Bank ('ECB') and involving the BoS as the national competent authority for Spain. The BoS is the Spanish central bank and, within the framework of the SSM, the supervisor of the Spanish banking system together with the ECB.

Basel 3 Reforms

In recent years, the EU published a series of legislations to implement some of the remaining Basel 3 prudential reforms agreed by BCBS and collectively referred to as CRD V (Directive (EU) 2019/878) and CRR2 Regulation 2019/876. CRD V became law in Spain in 2021 through Royal Decree Law 7/2021 amending, Act 10/2014 and Royal Decree 970/2021 (which amends, among others, Royal Decree 84/2015).

European solvency framework was transposed into Spanish legislation with BoS Circular 2/2016 regulating outstanding matters arising from Law 10/2014 and Royal Decree 84/2015. In 2021, BoS published Circular 5/2021 on macroprudential tools, that defines the measures such as the countercyclical buffer against a particular sector, sector limits on the concentration of exposures and the establishment of limits and conditions for granting of loans and other operations. The final version of the BoS Circular was published in 2022 to complete the transposition of CRDV into Spanish law.

In 2021, CRR2 came into effect and significantly amends the disclosure requirements under Part Eight of the CRR to implement the new international standards and the regulatory changes therein. It provides for adoption of a more comprehensive disclosure requirements aimed to ensure enhanced comparability of disclosures. Following the mandate in Article 434a of CRR2, the EBA issued its final ITS on disclosure requirements EBA/ITS/2020/04.

During 2021, CSEB implemented the changes under CRR2, notably the changes to implement the standardised approach for measuring counterparty risk, amendments to the large exposures rules, the new leverage exposure rules and the implementation of the net stable funding ratio. The Pillar 3 disclosures contained herein are prepared in the manner set out in Article 433c of CRR2 and associated EBA guidelines (EBA/ITS/2020/04).

In November 2022, the European Council has formally agreed its position on the proposals amending the capital requirements directive and the capital requirements regulation. The Council's General Approach follows the European Commission's proposal of the Banking Package, published in 2021, which contained amendments to the EU Capital Requirements Regulation and Capital Requirements Directive (the amending proposals are known as CRD6/CRR3). The EBA proposes that the implementation date for most elements of the Basel 3 reforms would be 1 January 2025.

Capital Management

Overview

The Credit Suisse group considers a strong and efficient capital position to be a priority. Consistent with this, CSEB closely monitors its capital adequacy position on a continuing basis to ensure ongoing stability and support of its business activities. This monitoring takes account of the requirements of the current regulatory regime and any forthcoming changes to the capital framework.

Financial forecasts and capital plans are prepared by CSEB, taking into account its business strategy and the impact of known regulatory changes. These plans are subjected to stress testing and scenario analysis as part of the annual Internal Capital Adequacy Assessment Process ('ICAAP'). Within the stress testing exercise, potential management actions are identified and assessed so as to remediate any capital shortfalls that could arise during the stress scenario. The ICAAP results are documented and reviewed by the CSEB Board of Directors.

Key Metrics

Article 447 of CRR2 requires disclosure of key prudential regulatory information and ratios for current and previous years. These include own funds, Risk weighted assets ('RWA'), capital ratios, capital buffer requirements, leverage ratio, liquidity coverage ratio and net stable funding ratio. CSEB's key regulatory metrics and ratios are presented in the table below.

KM1 - Key metrics

			Amounts in Euro '000
end of		**2022**	**2021**
	Available own funds (amounts)		
1	Common Equity Tier 1 (CET1) capital	855,483	857,860
2	Tier 1 capital	855,483	857,860
3	Total capital	1,005,483	1,007,860
	Risk-weighted exposure amounts		
4	Total risk-weighted exposure amount	2,829,202	3,586,296
	Capital ratios (as a percentage of risk-weighted exposure amount)		
5	Common Equity Tier 1 ratio (%)	30.24%	23.92%
6	Tier 1 ratio (%)	30.24%	23.92%
7	Total capital ratio (%)	35.54%	28.10%
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)		
EU 7d	Total SREP own funds requirements (%)	8.00%	8.00%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)		
8	Capital conservation buffer (%)	2.50%	2.50%
9	Institution specific countercyclical capital buffer (%)	0.26%	0.04%
11	Combined buffer requirement (%)	2.76%	2.54%
EU 11a	Overall capital requirements (%)	10.76%	10.54%
12	CET1 available after meeting the total SREP own funds requirements (%)	685,730	696,476
	Leverage ratio		
13	Leverage ratio total exposure measure	13,586,073	15,033,333
14	Leverage ratio	6.30%	5.71%
	Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)		
EU 14d	Total SREP leverage ratio requirements (%)	3.00%	3.00%
EU 14f	Overall leverage ratio requirements (%)	3.00%	3.00%
	Liquidity Coverage Ratio		
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	1,873,913	1,966,444
EU 16a	**Cash outflows - Total weighted value**	2,021,128	1,447,797
EU 16b	**Cash inflows - Total weighted value**	1,544,417	981,499
16	Total net cash outflows (adjusted value)	476,710	466,299
17	Liquidity coverage ratio (%)	337.99%	421.71%
	Net Stable Funding Ratio		
18	Total available stable funding	3,629,766	4,476,353
19	Total required stable funding	2,219,398	2,547,025
20	NSFR ratio (%)	162.39%	175.75%

* Requirements applicable as of 31 December 2022

** Liquidity coverage numbers and ratio in 2022 are computed as an average of 12 month-end observations to the reporting date. Net Stable Funding numbers and ratio in 2022 are computed as an average of the last four spot quarter end positions.

Leverage ratio total exposure decreased from 2021 to 2022 primarily driven by the decrease in derivative business and secured financing transactions.

Own Funds

Article 437 of the CRR2 requires disclosure of the main features of Common Equity Tier 1 ('CET1'), Additional Tier 1 ('AT1') and Tier 2 instruments. CSEB's CET1 comprises permanent share capital of ordinary shares and reserves. The ordinary shares carry voting rights and the right to receive dividends. CSEB has no AT1 capital.

CSEB's capital composition and principal capital ratios are presented in the table below. No amount shown in 'own funds' is subject to CRR transitional provisions. CSEB did not apply IFRS9 transitional arrangements specified in Article 473a.

CC1 - Composition of regulatory own funds

			Amounts in Euro '000
end of 2022		**Amounts**	**Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation**
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	47,724	(a) + (b)
2	Retained earnings	0	
3	Accumulated other comprehensive income (and other reserves)	856,379	(c)+(d)
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	0	
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	904,103	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	(5,444)	
8	Intangible assets (net of related tax liability) (negative amount)	(4,478)	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(644)	
12	Negative amounts resulting from the calculation of expected loss amounts	(2,126)	
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	(125)	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	0	
EU-20c	of which: securitisation positions (negative amount)	0	
EU-20d	of which: free deliveries (negative amount)	(125)	
EU-25a	Losses for the current financial year (negative amount)	(11,770)	
27a	Other regulatory adjustments *(including IFRS 9 transitional adjustments when relevant)*	(24,033)	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	(48,620)	
29	**Common Equity Tier 1 (CET1) capital**	855,483	
Additional Tier 1 (AT1) capital: instruments			
Additional Tier 1 (AT1) capital: regulatory adjustments			
45	**Tier 1 capital (T1 = CET1 + AT1)**	855,483	
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	150,000	(e)

51	**Tier 2 (T2) capital before regulatory adjustments**	150,000
Tier 2 (T2) capital: regulatory adjustments		
57	**Total regulatory adjustments to Tier 2 (T2) capital**	0
58	**Tier 2 (T2) capital**	150,000
59	**Total capital (TC = T1 + T2)**	1,005,483
60	**Total risk exposure amount**	2,829,202
Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	30.24%
62	Tier 1 (as a percentage of total risk exposure amount)	30.24%
63	Total capital (as a percentage of total risk exposure amount)	35.54%
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	7.26%
65	of which: capital conservation buffer requirement	2.50%
66	of which: countercyclical buffer requirement	0.26%
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0.00%
68	**Common Equity Tier 1 available to meet buffer (as a percentage of risk exposure amount)**	24.24%
Amounts below the thresholds for deduction (before risk weighting)		
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	6,973
Applicable caps on the inclusion of provisions in Tier 2		
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	1,512
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	8,309
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)		

Countercyclical Capital Buffer

The countercyclical capital buffer ('CCyB') is a macroprudential instrument which calls on credit institutions and investment firms to build up a capital buffer during expansionary periods to be released in a subsequent contractionary phase. BoS calculates a buffer guide every quarter that it shall take as a benchmark for setting the CCyB rate relating to exposures located in Spain. The institution specific CCyB rate as at 31st December, 2022 is 0.26% as disclosed in Table CC1.

Scope of application of the regulatory framework

Article 437(a) requires a disclosure on reconciliation of regulatory own funds to the balance sheet in annual financial statement. The table below highlights the difference in the basis of consolidation for accounting and prudential purposes as it compares the carrying values as reported under annual financial statements with the carrying values under the scope of the regulatory consolidation. References in the last column of the table provide the mapping of regulatory balance sheet items used to calculate regulatory capital. The reference columns presented below reconcile to the references columns as presented in the Table CC1.

CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements

For CSEB, there is no difference between accounting and regulatory scope of consolidation. For this reason, only balances under financial statements are disclosed.

Amounts in Euro '000

	Balance sheet as in published financial statements	Reference
end of	**2022**	
Assets - *Breakdown by asset clases according to the balance sheet in the published financial statements*		
Cash, Cash balances at central Banks and other demand Deposits	240,595	
Financial Assets held for trading	6,736,304	
Derivatives	3,419,820	
Equity Instruments	59	
Debt instruments	2	
Loans and Advances	3,316,423	
Financial assets at amortised cost	2,972,418	
Loans and Advances	2,972,418	
Tangible Assets	36,718	
Property, Plant and Equipment	36,718	
Intangible assets	5,496	
Other Intangible assts	5,496	
Tax Assets	13,806	
Current Tax assts	6,188	
Deferred Tax assets	7,618	
Other Assets	72,414	
Total assets	**10,077,751**	
Liabilities - *Breakdown by liability clases according to the balance sheet in the published financial statements*		
Financial Liabilities held for trading	6,399,063	
Derivatives	3,178,467	
Short Positions	640,888	
Deposits	2,579,708	
Financial liabilities measured at amortised cost	2,665,449	
Deposits	2,577,255	
of which: Subordinated debts	150,000	(e)
Other Financial Liabilities	88,194	
Provisions	24,623	
Pending legal issues and tax litigations	5,782	
Pensions and other post-employment defined benefit obligations	26	
Other Provisions	18,815	
Tax Liabilities	12,197	
Current Tax liabilities	12,197	
Deferred Tax liabilities	0	
Other Liabilities	84,086	
Total liabilities	**9,185,418**	
Shareholders' Equity		
SHAREHOLDERS' EQUITY	892,326	
Capital	18,000	
Paid up Capital	18,000	(a)
Share premium	29,724	(b)
Other reserves	856,372	(c)
Profit or loss attributable to owners of the parent	-11,770	
ACCUMULATED OTHER COMPREHENSIVE INCOME	7	(d)
Items that will not be reclassified to profit or loss	7	
Actuarial gains or (-) losses on defined benefit pension plans	7	
Total shareholders' equity	**892,333**	

Capital Resources Requirement

The Pillar 1 capital requirements of the CSEB are summarised below, along with the relevant risk-weighted asset ('RWA') values. Credit risk capital requirements and RWA are further broken down by risk-weight methodology and exposure class.

OV1 – Overview of risk weighted exposure amounts

Amounts in Euro '000

end of		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		2022	2021	2022
1	Credit risk (excluding CCR)	255,143	281,855	20,411
2	Of which the standardised approach	93,559	77,973	7,485
3	Of which the foundation IRB (FIRB) approach	138,596	178,315	11,088
EU 4a	Of which: equities under the simple risk weighted approach	22	757	2
6	Counterparty credit risk - CCR	1,801,480	2,691,639	144,118
7	Of which the standardised approach	618,189	963,036	49,455
8	Of which internal model method (IMM)	327,853	573,778	26,228
EU 8a	Of which exposures to a CCP	16,439	31,729	1,315
EU 8b	Of which credit valuation adjustment - CVA	511,854	783,849	40,948
9	Of which other CCR	327,145	339,247	26,172
15	Settlement risk	26,359	15,464	2,109
16	Securitisation exposures in the non-trading book (after the cap)	0	0	0
20	Position, foreign exchange and commodities risks (Market risk)	235,396	321,883	18,832
21	Of which the standardised approach	126,059	56,729	10,085
22	Of which IMA	109,337	265,154	8,747
EU 22a	Large exposures	134,184	149,525	10,735
23	Operational risk	376,640	125,930	30,131
EU 23a	Of which basic indicator approach	376,640	125,930	30,131
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	17,433	45,676	1,395
29	**Total**	2,829,202	3,586,296	226,336

Risk Weighted Assets ('RWA') have decreased from 2021 to 2022 primarily due to a decrease in derivatives business which resulted in a decrease in counterparty credit risk and market risk.

Subsequent Event

On 19 March 2023, Credit Suisse Group AG and UBS Group AG entered into an agreement and plan of merger ('the merger'), which was completed on 12 June 2023. CSEB is a wholly owned subsidiary of Credit Suisse Group AG, and as such the future operations and financial performance of CSEB may be impacted as a result of the merger. There can be no assurance that CSEB will not itself become liquidated or otherwise merged with another UBS Group AG subsidiary following completion of the merger. Further information is described in CSEB's 2022 annual financial statements.

Corporate Governance

Overview

In line with Credit Suisse AG, CSEB has defined a set of principles and values that are basic for the good management of the institution. The key principles below represent the foundation for implementation of sound systems of internal control and the management of risk across CSEB and are embedded throughout all components of its internal control framework.

- Risk Culture, Conduct and Ethics: Risk culture encompasses a shared set of values (inclusion, meritocracy, partnership, accountability, client focus and trust) among employees which foster the importance, understanding and control of risks. The CSEB Board is committed to defining, aligning and managing a strong risk culture across all levels of the organization.
- Three Lines of Defense ('LoD'): leverages the Group-wide approach and definitions at CSEB. The model provides a clear segregation of roles and responsibilities between Risk gateway management, independent Risk oversight, and independent assurance.
    - 1st Line of Defense: consists of functions that manage the risk gateway into the bank. They are responsible for identification, measurement, management, and reporting of risks they generate.
    - 2nd Line of Defense: consists of independent risk management unit, compliance and control functions responsible for establishing the risk management framework and associated control standards, providing independent challenge over activities, processes, and controls carried out by the 1st LoD, and ensuring risks are appropriately managed and reported.
    - 3rd Line of Defense: provides independent assurance to the Board about the adequacy of the overall risk and control framework. Internal audit ('IA') acts as a 3rd Line of Defense.
- Policy Framework and Documentation: CSEB business, corporate and control functions leverage Group policies to the extent they are also relevant for the Spanish entity and these are adopted as the procedures and processes for CSEB. When necessary, specific and standalone procedures and policies are issued for CSEB.

This provides a clear segregation of roles and responsibilities between risk and control gateway management, independent risk and compliance oversight and independent assurance. In addition, CSEB has established a legal entity corporate governance in line with applicable laws for credit institutions.

Board of Directors

CSEB's By-laws (*estatutos sociales*) provide, in accordance with Spanish Companies Act, that the Board of Directors will be responsible for the representation and administration of CSEB, subject to the provisions of CSEB's By-laws which provided for certain matters expressly reserved to the sole shareholder. The Board of Directors of CSEB is responsible (unless it falls to the shareholder resolutions) for approving the matters reserved for it as provided for in the law and, in all cases, pursuant to the Spanish Companies Act, the CSEB's By-laws and the Board of Directors Regulations, the following reserved matters:

- To prepare the CSEB's annual accounts, management report and proposed allocation of profit/loss and the financial information which the CSEB is periodically required to disclose.
- To prepare any report required by law from the Board of Directors.
- To appoint directors by co-option and submission of proposals to the Shareholders' Meeting for the appointment, ratification, re-election or removal of directors.
- The appointment and removal of the Secretary and, as the case may be, the Deputy Secretary of the Board of Directors.
- To adopt decisions relating to directors' remuneration for their participation on the board.
- The authorisation or waiver of the obligations deriving from the duty of loyalty in accordance with the provisions of the law, including actual or potential conflicts of interest involving directors.
- The designation and renewal of internal offices on the Board of Directors and of the members and offices of the Board of Directors' committees, as well as appointment and removal of the executive board members and establishment of his/her contractual conditions and to adopt decisions concerning the appointment and removal of the CSEB's senior executives who report directly to the Board of Directors, as well as the establishment and reviewal of the basic terms of their contracts, including their remuneration and any compensation in the event of their removal.

- To supervise the effective functioning of any committees or delegated bodies created by the Board of Directors and the conduct of the executive board members appointed by the Board of Directors.
- To monitor the management decision-making and actions and assess the Board of Directors in its management function, including monitoring and scrutinizing its individual and collective performance.
- The approval of the strategy and general policies of the CSEB and the preparation of the programs and establishment of objectives for the implementation of the corporate purpose, as well as the promotion and supervision of the management of the CSEB and compliance with the established objectives.
- To assess, on a periodically basis, the effectiveness of the CSEB's internal governance framework and take appropriate steps to address any identified deficiencies.
- To supervise the amounts, types and distribution of both internal capital and regulatory capital to adequately cover the risks of the CSEB and the targets for the liquidity management.
- To ensure that the heads of internal control functions are able to act independently and, regardless the responsibility to report to other internal bodies, business lines or units, can raise concerns and warnings to the Board of Directors when adverse risk developments affect or may affect the CSEB.
- The submission of proposals to the Shareholders' Meeting regarding any amendments to the Corporate By-Laws or the Shareholders' Meeting Regulations.
- To call of the Shareholders' Meeting, drawing up of the agenda and preparation of proposed resolutions, including the proposed appointment or re-election of the auditor of the CSEB.
- To implement the resolutions approved by the Shareholders' Meeting and exercise of any functions entrusted to it by the Shareholders' Meeting, including the exercise of any powers delegated to it by the Shareholders' Meeting, unless it has been expressly authorised by the Shareholders' Meeting to subdelegate them.
- To define the structure of the general powers of the CSEB to be granted by the Board of Directors or by its delegated corporate bodies.
- To decide on any matters which, falling within its competences, are considered in the opinion of the Board of Directors to be in the CSEB's interests or which are reserved pursuant to the Regulations to the plenary session of the Board of Directors.
- The establishment of its own organisation and functioning and approval and amendment of the Regulations.

According to the provisions of the CSEB By-laws and the Board Regulations, the Board of Directors of CSEB has delegated bodies reporting to the Board, delegating to such bodies any powers attributed to the Board of Directors by law or the By-Laws, save for any powers that cannot be delegated by operation of law.

In this sense, the CSEB Board of Directors have, on a permanent basis, an Audit Committee, a Nominations Committee, a Remuneration Committee and a Risk Committee, with the composition and functions established in the law, the By-laws and the Board of Directors regulations.

Audit Committee

The primary function assigned to the Audit Committee ("AC") are the following:

The Audit Committee shall understand and evaluate the integrity of financial statements and how management and the External Auditors assess the risk of significant miss-statements, what the major risk areas are, and how they monitor and respond to the identified risk. To this end, the AC will review with management and External Auditors the annual financial statements prior to their submission for approval by the BoD.

The AC meeting shall address among other issues:

- Year-end financial reporting including significant accounting changes
- Significant Internal Audit findings
- Significant External Audit findings
- Significant legal, disciplinary and tax matters
- Significant projects and initiatives, as per the AC's special focus topics defined annually
- Additional reports as requested by the Chair

More specifically, the AC will consider the areas below:

Financial Statements

- All critical accounting policies and practices.
- Discussions with auditors without the management including assessment of performance and independence of external auditors.
- Significant issues regarding accounting principles, practices, financial statement presentation, and proposed changes thereof.
- The adequacy of internal controls that could significantly affect CSEB's financial statements and special audit steps adopted in light of significant control deficiencies, if any, including those reported by Internal Audit.
- Significant financial reporting issues, management estimates and judgements made in connection with the preparation of CSEB's financial statements.
- Any significant alternative treatments of financial information within the applicable Spanish GAAP framework that have been discussed with management, analysis of the effect of alternative applicable Spanish GAAP disclosures and treatments of CSEB's financial statements and the treatment preferred by the External Auditors, to the extent significant.
- The External Auditor's audit report including the required communications to the AC to be made in accordance with Spanish law and Spanish auditing standards.
- Significant audit adjustments and unadjusted audit differences, including adequacy of litigation provisions.
- Any disagreements between External Audit and management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to CSEB's financial statements or the External Auditor's report.
- Other significant communication between the External Auditors and management, including management's representation letters provided to the External Auditor in conjunction with the audit.

Compliance, Legal, Regulatory and other non-financial Risks

- Review the appointment or replacement of the Head of Compliance, including basic terms of contract, and submit input to the CSEB Nominations Committee ("NomCo") for the assessment of suitability, for approval by the BoD.
- Review with the Head Compliance the overall Compliance and FCC risk assessments and approve the annual Compliance and FCC objectives. Moreover, review significant changes in the Compliance and FCC plan, annual and quarterly Compliance reports, staffing and budget of the Compliance function.
- Review periodically but no less frequently that annually the effectiveness of the performance of the Compliance Function, including the annual performance assessment of the Head of Compliance.
- Review with the GC legal matters that may have a significant impact on the financial statements.
- Review with GC and Compliance the Group's policies and any significant reports or inquiries received from Regulators or governmental agencies.
- Regularly obtain from the GC and review with management a report of significant legal and regulatory matters and any other significant GC matters.
- Regularly obtain from the Head of Compliance and review with management a report on significant compliance and disciplinary matters, including significant matters reported through the Group's Integrity Hotline.
- Establish procedures for the receipt, retention and treatment of complaints of a significant nature received by the Group regarding accounting, internal accounting controls, auditing, or other matters alleging potential misconduct and the confidential, anonymous submission by employees of the Group through the Group's Integrity Hotline or by other means regarding questionable accounting, auditing, or other matters, and receive periodic updates on complaints received.
- Review with the Head of Compliance the implementation and effectiveness of the compliance "Conduct and Ethics" program and related matters. The Head of Compliance is also authorized to report promptly to the AC, or to the AC Chair, on any material matter involving misconduct or potential misconduct.
- Review with the External Auditors the results of their annual regulatory audits, in-depth audits, and any other reviews as mandated by regulators.
- Obtain reports from the Head of Internal Audit and the External Auditors with regard to significant operational, compliance, regulatory or other non-financial risks.
- Review and assess components of the internal control system addressing compliance processes and controls.
- Review jointly with the BRC the status of major infrastructure and committed change programs

- Review and assess CSEB's overall compliance framework for addressing financial crime risk, including policies, procedures and organizational setup.
- Monitor and assess the effectiveness of financial crime compliance program, including those with respect to the following areas:
  - Anti-money laundering
  - Client identification and KYC
  - Client on and off boarding
  - Political exposed persons (PEPs)
  - Economic and trade sanctions
  - Anti-bribery and anti-corruption
  - Client tax compliance
- Review the status of the relevant policies and procedures and the implementation of significant initiatives focused on improving conduct and vigilance within the context of combating financial crime, including employee awareness and training programs.
- Review and monitor investigations into allegations of financial crime or other reports of alleged misconduct pertaining to the areas specified above, including matters reported through the Group's Integrity Hotline.
- Review with the management and the Internal and External Auditors audit findings and recommendations with respect to the areas specified above, including annual regulatory audit reports.

External Auditors

- Evaluate the performance of the External Auditors in fulfilling their responsibilities related to the audit of the financial statements in accordance with all relevant regulations and consider the experience and qualifications of the senior members of the External Auditor's team. Recommend to the BoD the appointment or replacement of the External Auditors, subject to shareholder approval, as required by applicable law.
- Review the External Auditor's annual audit plan, including the scope, staffing, locations, reliance upon management and Internal Audit, and general audit approach.
- Obtain periodic, but no less frequent than annual, reports from the External Auditors, regarding the External Auditor's Independence, discuss such reports with the External Auditors, consider whether the provision of non-audit services is compatible with maintaining the auditor's independence and, if so determined by the AC, recommend that the BoD take appropriate action to satisfy itself of the independence of the External Auditors.
- Review and evaluate the lead Partner(s) of the External Auditor, taking into account the opinions of the management and Internal Audit. Assure the regular rotation of the lead audit partner will comply with all other applicable legal and regulatory requirements.
- Pre-approve the retention of and fees to be paid to the External Auditors for audit services and terms of audit engagements, in line with Group policy
- Pre-approve the retention of, and fees to be paid to, the External Auditors for any non-audit service, in line with Group policy.

Internal Audit

- Review the appointment or replacement of the Head of Internal Audit, including basic terms of contract, and submit input to the NomCo for the assessment of suitability, for approval by the BoD.
- Review with the Head of Internal Audit the overall risk assessments and approve the annual audit objectives. Moreover, review significant changes in the audit plan, annual activity reports, significant audit findings and reports, staffing and budget of Internal Audit.
- Review periodically but no less frequently than annually the effectiveness of the performance of Internal Audit, including the annual performance assessment of the Head of Internal Audit.

Governance

- Self-assessment of the Audit Committee and setting of next year's objectives and action plans, as part of annual duties.
- Review and assess the adequacy of these Terms of Reference from time to time and recommend any proposed changes to the BoD for approval.

Risk Committee

The primary functions assigned to the Board Risk Committee are the following:

- Receive and review any formal performance Management Information (MI) relating to each of the CRO functions.
- Review and assess the level and/or adequacy of CSEB liquidity, funding and credit risk including any large exposures.
- Review the adequacy of CSEB capital and its allocation to CSEB businesses.
- Assess and propose appointment of CRO for suitability assessment to the Nominations Committee, and subsequent CSEB BoD approval, including basic terms of Contract.
- Recommend to the CSEB Board the removal and/or disciplinary sanctioning of the Chief Risk Officer (CRO)
- Oversee and challenge the design and execution of internal stress and scenario testing.
- Review with CSEB executive management, significant operational risk matters.
- Recommend Risk Appetite Statements.
- Review and assess the adequacy of the risk identification and measurement methodologies including the Risk Appetite framework.
- Review and assess various internal risk limits and make recommendations.
- Review breaches and escalate to BoD with recommendations or temporary increase of limits.
- Review other major risk concentrations as deemed appropriate.
- Monitor the adequacy of the business continuity program.
- Examine whether the incentives provided by the CSEB remuneration system take into consideration risk, capital, liquidity and the likelihood and timing of earnings, in order to assist the BoD Remuneration Committee in advising on, and making recommendations to, the Group Compensation Committee so as to ensure the establishment of sound remuneration policies and practices.
- Advise the BoD Remuneration Committee on performance relating to risk objectives, to be incorporated in the incentive structure for CSEB, to enable the BoD Remuneration Committee to recommend risk adjusted compensation.
- Provide advice, oversight, and challenge necessary to embed and maintain a supportive risk culture throughout CSEB.
- Self-assessment of the Board Risk Committee, as part of their annual duties.
- Review and assess the adequacy of these Terms of Reference from time to time and recommend any proposed changes to the BoD for approval.
- Review jointly with the AC the status of major infrastructure and committed change programs.
- Review other significant matters of non-financial risk as appropriate (i.e. Risk and Control self-assessment "RCSA" exercise).

Nominations Committee

The primary functions assigned to the Nominations Committee ("NomCo") are the following:

- Engage and evaluate a broad set of qualities and competencies when recruiting members to the CSEB BoD and put in place a policy promoting diversity on the CSEB BoD.
- Identify and recommend for approval, by Credit Suisse Group BoD, the appointment, and dismissals of CSEB BoD members.
- Make recommendations to the CSEB BoD concerning, candidates to fill CSEB BoD vacancies, having evaluated the balance of knowledge, skills, diversity and experience role of Chair and membership of the BoD committees.
- Make recommendations to the CSEB BoD concerning the Heads of Control Functions. For the IA Head and Compliance Head shall take input from the Audit Committee, and for the CRO, shall take input from the Board Risk Committee.
- Make recommendations to the CSEB BoD concerning the key Executives of CSEB and CSEB Branch Managers.
- Prepare roles and responsibilities descriptions for CSEB BoD appointments, and assess the time commitment required.
- Periodically review the policy of the CSEB BoD for selection and appointment of senior management and make recommendations to the CSEB BoD.
- Verify the coherence of relevant policies with the strategies of the CSEB (sustainability, diversity, long-term profitability and risk-taking).
- Recommend to the CSEB BoD the appointment and removal of Chief Executive Officer (CEO).
- Analyze other occupations of each of the CSEB´s directors and create a board competency matrix.

- Draft a succession plan for the CSEB BoD. The succession plan will be reviewed regularly and adapt it to new needs and circumstances that may arise.

Other responsibilities:

- Reviewing that the information that the entity disseminates through its website on matters falling under the NC´s remit, is sufficient and appropriate.
- Have such other responsibilities as are required by applicable law or regulation and any other responsibilities delegated to it by the BoD from time to time.
- The NC with the assistance of other functions (e.g. Human Resources), will identify the areas in which a specific training is required either for the Board of Directors collectively or for an individual member.
- Review and assess the adequacy of these Terms of Reference from time to time and recommend any proposed changes to the BoD for approval.
- Annually perform a self-assessment of the NC performance.

Remuneration Committee

The primary functions to be assigned to the Remunerations Committee would be the following:

General duty to advise on matters relating to remuneration in CSEB. As a subsidiary of strategic importance (Category 1 subsidiary), the Group BoD approves the remuneration of CSEB Board members (INEDs).

Specific duty to advise and/or make recommendations to the BoD on any of the following matters:

- Compliance with the global Credit Suisse compensation policy and structure and with relevant regulations and practices.
- Review advice provided by the Board Risk Committee on performance relating to risk objectives including ESG risk factors, as per EBA recommendation.
- Assess the achievement of performance targets and the need for ex post risk adjustment, including the application of malus and clawback arrangements.
- Review and, where necessary, approve the regulatory reporting /disclosures that CSEB is required to make under relevant compensation regulations.
- Oversight of individual compensation awards of CSEB Executive Committee and any Material Risk Taker, in accordance with EBA guidelines, for Material Risk Takers (MRT).
- Support the identification process of Material Risk Takers (MRT).

The RemCo has to be actively involved in the MRT identification process as well as MRT exclusions process oversight and approval of individuals to be excluded.

The RemCo also needs to ensure the appropriate involvement of other committees, e.g., Board Risk Committee, Audit and Nomination committees and should collaborate with them in this regard.

Other responsibilities:

- Reviewing that the information that the entity disseminates through its website on matters falling under the RemCo´s remit, is sufficient and appropriate.
- Have such other responsibilities as are required by applicable law or regulation and any other responsibilities delegated to it by the BoD from time to time.
- Review and assess the adequacy of these Terms of Reference from time to time and recommend any proposed changes to the BoD for approval.
- Annually perform a self-assessment of the RemCo performance.

As explained in the previous section, CSEB in line with CS group has implemented a three Lines of Defense model, where the 1st Line of Defense consists of functions that manage the risk gateway into the bank, responsible for identification, measurement, management, and reporting of risks they generate. This provides a clear segregation of roles and responsibilities between Risk gateway management, and the 2nd Line of Defense (Independent Risk oversight) and the 3rd Line of Defense (Independent assurance).

The 1st Line of Defense consists of functions that manage the Risk gateway into the bank. They are responsible for maintaining identification, measurement, management, and reporting of effective internal controls over the risks they generate on a front-to-back basis, in line with the Board's Risk Appetite. This includes Risk identification, and the design, operation, and testing of controls required to comply with Risk appetite and policies.

Group Investment Banking Supervision Framework

Group Investment Banking ('IB') operate a proactive and preventative Front Office ('FO') control agenda which is action oriented, measurable and relevant for the businesses. The Supervisory framework across the division is consistent across business unit and legal entities of the CS Group

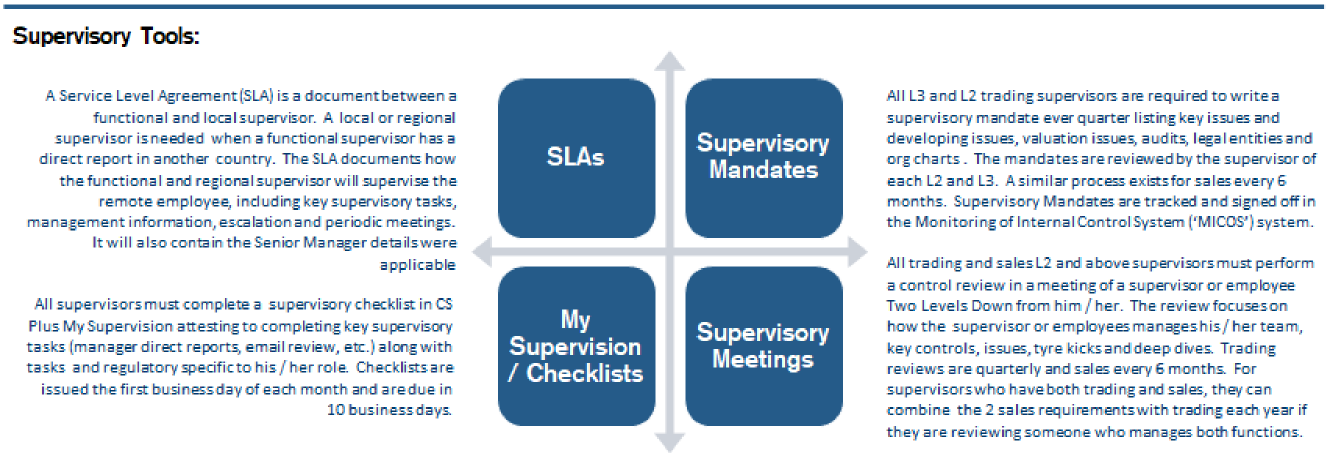
Key components of the framework include:

- Governance and Escalation: connection of core risks, issues and themes into monitoring, reporting and analytics and ensuring actions and outcomes are discussed and overseen by appropriate business and entity governance forums.
- FO Supervision and Oversight: ongoing actions in relation to monitoring and controlling of business areas and individuals together with the development of related tools and processes.
- Risk Identification and management: divisional approach to the risk assessment process (for instance, quarterly Risk Control Self Assessment ('RCSA'), the management and verification of controls and the response and remediation of incidents and issues.
- The IB Supervisory framework is well established and mature and has been enhanced in response to prior operational and trading incidents, audit and regulatory reviews/ findings and industry best practice.

There is a significant emphasis from senior management down on ensuring continued and effective supervision using the below principles:

The Group's global policy states diligent and proactive supervision as most important risk management tool. Bank employees who have responsibility for the management or oversight of a business area or employees are accountable for supporting the Group's culture of compliance and developing a 'best in class' control environment consistent with the Group's Key Values as set forth in the Credit Suisse Code of Conduct.

In order to enable and support supervisors in discharging their obligations, mature tools, platforms and protocols exist as does a defined supervisory Level hierarchy from L4 (Divisional CEO), L3, L2 to L1 (Supervisors of other non-supervisors).



Selection and Suitability Assessment at the Board of Directors

Selection of Board of Directors

All members of the Board are appointed following the procedure established internally. In accordance with the regulations applicable to credit institutions in Spain, among others, Chapter IV of Title I of Law 10/2014 of 26 June 2014 on the regulation, supervision and solvency of credit institutions and it implementing regulations ('Law 10/2014'), Chapter III of Title I of Royal Decree 84/2015 of 13 February 2015 implementing Law 10/2014 of 26 June 2014 on the regulation, supervision and solvency of credit institutions ("RD 84/2015") and Circular 2/2016 of the BoS, CSEB must have, in conditions proportionate to the nature, scale and complexity of its activities, adequate internal units and procedures to carry out the selection and ongoing assessment of the members of the Board, its general managers and similar officeholders, and the personnel responsible for the internal control functions and other key positions within Bank.

CSEB has a policy that defines the appointment and the assessment procedures for the members of the Board and for the Key Function Holders of the Bank. Specifically, the policy sets out, among others, the following aspects:

- the scope of application and the body responsible for assessing the suitability and the assessment and reassessment procedures adopted;
- the suitability requirements applicable individually to Directors and Key Function Holders, and collectively to the Board of Directors.

The following positions are identified as subject to the policy:

- Members of the Board
- Compliance Head
- Internal Audit Head
- Risk Management Head (CRO)
- Financial Director (CFO)

Suitability Assessment

The Nominations Committee ('NC') engages a broad set of qualities and competences when recruiting members to the Board of Directors, and also Key Function Holders, among others:

- Identifies and recommends for approval, by Credit Suisse Group AG, candidates to fill the Board vacancies, having evaluated, amongst others, the balance of knowledge, skills, diversity and experience of the Board of Directors.
- Periodically review the internal procedures for the selection and appointment of the Board of Directors and Key Function Holders and make recommendations to the Board of Directors.
- Assess structure, size, composition and performance of the Board of Directors.

For the assessment of the individual suitability of the Board of Directors, the Bank uses the Suitability Matrix taking into consideration the following topics.

- Sufficient time commitment
- Adequate knowledge, skills and experience
- Reputation, Honesty and Integrity
- Independence of mind

When assessing the collective suitability of the Board of Directors, the Bank assesses the composition of the Board in its management and supervisory functions separately.

The assessment of collective suitability provides a comparison for the actual composition of the Board of Directors between the Board of Directors´ actual collective knowledge, skills and experience, and the required collective suitability pursuant to Article 91(7) of Directive 2013/36/EU.

For the assessment of the collective suitability of the Board of Directors, the Bank uses the Suitability Matrix.

Selection and Assessment procedures

The appointment of Directors are required to be approved by Credit Suisse Group AG. Suitable candidates must replace members of the Board of Directors and all the changes must be planned with a view to maintaining a sufficient level of collective knowledge and experience.

Pursuant to the CSEB´s Articles of Association, vacancies that arise in the Board during the course of a mandate may be occupied by means of co-option of an individual selected by the Board for this purpose. The said co-option shall be subject to ratification of the Shareholder at the first General Meeting convened after the co-option.

The suitability of new members of the Board, as regards their ability to perform their respective functions shall be subject to prior assessment by the NC. The NC will record and maintain at the disposal of the BoS any assessment or reassessment carried out by CSEB.

Individual assessments of members of the Board and collective assessments must be performed throughout the term of the respective mandate if CSEB becomes aware that one or more supervening events have occurred that may reasonably give rise to the reassessment of the suitability due to lack of compliance with the suitability requirements. It has been agreed to carry out a thorough analysis of the suitability of the Board members every three years or as frequent as the NC deems it necessary.

Members of the Board have a duty to immediately notify of any subsequent event that changes the information given by such individual in the documentation sent to the BoS, or if it may affect, based on a reasonable judgment, to the suitability requirements.

The individual assessment of the suitability of Key Function Holders shall take into consideration the requirements of suitability established for members of the Board with the necessary adaptations, taking into account the requirements, the nature, scale and complexity of the functions performed by them. Individuals considered as Key Function Holders shall be approved by the Board, further to the recommendation of the NC.

Diversity

In accordance with Article 91(10) of Directive 2013/36/EU, all institutions should have and implement internal measures promoting diversity on the management body, to promote a diverse pool of members. It should aim to engage a broad set of qualities and competences when recruiting members of the management body, to achieve a variety of views and experiences and to facilitate independent opinions and sound decision making within the management body.

The diversity measures should at least refer to the following diversity aspects: educational and professional background, gender, age and, geographical provenance.

CSEB acknowledges and embraces the benefits of building a diverse and inclusive culture and having a diverse board of directors. Accordingly, the Board understands that increasing diversity at the Board level is an essential component in maintaining a competitive advantage. A diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions between its members. Pursuant to the EU Directive 2014/95/EU of 22 October 2014, the Bank has fully embraced the principle that the diversity of competences of the Directors shall facilitate a good understanding of the business organisation and affairs of the Bank. Diversity shall enable the Board to constructively challenge the management decisions and to be more open to innovative ideas, addressing the similarity of views of members, also known as the 'group-think' phenomenon. Thus, Diversity contributes to the effective oversight of the management and to successful governance of the Bank. It is therefore important to enhance transparency regarding the diversity policy applied.

All Board appointments are made on merit, in the context of the skills, experience, independence, good repute and knowledge, which the Board as a whole requires to be effective. The NC has responsibility for leading the process for Board appointments. The NC reviews and assesses Board composition on behalf of the Board and recommends the appointment of new Directors to the Board and its shareholders all in accordance with the group policies.

The benefits of diversity continue to influence succession planning and are key criteria in the instructions to any external search consultant, where instructed. The NC oversees the conduct of the annual review of Board effectiveness and performs the following tasks related to diversity:

a) In reviewing Board composition, the NC will consider the benefits of all aspects of diversity including, but not limited to, skills, regional and industry experience, background, race, gender, in order to permit it to discharge its duties and responsibilities successfully;

b) In identifying suitable candidates for appointment to the Board, the NC will consider candidates on merit against objective criteria and with due regard of the benefits of diversity on the Board; and

c) As part of the annual performance evaluation of the effectiveness of the Board, the Board Committees and individual Directors, the NC will consider the balance of skills, experience, independence and knowledge of Board members and the diversity representation of the Board, including gender, how the Board works together as a unit, and other factors relevant to its effectiveness.

The NC will review and agree annually all measurable objectives for achieving diversity on the Board and recommend them to the Board for approval. At any given time the Board may seek to improve one or more aspects of its diversity and will measure progress accordingly.

The Bank endeavours to meet the target set forth under Law 3/2007 of March 22 as soon as practicable. This target (40% of women) will be monitored by the NC through periodic reviews of the structure, size, composition and performance of the Board.

Currently, as of 31 May 2023, the Board of Directors is made up of 3 female directors and 5 male directors. The female representation is 37.5%. This representation is slightly below the balanced presence of women and men objective.

With a view to achieving the goal set by the Board of Directors, CSEB will attend to the following guidelines:

a) In the candidates selection process to join the Board of Directors, must avoid any type of implicit bias that may imply discrimination or difficulties in the selection of less represented gender will be avoided.

b) In the appointment of members of the Board of Directors, those candidates of the least represented gender will be chosen, provided that their professional evaluation is similar and the suitability and functioning of the administrative body as a whole are not neglected.

Details of Board members with number of directorships held is shown in Appendix 1.

Risk Management

Risk Management Framework

CSEB Risk Management Framework is based on transparency, management accountability and independent oversight. Risk Management plays an important role in CSEB business planning process and is strongly supported by the management body and the Board of Directors. The primary objective of risk management is to control the risks taken by CSEB and measure and monitor that the entity maintains appropriate levels of capital and liquidity for the risks assumed. CSEB has implemented risk management processes and control systems and to limit the impact of negative developments by monitoring all relevant risks including credit, market, liquidity, non-financial and reputational risks as well as managing concentrations of risks.

General Principles of Risk Management and Control

In line with Credit Suisse AG, CSEB has defined a set of principles and values that are basic for the good management of the institution. The key principles below represent the foundation for the management of risk across CSEB and are embedded throughout all components of the Risk Governance and Risk Management Framework ("RMF").

- **Risk Culture, Conduct and Ethics**: Risk culture encompasses a shared set of values (inclusion, meritocracy, partnership, accountability, client focus and trust) among employees which foster the importance, understanding and control of risks. The CSEB Board is committed to defining, aligning and managing a strong risk culture across all levels of the organization.
- **Three Lines of Defense ("LoD"):** the three LoD model for CSEB leverages the Group-wide approach and definitions. The model provides a clear segregation of roles and responsibilities between Risk gateway management, independent Risk oversight, and independent assurance.

- **1st Line of Defense**: consists of functions that manage the risk gateway into the bank. They are responsible for identification, measurement, management, and reporting of risks they generate.
- **2nd Line of Defense**: consists of independent risk management and compliance functions responsible for establishing the risk management framework and associated control standards, and providing independent challenge over activities, processes, and controls carried out by the 1st LoD.
- **3rd Line of Defense**: Internal Audit ("IA") is the framework and the independent 3rd Line of Defense, responsible for providing independent assurance over the risks and control activities carried out by the 1st and 2nd LoD.

- **Policy Framework and Documentation:** CSEB CRO leverages Global CRO policies to the extent they are also relevant for the Spanish entity and these are adopted as the procedures and processes for CSEB. When necessary, specific and standalone procedures and policies are issued for CSEB.

Internal Audit Function

As per the CS Group Internal Audit charter ("Charter"), Internal Audit is responsible for carrying out the internal audit function for CSEB and comprises of global and five locally based staff.

Internal Audit is an integral part of CSEB's corporate governance and risk management framework. The primary role of Internal Audit, as the 3rd Line of Defense, is to provide assurance to the Audit Committee and the board of directors that Management has adequately executed their task to enforce, implement and monitor the bank's guiding principles, policies and directives, thereby protecting the assets, reputation and sustainability of the organization. Internal Audit does this by providing a continuous objective and independent assessment of the associated risks, and an evaluation of the effectiveness of CSEB and CS Group's system of internal controls and governance processes.

Compliance Function

CSEB Compliance has four dedicated Compliance officers under the supervision of the Head of Compliance for all CS entities in Spain, all of which are located in Madrid. A new team member joined the Madrid team in April 2022. This Compliance team also covers CSEB's branches in the Netherlands and Sweden, while there is local Compliance coverage in France and Italy. In addition, the Financial Crime Compliance (FCC) function is a team of three people based in Madrid and one team member based in Paris covering France, Netherlands and Sweden. This FCC team also collaborates with Italy's local Compliance coverage in relation to financial crime matters. CSEB Compliance Function is highly outsourced, with a number of services being provided by service providers from other parts of the Global Compliance function within the CS Group.

CSEB Compliance carries out a wide range of monitoring and testing activities typical of Investment Banking Compliance, including, but not limited to advising the business on regulatory matters, compliance with the relevant framework, participating in governance forums of CSEB, participating in product development and distribution governance, training, complaints handling, new business initiatives, disciplinary matters etc.

Risk Organisation

The CSEB CRO takes their mandate from the CSEB Board of Directors and the CS Group CRO and as a result the CSEB CRO reports to the CSEB Board Risk Committee. The CSEB CRO assumes decision making authority for the day to day risk management of CSEB by mandate from the CSEB Board Risk Committee ("BRC").

Within the CRO matrix organization a cascade of responsibilities exists from the Group CRO to the EMEA CRO who is mandated to perform the CRO 2nd Line of Defense risk oversight role for selected EMEA legal entities including CSEB. The EMEA CRO has delegated their supervision mandate for CSEB to the CSEB CRO. In this matrix, the CSEB CRO is also the recipient of the mandate of the CSEB BRC to supervise the day-to-day risks of CSEB.

Crucially, the CSEB CRO has the authority to decline any transaction where it impacts the CSEB entity with veto powers, even when approved by the CS Group CRO or EMEA CRO, the decision made by the CSEB CRO to decline a transaction cannot be overruled by the CS Group CRO, or the EMEA CRO. Where a transaction is declined by either the Group CRO or EMEA CRO it cannot be approved by the CSEB CRO.

The CSEB CRO organisation is responsible for overseeing the CSEB entity risk profile across all risk types and for ensuring that there is an adequate and effective independent risk management function. The CSEB CRO provides a dedicated focus on the risks at the CSEB entity level whilst appropriately leveraging the global risk management processes applied by the CS Group.

The CSEB CRO organisation is made of the following functions:

- Credit Risk Management (CRM)
- Treasury and Liquidity Risk Management (TLRM);
- Strategic Risk Management (SRM);
- EU Stress-Testing
- Market Risk Management (MRM);
- Non-Financial Risk Management (NFR);
- Regulatory Risk Management (RRM);

A matrix structure exists globally within the Risk Division. For the CSEB CRO functions, in addition to local reporting lines to the CSEB CRO, the matrix structure establishes functional reporting lines into the risk area heads within the broader N-2 (i.e. EMEA CRO) organizations.

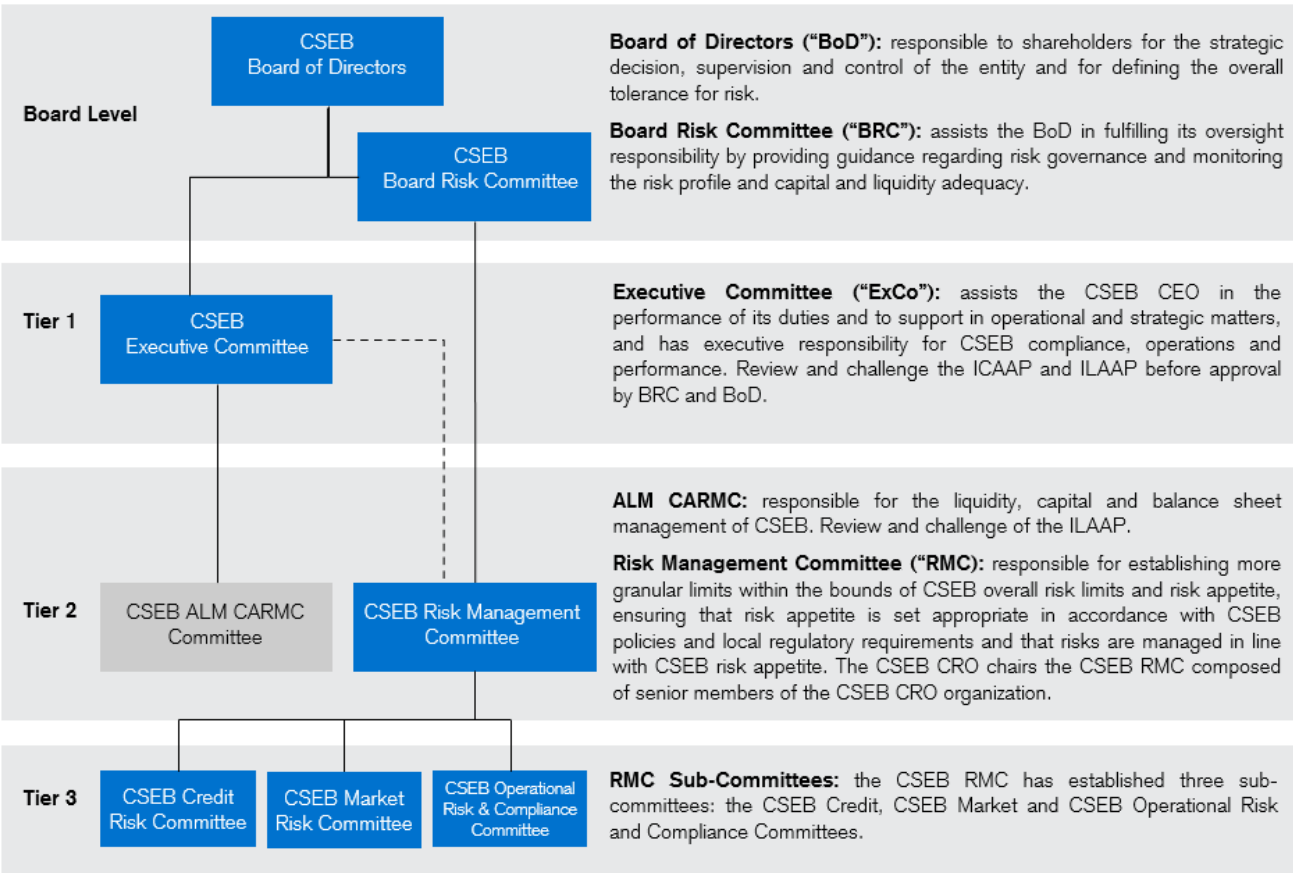
Risk Governance

Credit Suisse has firm-wide supervision and governance policies, procedures, processes and standards, and the governance structure of CSEB is aligned to the global model applied across Credit Suisse. Management and oversight is provided through a series of Board, Executive and Business specific committees which ensure focus on risk management while also driving performance and strategy.

The Chief Risk Officer ("CRO") is responsible for overseeing CSEB risk profile and for ensuring that there is an adequate independent risk management function. This responsibility is delegated from the CSEB Board of Directors, via the CSEB Board Risk Committee, to the CSEB CRO, who in turn has established a risk governance framework and supporting organisation.

CSEB has a well-established risk governance structure to monitor and escalate risk-related decisions. Functional supervision is ensured in these committees, since the CSEB CRO Senior Risk Executives all have a reporting lines in their respective Group Risk functions complementing their reporting into the CSEB CRO.

Figure - CSEB Risk Governance Committee Structure



The CSEB Risk Management Committee ("RMC") is chaired by the CSEB CRO and comprises local senior risk experts from the dedicated CSEB CRO team, first line senior executives and local corporate functions. The CSEB RMC meets at least quarterly and makes recommendations regarding risk appetite and other risk related topics to the Board of Directors through the Board Risk Committee. Additional escalation for any non-risk issues is made to the CSEB ExCo.

Additionally, the CSEB RMC has established three sub-committees: the CSEB Market Risk Committee ("MRC"), the CSEB Credit Risk Committee ("CRC") and the CSEB Operational Risk and Compliance Committee ("ORCC") with the responsibility of overseeing those particular risks.

- **CSEB Credit Risk Committee ("CRC"):** chaired by the CSEB Chief Credit Officer, defines and implements the CSEB Credit Risk Framework. It is responsible for reviewing emerging risks and assessing the impact of any issues that impact the credit portfolio including counterparty, sector, and concentration. This process is supported by the Credit Risk Management department, which is responsible for approving credit limits, monitoring and managing individual exposures, and assessing and managing the quality of credit portfolios and allowances.
- **CSEB Market Risk Committee ("MRC"):** chaired by the CSEB Head of Market Risk, defines and implements the CSEB Market Risk Framework. It is responsible for reviewing emerging risks and assessing any issues that impact on the CSEB market risk profile. This process is supported by the Market Risk Management department which is responsible for assessing and monitoring the market risk profile of the Bank and recommends corrective action where necessary.
- **CSEB Operational Risk & Compliance Committee ("ORCC"):** co-chaired by the CSEB Head of Non-Financial Risk and the CSEB Chief Compliance Officer, oversees the Operational Conduct and Compliance risks for CSEB and its branches, including monitoring the effective implementation of the Non-Financial Risk Framework ("NFRF"), reviewing the business (1st Line of Defense) processes to manage risk in accordance to the respective frameworks and providing independent review and challenge (2nd Line of Defense) over the risk profile to ensure risks are managed in accordance with appetite. This process is supported by the Non-Financial Risk department which is responsible for the identification, assessment, and monitoring of operational risk.

Risk Management Processes

Risk Management in CSEB is composed of a number of processes and management activities and is governed by the CSEB Risk Management Framework Policy Supplement to the CS Group policy. These processes are applicable across all Risk Functions defined in Section 3.4, and describe how risk is identified and assessed, measured and monitored, mitigated and controlled and reported throughout the organization. In addition, each of the components below involve the establishment of a control environment utilizing policies, processes, systems and other risk mitigation techniques.

The Risk Management Components reflect the minimum standards in describing key Risk management activities across principal Risk classes and are implemented by each Risk Function.

Strategic Risk Management ("SRM") Function

CSEB SRM Provides CSEB CRO with holistic risk coverage focusing on cross-functional and cross-divisional risk analysis and reporting at the firm-level. CSEB SRM is led by the Head of CSEB SRM based in Madrid and is supervised directly by the CSEB CRO. CSEB SRM aggregates CSEB risk profile and supervises the development and maintenance of firm-wide frameworks for risk appetite, risk identification and assessment, and stress testing. CSEB SRM also provides a risk perspective on capital adequacy via the Internal Capital Adequacy Assessment Process ("ICAAP").

The ICAAP is used to assess the capital adequacy of CSEB, and its aim is to reflect on the capital risks of the entity in a structure way, using bank-specific approaches to measure and manage these risks. The process involves the identification, measurement and management of capital risks.

The ICAAP is based on CSEB's own risk analysis and on analysis of its risk management controls. Based on these analyses, own funds requirements are calculated to enable CSEB to permanently maintain a level of capital determined to be the sum of a) legal capital requirements and b) internal estimation of add-ons to Pillar 1 requirements when they are assessed by CSEB as insufficient for its risk profile and c) any additional capital notified to CSEB by the Bank of Spain.

In addition, to determine own funds requirements, CSEB considers capital planning and stress tests that are consistent with the risks inherent to its activity, the economic environment in which it operates, the risk management, control and governance systems in place, the strategic business plan and the quality of the available own funds. When determining own funds requirements, CSEB can take into account real possibilities of obtaining more own funds if this were to prove necessary.

The ICAAP is a comprehensive process that leverages other processes in the Risk Management Framework, and its output is a key determinant in the calibration of the entity's Risk Appetite.

Risk Identification

In the risk identification phase, the CSEB CRO function is held accountable for assessing all of the risks within their areas of coverage. This includes the vulnerabilities of existing and emerging risks and associated risk consequences/impacts and likelihoods. The functional risk areas support the business in identifying all risks relevant to CSEB and mapping them to the risk taxonomy.

CSEB CRO function's responsibilities for risk identification include the following tasks:

- **New Business Process ("NBP"):** The NBP is a preventative control process that requires all new business initiatives within CSEB to be implemented in a disciplined manner in order to effectively manage risk, which includes the evaluation of new products and strategies, as well as ongoing assessment of existing products. Each risk function is responsible for assessing the respective risk in new business initiatives.
- **Pre-Trade Valuation and Risk Approval Process ("PTVRA"):** The PTVRA process is a preventative control that ensures that all relevant risk factors, valuations and potential operational risks related to product variants, as well as material or unusual transactions, are reviewed, documented and validated prior to trade execution. Each risk function is responsible for ensuring that all risk factors under their function are understood, defined and adequately captures in the relevant risk management tools, and to consider the firm's capability to risk manage the trade throughout its entire lifecycle.
- **Risk Identification and Assessment Framework ("RIAF"):** The RIAF is a structured approach that engages a wide internal stakeholder group from 1st and 2nd LoD. The internal processes require each individual risk function and business areas across the entity to provide input to detect emerging risks, and the changing characteristics of existing risks already identified to assess their impact on financial resources. The RIAF process is the foundation for the CSEB Risk Management Framework and the ICAAP and ILAAP processes. The output of the RIAF feeds the Risk Appetite Framework and is used to determine adequate measurement and monitoring of key risks.

The Risk Identification process must also take into account Risk concentrations. Risk concentrations can arise both from a co-movement of risk positions within a risk type ("intra-risk concentrations") and from a co-movement of risk positions across different risk types (due to common risk factors or interactions between various risk factors of different risk types – "inter-risk concentrations").

Risk Appetite and Strategic Planning

The processes, policies, controls, responsibilities and systems through which risk appetite is established or adjusted, communicated and monitored in order to achieve CSEB strategic objectives. Each risk function is required to set a risk appetite statement in qualitative and quantitative terms (e.g. limits, flags, tolerances), and outline the roles and responsibilities of those overseeing the implementation and monitoring of the risk appetite.

Risk Measurement, Assessment and Monitoring

Risk measurement and assessment is the process of determining the risk profile of CSEB based on actual or planned risk exposures. Risk profile can be evaluated using either quantitative or qualitative techniques to gauge potential losses or other adverse impacts. Risk measurement methodologies are specified in a wide range of policy, manual, guideline and procedure documents.

Quantitative risks are measured using both internal and regulatory prescribed quantitative models and methodologies. Qualitative risks include the inventory of risks which are typically non-quantifiable and can be assessed via expert judgement or through the use of a suite of proxy quantitative measures, chosen so that in aggregate they provide an objective picture of the level of the qualitative risk profile.

The risk profile of CSEB is monitored against defined risk constraints. This includes monitoring the CSEB exposure to different impacts considering material losses and/or outflows, and reputational considerations. To meet this objective, CSEB has defined a number of risk exposure measures which are monitored against corresponding risk constraints. The utilization of these measures versus limits is reported as part of day-to-day risk reporting. Escalation procedures are in place to inform the CSEB Board of Directors, CSEB RMC, senior management and business unit management about breaches and significant incidents. Breaches are escalated following an specific governance hierarchy with the respective explanations of the breach, associated drivers and mitigating actions. Disciplinary action for limit breaches is taken where appropriate and as applicable.

Risk Analysis, Mitigation and Control

Ongoing analysis of risk exposures and dependent risk measurements is a key aspect of good risk management. Each risk function responsibilities for risk analysis, mitigation and control include the following tasks:

- **Active Dialogue**: Frequent and transparent engagement is needed between 1st LoD and 2nd LoD to effectively analyze existing and potential risks, and to ensure that both BAU and crisis response processes are efficient and well embedded in the organization and to demonstrate a continuous review and challenge process conducted by the risk department
- **Independent Risk Review**: The 2nd LoD has ongoing responsibility for in depth analysis of risk exposures and of any related risk metrics or qualitative assessments, and the relevant 2nd LoD Risk Manager for a portfolio of risk exposures (e.g. business, entity, product, counterparty, country) has the authority to perform an Independent Risk Review ("IRR") at any point. Potential triggers for an IRR may include macro-economic or geo-political events, market moves, new or growing concentrations, control concerns or question marks around the accuracy of risk modelling.
- **Risk Profile Mitigation:** Mitigation of risk profile is the responsibility of the 1st LoD, where mitigation is possible. 2nd LoD support the 1LoD with risk mitigation analysis and monitoring risk profile versus risk appetite, allowing the 1LoD to take mitigating actions where they fall outside accepted risk appetite levels. The 2nd LoD may unilaterally instruct the 1st LoD to mitigate risk profile, under pre-agreed circumstances outlined in relevant Risk Appetite Frameworks and where legally permissible.
- **Pre-Trade Approval and New Business Process:** Risk analysis should include coverage of the Pre-Trade Approval and New Business processes (defined previously).

Risk Reporting

The CSEB CRO is responsible for ensuring that relevant risk reports and risk information is captured, reported and escalated to the Risk Management Committee (RMC) and the CSEB Board of Directors. In addition to internal reports, external risk reports to relevant regulators (as applicable) are prepared and issued by CSEB CRO department for all risk types with the exception of liquidity risk where internal and external reporting is prepared by the CFO department. CSEB risk reporting have to follow the guidelines defined the Basel Committee on Banking Supervision's document number 239: Principles for effective risk data aggregation and risk reporting.

Alignment to BCBS 239 Principles

BCBS 239 requires the bank's risk data aggregation capabilities and risk reporting practices to be subject to strong governance arrangements. At the end of each year, Credit Suisse performs an internal sign-off of its ongoing Risk Data Aggregation and Reporting ("RDAR") compliance. The outcome of the RDAR internal sign-off is communicated to Board and Senior Management via updates to the in-scope Risk Committees.

To enable RDAR internal sign-off, RDAR roles are defined in line with accountabilities along the Risk Data Supply Chain. This ensures that capabilities surrounding risk data governance, origination, sourcing, provisioning, report preparation and reporting are compliant with the RDAR principles, leading to overall sign-off of compliance by respective accountable CROs. CSEB leverages the RDAR internal sign-off coordinated by the Group to assess its compliance to all BCBS 239 principles.

Risk Profile

Risk Identification

The first stage of the Risk Identification process involves the nomination of 1st and 2nd Line of Defense risk identifiers, risk assessors and risk owners, who will utilize local processes to identify risks within their respective areas. CSEB has adopted the Global Risk Taxonomy managed by CS Group to ensure alignment in the classification of the risks identified for its business model as well as alignment with the Group Risk Appetite. Risk identifiers (or their delegates) should be selected to ensure adequate coverage of the Global Risk Taxonomy, and business profile of CSEB. As a minimum, risk identifiers are expected to provide information on the risks that should allow adequate understanding of the nature, cause, consequence, controls, financial impact, non-financial impact and likelihood.

Risk Assessment

The assessment of materiality of risks is designed to facilitate the classification of material/non-material risks and thus assist in their prioritization. The key aspects considered in the materiality assessment are as follows:

- **Financial Impact**: Categorization of the financial impact of risks identified which is based on the estimated loss impact and net liquidity outflows. The four categories (minor, adequate, significant or major) are defined by thresholds that are calibrated to other key aspects of the wider risk framework such as business strategy or the financial plan.
- **Non-Financial Impact:** Categorization of the non-financial impact performed under a qualitative assessment, which is based on four dimensions (regulatory, client, market and competition, and reputation). Each non-financial dimension should be assigned to one of the categories used in the financial impact (i.e. minor, adequate, significant or major). The highest impact category across all the non-financial dimensions determines the final categorization of the risk's non-financial impact.
- **Risk Likelihood:** Risk likelihood provides an assessment of the risks probability of occurrence taking into account the actual market conditions at the time of the assessment.

The overall assessment incorporates the financial impact, non-financial impact and the risk likelihood. As a guideline, the highest category across the financial and non-financial impacts should determine the overall impact category of the risk.

Risk Inventory

CSEB Risk Inventory is a comprehensive list of risks which the entity may be exposed to as a result of its business model. Once the relevant risks are identified, they are evaluated for their materiality to CSEB. The full Risk Inventory is the complete population of all information submitted by risk identifiers. This population is used in supporting more detailed discussions and assessment. The Material Risk Inventory is a reflection of the specific inherent and residual risk in the CSEB business model based on the CS Group Global Risk Taxonomy, and it is discussed and approved through the CSEB Risk Governance

The following are considered to be the Principle Key Risk Classes for the CSEB entity based on its business model:

- **Market Risk**: Market Risk refers to potential financial losses arising from adverse changes in market factors such as equity, commodity, foreign exchange prices, interest rates, credit spreads, volatilities, correlations, cross market risks, basis and spreads risks or other relevant market factors (including concentration and illiquidity) on positions held. The material market risks identified for the entity include Contingent Market Risk and Cross Gamma Risk (XVA).
- **Credit Risk**: Credit Risk refers to potential financial loss as a result of a borrower or counterparty failing to meet its financial obligations, or as a result of a deterioration in the credit quality of the borrower or counterparty. The material credit risks identified for the entity include Counterparty Default, Settlement Risk, Collateral Credit Migration and Underwriting.

- **Concentration Risk**: A concentration risk refers to an exposure which, were it realized, could result in a material financial loss, threaten the financial institution's liquidity or capital position, materially change the risk profile, generate a material operational control breach or result in an unacceptable level of damage to its reputation. The size of impact will reflect the underlying exposure as well as an adverse circumstance. The material concentration risks identified for the entity include Single Name Concentration, Industry Concentration and Country Concentration.
- **Treasury & Liquidity Risk**: Includes Treasury Risk, which refers to the potential for structural interest rate, FX, and other ALM positions to impact its earnings and / or capital strength; and Liquidity Risk, which refers to the firm's ability to efficiently meet both expected and unexpected current and future cash flows, collateral and intraday requirements without affecting either daily operations or the financial condition of the firm.
- **Non-Financial Risk:** Non-Financial Risk refers to the risk of an adverse direct or indirect impact originating from sources outside the financial markets, including but not limited to Operational Risk, Technology Risk, Cyber Risk, Third Party Risk, Compliance Risk, Regulatory Risk, Legal Risk and Conduct Risk. Non-Financial Risk is inherent in most aspects of our business, including the systems and processes that support our activities. It comprises a large number of disparate risks that can manifest in a variety of ways. The material Non-Financial risks identified for the entity based on the Entity´s Risk & Control Self-Assessment, include People, Trade Validation, Technology Strategy and Cyber, Client and Data, Payments, Regulatory Reporting, Financial Crime, Management, Governance and Transformation risks.
- **Model Risk**: Model Risk is the potential for financial loss, negative reputational impact and/or adverse regulatory action from decisions made based on model outputs that may be incorrect or used inappropriately.
- **Reputational Risk**: Reputational Risk is the risk arising from negative perception on the part of our stakeholders (customers, counterparties, shareholders, investors, employees, regulators) that can adversely affect our ability to maintain existing, or establish new, business relationships and continued access to sources of funding.
- **Business Risk**: Business Risk refers to potential underperformance against financial objectives. This includes a wide range of potential internal and external drivers, scenarios, and events.
- **Capital Risk**: Capital Risk is the risk that the bank does not maintain adequate capital to support its activities while exceeding its regulatory requirements and meeting its internal capital goals. Capital adequacy is identified as a material risk.

CSEB Material Transactions and Booking Model

The CS Group strategy is to use CSEB as the passported entity in the European Union ("EU") to provide Europe Economic Area ("EEA")-domiciled clients access to EEA and non-EEA markets through CS network of affiliates and CSEB´s market access to EU Markets and EU Central Clearing Counterparty ("CCP") for CS affiliates, through regulated activities related to IB businesses such as:

- Execution of new derivatives with EU Clients
- Membership on behalf of CS group to EU based Central Counterparty clearing houses ('CCPs') and Exchanges executing orders in those venues for the global franchise
- Execution of secured financing trades with EU Clients
- Primary issuance of equity capital market/debt capital market ('ECM/DCM') with EU Clients and distribution to EU investors
- Capital Markets and Advisory ('CM&A') advisory with EU Clients
- Settlement of securities with EU Clients
- Unique IB Hub in the EU adding loans and loans underwriting

CSEB operates a Back-to-Back Pass-Through operating model where CSEB transfers most market risk associated with contractual products (e.g. derivatives and repo) to the global risk hubs, mostly the CS Group IB Hub in London. However, CSEB retains credit risk, settlement risk, operational risk, collateral adjusted valuation ("CAV"), counterparty valuation adjustment ("CVA") and certain market risk that rises from cash equities, XVA management which are managed locally. The credit or counterparty credit risk is retained by CSEB only up to the extent it does not exceed CSEB risk appetite.

The two business lines of CSEB are Markets and Investment Banking Capital Markets and Advisory ("CM&A"):

- **Investment Banking Markets Overview:** Incorporates the Credit, Equities, Global Trading Solutions and Securitized Products business lines. The services provided under this area include global securities and derivative sales, trading and execution, ECM/DCM and loan underwriting, and investment research.
- **Capital market and advisory ("CM&A") Overview**: Assists clients across regions and industries in achieving their strategic and financial goals, advising on mergers and acquisitions as well as equity, debt and other capital raising, offers advisory, structuring and execution expertise to a broad range of corporate clients and financial sponsors.

Risk Appetite

The Risk Appetite Framework ("RAF") covers all risks to CSEB and is applied across all risk classes, business units and legal entities and branches. The Risk Appetite Framework ensures a robust and integrated approach to controlling the overall risk profile and serves as an essential decision making tool for management and the Board of Directors.

The RAF is driven by top-down Board leadership and bottom-up involvement of senior CSEB executives. The RAF must be embedded and understood across all levels of the organization. It needs to facilitate embedding risk appetite into the risk culture and be adaptable to changing business and market conditions. It should provide a mechanism to evaluate opportunities for appropriate risk taking, protect against excessive risk taking and form the basis for the Board, risk management and internal audit to debate and challenge business management in the way they operate the business.

The development, maintenance and enhancement of an effective RAF is an iterative and evolutionary process that requires ongoing dialogue between the CSEB Board, the CSEB Board Risk Committee, and the CSEB CRO which is supported by ex-ante analysis discussed at the CSEB Risk Management Committee, made of the senior members of the CRO organization and of the Business and as appropriate other control functions.

Risk Appetite Statement

The CSEB Risk Appetite Statement ("RAS") articulates the aggregate level and types of material risks that CSEB is willing to accept or to avoid in order to achieve its business objectives. The RAS consists of qualitative constraint statements and quantitative risk constraints which are reviewed and approved by the CSEB BoD on an annual basis as part of the financial planning process.

The RAS is updated at least annually or in the event of any material change in the CSEB Risk RAS due to a change in business or market conditions. More frequent non material updates are left at the discretion of the CSEB CRO and the Chair of the Board Risk Committee.

Qualitative statements set the overall tone for CSEB's approach to financial and non-financial risk taking, and articulate the motivations for accepting or avoiding certain types of risks, products, country/regional exposures, etc. Quantitative measures are generally expressed in terms of earnings, capital, liquidity, stress testing, and other. These measures complement the qualitative statements ensuring clear boundaries of loss or negative outcomes are established and determine for each material risk the overall maximum level of risk that CSEB is willing to operate within, based on the overall risk capacity, risk appetite and risk profile.

The RAF must ensure that the material risks assumed by CSEB are reflected in the Risk Appetite Statement. Risk Appetite Statement completeness and coverage should be assessed with reference to the Material Risk Inventory within the RIAF. The Risk Appetite Statements should reflect all BoD level approved appetites across the relevant risk classes.

The completeness of the Risk Appetite Statement is ensured during the annual risk planning process, where material coverage gaps of the Risk Appetite Statement are addressed. Participants in the risk planning process are required to highlight material gaps and propose ways by which they can be mitigated.

CSEB uses staggered Risk Constraints (limits, tolerances, flags and guidelines) as appropriate for each Risk Measure required to monitor compliance with the approved risk appetite. The Risk Constraints for each Risk Function and Business Divisions are set in relation to:

- Aggregated Risk Capacity (maximum level of risk) allocated in CSEB based on regulatory capital and funding. Risk Appetite is the aggregate level and types of risk CSEB is willing to assume, and is contained within our risk capacity, to achieve our strategic objectives and business plan.
- Risk Constraint forecast (minimum level of risk) calculate by the Business based on minimum projected risk constraints required to achieve their business objectives.

The Risk Appetite Statement signed-off by the Board of Directors is the following, including key metrics used to measure utilization against a risk limit.

Specifically, at Board level, following limits are in place: limits for CET1 ratio and the stress CET1 ratio, limits against credit risk capital consumption, market risk and CVA capital consumption, operational risk capital consumption and IRRBB capital consumption, and limits against certain scenarios and liquidity measures including the Liquidity Coverage Ratio (‘LCR’) and Net Stable Funding Ratio (‘NSFR’).

Underneath the Board level limits and part of the RAS, CSEB CRO and his Executives has rolled a granular suite of controls (operating limits or tolerances) rooted into the aforementioned Board level capital and liquidity limits and following a cascade logic.

Sometimes, operating limits are applicable to all CSEB and sometimes they are applicable only to certain CSEB business as relevant. We enclose few specific examples of operating limits owned by CSEB CRO and his Executives:

- Operating limits against the credit risk capital consumption, market risk and CVA capital consumption, operational risk capital consumption and IRRBB capital consumption whose limit values are necessarily more constraining than the equivalent Board level limits (controlling the same underlying risk parameter)
- Limits against risk sensitivities (e.g. FX delta, interest rates delta, equity vega etc)
- Potential exposure limits showing the credit exposure accounting for margins and stressing the market to market risk and potential lags in margining. Potential exposures limits are set for single name, set cumulatively by credit rating. The potential exposure limits are calculated under baseline conditions and stressed conditions. In particular, CSEB applies credit limits against CS group and its inter-affiliates in line with the treatment of third party exposures.
- Limits against the observed losses originating from operational incidents inclusive of a maximum limit for any operational loss
- Value at Risk limits
- Scenario based limits, for example credit country stress loss, earning stability scenario stressing non-investment grades counterparties
- Limits against the LCR, the NSFR whose limit´s values are necessarily more constraining than the equivalent Board level limits as well as internal metrics stressing the liquidity inflows and outflows.

There is an ongoing monitoring throughout the year such that, if there is a material change in the business strategy, risk profile or external environment, and interim review and restriction will occur as deemed necessary by the CSEB CRO. Functional CROs are responsible for ensuring that the Risk Appetite in their area of responsibility is tracked through appropriate risk reporting and presented at the CSEB RMC and relevant sub-committees to discuss adherence, high utilization and breaches. It is the responsibility of the CSEB Business to ensure adherence to the CSEB Risk Appetite, while it is the responsibility of the functional CROs to ensure that any non-adherence is challenged and promptly returned within appetite, and if appropriate, escalate to the CSEB RMC and the BRC and the CSEB Board of Directors.

Declaration approved by the management body on the adequacy of the risk management arrangements

The CSEB Directors are responsible for reviewing the effectiveness of the CSEB systems of internal control and risk management arrangements providing assurance that the systems put in place are adequate with regard to the institution's profile and strategy as required for CSEB by EBA/ITS/2020/04 Article 3 and also by CRR 2 Article 435(1) point (e).

The risk management and internal controls systems are designed to manage rather than eliminate the risks of not achieving business objectives, and, as such, offer reasonable but not absolute assurance against fraud, material misstatement, excessive risk taking and loss.

The CSEB Board of Directors has established a CSEB Board Risk Committee ("BRC") chaired by and majority composed by Independent Non-Executive Directors and attended as invited by the Chair by members of CSEB Management. Ordinary meetings of the Board Risk Committee are required to take place at least four times each year and on an ad-hoc basis if necessary. The CSEB BRC supervises the activities and ensures independence of 2nd Line of Defence which for Risk Management is led by the CSEB CRO, the Head of the CSEB Risk Management Unit.

The CSEB risk governance operates under the authority of the CSEB BRC and is made of a cascade of CSEB risk committees and working groups reporting into the CSEB Risk Management Committee. The CSEB Risk Committees are always chaired by senior members of the CSEB CRO organization. The CSEB CRO and the senior risk executives are located in Madrid and are employed by CSEB. The CSEB CRO also oversees the activities originated from Spain in the Private Bank and this oversight does no conflict with the exercise of his mandate as CSEB CRO.
The CSEB CRO reports without restriction of access to the CSEB BRC, and also to the CSEB CEO, and is supervised by the EMEA CRO of CS Group. The CSEB CRO is accountable for the risk decisions of his organization to the CSEB BRC.

CSEB uses risk systems, risk models and risk procedures in place in CS Group and outsources a large part of the execution of those procedures to CS Group supervised by the CSEB Risk management unit which executes its 2nd Line of Defence duties and retains a veto authority on risk decisions impacting CSEB.

In 2021 and 2022, CS Group identified several gaps in the risk management control infrastructure which hampered its overall effectiveness in particular for counterparty credit risk and embarked on a multi-year remediation program. Concurrently, CSEB have taken reasonable steps to ensure that the enhancements necessary for CSEB have been identified and remediated or mitigated locally.

The CSEB CRO reviewed the enhancements identified and delivered in CSEB, the CSEB annual self-assessment against the BCBS 239 rules as well as the tactical risk processes put in place by the CSEB CRO. As a result, the CSEB CRO confirmed to the CSEB Directors that the arrangements and infrastructure for risk management are currently suitable for the supervision of the CSEB's risk profile, recognizing also that keeping staff's attrition in the CSEB risk function at manageable levels, having up to date successions plans and staff substitution arrangements as well as keeping accountability in the local first line of defence are key risks to the suitability of those arrangements.

Based on the above the CSEB Directors assess the current risk management framework adequate for the supervision of the risks of CSEB given its risk profile and strategy as long as there are no significant changes.

Current and Emerging Risks

From a market perspective, 2022 was a challenging year presenting adverse macroeconomic conditions including rising interest rates, inflationary pressure, volatile markets, and geopolitical uncertainty. This disclosure considers CSEB risk exposures as of December 2022 which cover for the Global Strategic Review ("GSR") announced publicly on October 27th 2022, where CS Group disclosed its strategy with among others: the sale of its securitized products activity and the creation of Credit Suisse First Boston ("CSFB") for harbouring capital market activities. CSFB was a company to be listed in the US which lead to an internal re-organization and to portfolio transfers, mostly related to lending and impacting CSEB, which are captured in the financial plan and in scope for the 2022 ICAAP and ILAAP.

Credit Suisse experienced a significant idiosyncratic event in Q4 2022, in which due to negative press and adverse social media coverage Credit Suisse began to experience significantly higher withdrawals of cash deposits as well as non-renewal of maturing time deposits. As the fourth quarter progressed, these outflows observed in the Group stabilized to much lower levels and the customer deposits declined. The idiosyncratic event was material, and significantly impacted the liquidity and funding profile of CS Group AG, and ultimately impacted CSEB.

On December 21st, 2022, CSEB formally received the Supervisory Review and Evaluation Process ("SREP") Letter from Bank of Spain. The letter included the conclusions of the SREP review including one requirement related to the Total Capital Required ("TCR") by CSEB; specific recommendations on managing CSEB, guidance expectation related to additional funds ("P2G") and additional considerations, to be accounted for starting January 1st, 2023.

Based on the above, from January 1, 2023, CSEB shall meet the minimum total capital requirements (or total capital requirement ratio of the SREP) of not less than 13.94% of the total amount of risk exposure, which includes the regulatory minimum of Pillar 1 (8%) and the requirement of Pillar 2 R (P2R) (5.94%).

On March 17th, UBS Group announced its merger with CS Group and this resulted in material uncertainties to CSEB's going concern assessment which were alleviated with the completion of the merger of CS Group with UBS on June 12th except for the definition of the future of CSEB which has not yet been decided. Currently, CSEB maintains in BAU and for periods of stress captured in its internal model approach sufficient liquidity and capital.

Credit Risk

Credit Risk Organization

Credit Risk Management ("CRM") is the responsibility of CSEB Chief Credit Officer ("CCO"), based in Madrid, who is supported by five other professionals (two credit officers, one portfolio manager, one credit controller and one quantitative analyst). The CSEB CCO reports to CSEB CRO and has a functional reporting line into the Group CCO via the CSi/CSSEL CCO. The CSEB CCO is a member of CSEB Risk Management Committee and chairs the CSEB Credit Risk Committee ("CRC"), which is a sub-committee of the RMC.

CRM operates a global coverage model whereby subject matter expertise ("SME") in Industry Sectors, Products, Counterparty Credit Risk etc. is leveraged for the purposes of overall credit risk process, notwithstanding the ultimate booking location. To address legal entity requirements, CRM in CSEB provides oversight and governance of credit risk as it pertains to the legal entity, as well as providing the final credit approval for credit exposure proposed to be booked against CSEB's balance sheet. It also ensures that established Group Credit Risk standards and practices are embedded at the legal entity level (together with any local requirements that may apply) while managing exposure to credit risk within the boundaries of appetite as set out in the CSEB Credit Risk Appetite Framework.

CRM performs the following key risk management activities:

- Supports the business in identifying all credit risks relevant to CSEB and mapping them to the risk taxonomy. Risk identification is an ongoing process that informs risk appetite and limit setting, definition of scenario narratives including consideration of stress testing and assessment of capital adequacy under ICAAP Pillar 2.
- Calibrates and recommends appropriate risk metrics that inform the Credit Risk Appetite Statement, based on CSEB business plan. The overall Credit Risk Appetite Framework articulates credit risk appetite through a mix of qualitative statements and quantitative limits.
- Develop and maintain the front-to-back control framework for counterparty credit risk to ensure all processes and procedures are followed within the prescribed guidelines, as pertaining to CSEB, for example credit approval for new transactions.
- Ensure the appropriateness of the design and control of credit risk models.

Credit Risk Governance and Control

The CSEB CRC is a Tier 3 committee with delegated authority from the CSEB RMC, chaired by the CSEB CCO. The CSEB CRC provides oversight of the Credit Risk profile in CSEB with responsibilities including:

- To discuss emerging risks and determine actions, including escalation to CSEB RMC and/or IB CRC, as appropriate
- To define, implement, review and propose changes to the CSEB Credit Risk Appetite Framework
- To review utilisation of all appetite limits, and determine what actions are required in cases of high utilisation or excesses
- To notify the CSEB RMC of relevant limit breaches and associated actions taken
- To review regular reports and any other issues with an impact on the CSEB credit portfolio
- To consider any existing regulatory or other important projects
- To review, challenge and recommend to the CSEB RMC the Credit ICAAP Pillar 2 (risks not adequately capitalized in Pillar 1)

CSEB CRM interacts with other groups outside of CRM as part of its governance and control framework, including but not limited to the following (3rd Line of Defense functions):

- **Credit Risk Review ("CRR"):** CRR is an independent global control function that provides assessments of CSEB credit exposures and practices related to the management of Credit Risk. CRR executes its objectives through a combination of cycled reviews and continuous monitoring activities in order to evaluate the quality and transparency of the credit analysis and ratings assigned for regulatory and capital purposes.

  CRR responsibilities include the assessment of the accuracy and timeliness of counterparty PD, transaction LGD and regulatory risk ratings, where applicable; assessing the quality of credit portfolios and the quality and transparency of credit analyses; evaluating the effectiveness of management of Credit Risk within the business units and supporting governance functions (i.e. 1st and 2nd lines of defense); assessing the appropriateness and compliance with relevant Credit Risk policies, manuals, procedures and guidelines and adherence to CS risk rating methodologies and their appropriate use.

- **Internal Audit ("IA"):** Internal Audit is an integral part of the Group's corporate governance and risk management framework. The primary role of IA, acting in its capacity as a 3LoD, is to assist the Audit Committee, BoD and Senior Management in their task to enforce, implement and monitor CS's guiding principles, policies and directives, thereby protecting the assets, reputation and sustainability of the organization.

Credit Risk Management

Effective credit risk management is a structured process to assess, quantify, measure, monitor and manage risk on a consistent basis. This requires careful consideration of proposed extensions of credit, the setting of specific limits, monitoring during the life of the exposure, active use of credit mitigation tools and a disciplined approach to recognizing credit impairment. CRM processes included, but not limited to the following processes:

- **Credit Analysis:** Credit Analysis, the process by which all obligors are assessed for the purposes of creditworthiness and their ability to repay/meet the proposed contractual credit obligations, is performed and documented prior to submission for approval purposes. Analysis is performed at the outset of any proposed credit relationship, at least annually throughout the lifecycle of the relationship, and on an ad-hoc basis where changing circumstances deem it necessary. Credit Analysis is performed using SME through the CRM global coverage model, in accordance with the standards established by Group Credit Risk.

- **Credit Ratings:** Credit Ratings for obligors and transactions, which are assigned and maintained by CRM under the global coverage model, are established at the outset of any proposed credit relationship and are reviewed at least on an annual basis throughout the lifecycle of the credit relationship. Ratings are also reviewed and updated on an ad-hoc basis where monitoring activity, information or events suggest a deterioration in the creditworthiness of the obligor, or where changes to terms and conditions are proposed.

- **Credit Approval:** All credit facilities must be formally approved by Credit Officers with the requisite level of Delegated Credit Authority. CRM operates a bifurcated approach to credit approval for the purposes of CSEB, which consists of: the initial approval in accordance with the global coverage model; and a second level approval by CSEB legal entity credit authority holders.

  When a CSEB Credit Officer reviews a credit request, the review will consider the appropriateness of the exposure for CSEB in light of its risk profile and also alignment with/availability of appetite under the CRAF. Notwithstanding any approval that may have been given in accordance with the global coverage model, the decision maker in CSEB has the final judgement and may decline a credit request that will result in an exposure booked in CSEB.

- **Credit Monitoring:** All obligors and credit transactions are monitored on an on-going basis in order to assist with the timely identification of unexpected risk profile changes (including deterioration in obligor creditworthiness) and to ensure the continued accuracy of Credit Ratings.

Although the global coverage model is leveraged for the purposes of individual obligor/transaction monitoring, CRM in CSEB provides oversight and governance from the local legal entity perspective. This includes notification of credit limit excesses and/or margin call fails and inclusion of any CSEB obligors to CRM Watchlists.

CRM in CSEB (via the Credit Portfolio Management resource) also monitors credit risk at the legal entity credit portfolio level. Principally this is performed via the measurement and review of exposures against the appetite levels established for the purposes of the CRAF, which are submitted to the CSEB CRC for governance purposes.

- **Counterparty Credit Risk ("CCR") Management:** The risk that the counterparty to a derivative or securities financing transaction could default before the final settlement of the transaction's cash flows, creates a bilateral risk of loss because the market value of the transaction can be positive or negative to either counterparty to the transaction. As such, CCR exposures are typically netted and collateralized under a master agreement and are often subject to detailed regulatory requirements designed to minimize inherent systemic risk that could be caused by a default of one or more major market participants.
- **Workout and Recovery:** The Recovery Management International team ("RMI") is a global CRM team managing and/or overseeing recoveries and impairment for CS. The Global Credit Recovery Manual outlines the roles and responsibilities of RMI, including the classification of impairment assets, structuring workout plans and exist strategies, management of bankruptcy cases and identifying loan sale opportunities, shadowing Watchlist cases to provide advice/guidance on stress situations, determination of allowable valuation methods and provisions. A London based RMI team covers EU clients for CSEB.

Credit Risk Measurement & Reporting

Credit Risk Management relies on the following metrics to measure and monitor credit risk in CSEB:

- **Potential Exposure ("PE"):** For derivative exposures, PE is calculated as the 95th percentile worst case on the simulated distribution of exposure including relevant risk mitigants.
- **Mark to Market ("MTM"):** inventory exposure is measured per issuer as the aggregate market value of any debt position held physically or synthetically.
- **Scenario analysis** calculating PE post certain stresses on MTM

Risk Analytics and Solutions ("RAS") assists CRM with effective risk and capital decision making by delivering and reporting Risk and Financial information and by providing a single source of data and related calculations.

Credit Officers rely on the credit risk system Insight, a Credit Suisse proprietary system, as the primary reporting tool to monitor exposures directly. Additional reporting is provided to credit officer teams and management as required. They include, but are not limited to:

- On-going operational and exposure reporting
- Country limit reporting
- Collateral concentration reporting
- Scenario reporting, including Wrong Way Risk
- Watch list and RMI reporting
- Global Chief Credit Officer (GCCO) Dashboard

Appetite controls will be monitored at governance forum using a colour code according to highlight breaches as red (i.e. more than 100% of the limit) and close breaches as amber (i.e. >90% of the limit). The CSEB CRC and CSEB RMC will monitor utilization of the appetite controls for higher governance authorities to consider timely actions to address high utilisations.

Credit Risk Hedges and Mitigation

Counterparty credit risk may be reduced through various forms of mitigation, including: credit default swaps ("CDS"), bespoke or contingent CDS, third-party guarantees, credit insurance, letters of credit and other written assurances (unfunded credit risk mitigation); and collateral or fully-collateralised derivatives (forms of funded protection).

The amount of credit risk arising from the concentration to protection providers is not considered to be material by virtue of CSEB using inter affiliates under the back to back model rather than third-party market counterparties.

Taking of financial collateral is a key risk management tool for securities financing transactions, derivatives, FX, other OTC products. Subject to legally enforceable agreements, collateral may be accepted in many different currencies and jurisdictions, and the collateral process creates potentially significant legal, tax, credit, regulatory and operational issues, in addition to the liquidity issues involved in running a large portfolio of collateral assets and liabilities. CSEB's strategy with respect to collateral is subject to the Group's collateral policy, which details standards of acceptable collateral (including collateral type, liquidity, quality and jurisdiction), valuation frequency, haircuts and agreement type (most agreements are two-way arrangements, meaning CSEB may post as well as receive collateral). Additionally, limits and thresholds are established for the management of collateral concentrations to ensure there is no significant build-up of specific collateral types on a portfolio basis.

However, concentration with respect to cash collateral in major currencies is deemed acceptable from a risk management perspective. Similarly, high-quality liquid sovereign bonds are preferred over other less liquid or less stable collateral types. The majority of CSEB's collateral portfolio is made up of cash and liquid securities that are subject to daily valuations.

The policies and processes for collateral valuation and management are driven by a legal documentation framework that is bilaterally agreed with clients, and a collateral management risk framework enforcing transparency through management reporting. For portfolios collateralised by marketable securities, the valuation is performed daily. Exceptions are governed by the calculation frequency described in the legal documentation. The mark-to-market prices used for valuing collateral are a combination of internally modelled and market prices sourced from trading platforms and service providers, where appropriate. The management of collateral is standardised and centralised to ensure complete coverage of traded products.

Credit Risk Appetite

The Credit Risk Appetite Framework ("CRAF") enables effective and consistent management of credit risks. The CRAF defines qualitative risk appetite statements, quantitative risk appetite controls management information, reporting & monitoring responsibilities as well as escalation requirements to ensure direct and indirect (collateral) credit risks remain within appetite.

The formulation of credit risk appetite is anchored to the capital base of CSEB, taking into consideration historical information and the business model. The CRAF addresses all the key risks identified in the RIAF process which are representative of CSEB business model. In addition to the annual review cycle, ad-hoc reviews of the CRAF may be necessary (for example, where there has been a change to the capital base), together with a recalibration of certain appetite levels.

CRAF provides for quantitative risk appetite controls along four layers of risk which enhance the previous pillar-based structure of controls (changes will come into effect in June).

- **Layer 1) Total Portfolio**: Establishes risk appetite in relation to the overall risk profile of the CSEB's credit risk portfolio measured through metrics such as Credit Risk Capital, overall Portfolio Credit Quality, as well as Portfolio Earning Stability which is the expected loss under a Group multifactor scenario designed to assess the resilience of projected profits against losses from modest and plausible scenario events.
- **Layer 2) Sub-Portfolio:** Established risk appetite in relation to sub-portfolios, which can be defined as concentration along different dimensions such as: single product type (e.g. Security Financing Transaction, Loan Underwriting, etc.), Inter-affiliates, industries (e.g. sectorial appetite, climate-sensitive sectors, shadow banking) and country concentration, including Country PE Limits as well as Country Stressed Losses.
- **Layer 3) Single Name Concentration:** Establishes risk appetite with respect to exposures towards a single client/name and specific escalation requirements which depend on the client's rating. These controls are set up for the different risk

measurements: PE, settlement and Counterparty stressed MTM. This stressed exposure is managed against both multi-factor and single factor scenario appetite thresholds. Scenario breaches will be triggered only if not cured within 30 business days of the breach occurring. Main scenarios are:

- **Multi-Factor Scenario**: The Severe Flight To Quality (SFTQ) is a multi-factor scenario unique to Credit Suisse which is a combination of several single-factor scenarios (flight to USD, IR bull flattening, equity prices crash, commodities prices crash, credit spreads widening, etc.)
- **Single Factor Scenario**: There are ten single-factor scenarios used in CRM with parallel upward/downward shocks applied to FX, commodities, equities, interest rates and credit spreads. Each of these ten single factor scenarios is run for each counterparty and the scenario with the resulting greatest exposure is selected for limit monitoring purposes.

- **Layer 4) Financial Collateral:** Concentrations in the CSEB financial collateral portfolio and the risk of material losses due to financial collateral concentrations under projected economic stress. Risk Appetite is measured through the expected issuer shortfall metric, which assesses the expected impact of the default of a single collateral issuer across all clients posting this collateral.

Since 2022 CSEB has undertaken various initiatives related to climate risks with the aim of managing the financial risks arising from climate change and embedding Climate Risk in the overall CSEB risk management framework. These initiatives ensure that CSEB is adhering to CS Group global policies and procedures to manage climate risk. In particular, the CSEB CRAF includes a quantitative control at Layer 2 allowing to monitor and review climate-sensitive and carbon-related industries.

Forborne exposures and credit quality of performing and non-performing exposures

In 2022, the Bank of Spain has adopted the Guideline amending Guidelines EBA/GL/2018/10 on the disclosure of information on doubtful and restructured or refinanced exposures, as such the Bank is obliged to disclose a number of additional templates:

Template 1: Credit quality of forborne exposures – nil disclosure. The Bank did not have anything to disclose in 2022.

Template 3: Credit quality of performing and non-performing exposures by past due days

	Performing exposures			Non-performing exposures		
Amounts in Euro '000		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Past due > 180 days ≤ 1 year	Of which defaulted
Loans and advances	2,971,699	2,971,699	0	7,329	7,329	0
Credit institutions	2,753,703	2,753,703	0	2,278	2,278	0
Other financial corporations	161,086	161,086	0	5,052	5,052	0
Non-financial corporations	56,910	56,910	0	0	0	0
Off-balance-sheet exposures	3,172,216			0		0
Central banks	0			0		0
General governments	2,147			0		0
Credit institutions	1,576,366			0		0
Other financial corporations	469,011			0		0
Non-financial corporations	1,124,693			0		0
Households	0			0		0
Total	**6,143,915**	**2,971,699**	**0**	**7,329**	**7,329**	**0**

Template 4: Performing and non-performing exposures and related provisions

Amounts in Euro '000	Gross carrying amount/nominal amount				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				Accumu-lated partial write-off	Collateral and financial guarantees received	
	Performing exposures		Non-performing exposures		Performing exposures – accumulated impairment and provisions		Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			On performing exposures	On non-performing exposures
		Of which stage 1		Of which stage 3		Of which stage 1		Of which stage 3			
Loans and advances	2,971,699	2,971,699	7,329	7,329	-1,114	-1,114	-5,497	-5,497	0	78,185	0
Credit institutions	2,753,703	2,753,703	2,278	2,278	0	0	-1,708	-1,708	0	78,185	0
Other financial corporations	161,086	161,086	5,052	5,052	-226	-226	-3,789	-3,789	0	0	0
Non-financial corporations	56,910	56,910	0	0	-888	-888	0	0	0	0	0
Of which SMEs	0	0	0	0	0	0	0	0	0	0	0
Off-balance-sheet exposures	3,172,216	3,172,216	0	0	0	0	0	0		0	0
General governments	2,147	2,147	0	0	0	0	0	0		0	0
Credit institutions	1,576,366	1,576,366	0	0	0	0	0	0		0	0
Other financial corporations	469,011	469,011	0	0	0	0	0	0		0	0
Non-financial corporations	1,124,693	1,124,693	0	0	0	0	0	0		0	0
Total	**6,143,915**	**6,143,915**	**7,329**	**7,329**	**-1,114**	**-1,114**	**-5,497**	**-5,497**	**0**	**78,185**	**0**

Template 9: Collateral obtained by taking possession and execution processes – nil disclosure

At the end of 2022, the Bank did not have refinanced or restructured operations. As result of the activities the Bank is engaged and the risk profile that it assumes, the Bank did not obtain any Collateral by taking possession or execution processes during 2022.

Market Risk

Market Risk Organization

Market Risk Management ("MRM") is supervised by the Head of MRM, based in Madrid who is supported by a senior market risk manager located in Poland, and the function is part of the Global Market Risk Management (GMRM) organization. The mandate of the CSEB MRM function stems directly from the CS Group Chief Risk Officer's and from CSEB CRO to supervise CSEB market risk on behalf of the CSEB Board of Director activities of CSEB. The Head of Market Risk is a member of CSEB RMC and chairs the CSEB Market Risk Committee, which is a sub-committee of the RMC.

The CSEB MRM team, part of the 2nd Line of Defense, is responsible for providing independent, robust market risk management controls and for challenging Front Office activities. This includes, but is not limited to:

- Developing the CSEB market risk qualitative and quantitative risk appetite based on the available and allocated market risk capital.
- Cascading the risk appetite via a set of market risk limits.
- Monitoring market risk exposures against these limits.
- Identifying, escalating and enforcing remediation of any market risk limit excess.
- Challenging the Front Office on significant risk taking as appropriate.
- Providing review and approval of material or unusual transactions to ensure that any concern with respect to risk appetite/risk capture/risk valuation is addressed before these transactions are executed when required. Pre-Trade Valuation and Risk Approval (PTVRA) sign-off, and in which case is expected to be provided by a representative from the CSEB market risk team.

The Market Risk team relies on other CRO teams for a broad suite of services, including, but not limited to, risk analysis and reporting.

Market Risk Governance and Control

Market Risk management in CSEB is governed by individual Market Risk Committee (MRC). CSEB MRC are responsible for the oversight of the market risk of the entity. Areas of responsibility include:

- Periodic review of any material current risks and potential forward-looking risks, PTVRA exceptions and material PTVRAs/New Business.
- Periodic review of current scenarios and highlight any scenario framework updates.
- Review of key regulatory changes that impact market risk areas and significant regulatory requests.
- Perform periodic review of the illiquid positions and ensure these are consistently treated across the ICAAP, internal management tools and regulatory reporting.
- Approve new policies or material changes to existing policies related to market risk.
- Review the risk appetite framework for appropriateness, including any changes, exceptions, and temporary increases to risk constraints. Recommend potential changes to risk appetite (including remotely booked) for individual businesses.
- Define and implement market risk framework consistent with business strategy for CSEB, and periodically assess the design and operational effectiveness of the framework implemented, to ensure ongoing compliance (internal & regulatory).
- Supervise the daily execution of the VaR backtesting process.

Market Risk Management

The market risk exposures of CSEB remain limited given the back-to-back and pass-through operating model in place. CSEB operates a 'Back-to-Back/Pass-Through' operating model, where CSEB transfers most market risk originated from contractual products (e.g. derivatives and repos) to the global risk hubs, mostly the UK entity of CS Group, CSi. For example, rates/credit/equity derivatives market risk is transferred to CSi, and FX related risk is transferred to CS AG London Branch. This is typically done on a micro-hedging basis, leveraging the switch ticketing functionality. However, CSEB retains credit risk, settlement risk, operational risk, CVA/CAV and certain market risk that rises from Cash Equities, XVA Management, Corporate Bank and Underwriting Loan.

One of the core responsibilities of the CSEB MRM team is to ensure that the back-to-back operating model is effectively in place at all time. The CSi Market Risk team provides support on a number of areas, including specialist advice on products or risks and when required. The market risks that result from the counterparty valuation adjustment (CVA) and the collateral adjusted valuation (CAV) also fall under the remit of the market risk team.

MRM responsibilities in the Risk Management Process, in addition to the ones described in the Risk Management Processes section, are as follows:

- **Risk Factor Identification (RFI):** The RFI process is used to determine what risks CSEB Market Risk expects to receive from Front Office systems for a given book based on a source of information independent from the risk feed. This ensures that all market risk factors present in our positions are identified and captured. It also provides a mechanism to identify gaps in coverage and inconsistencies in approach, as well as an opportunity to review the methodology and add new risk types.
- **Front Office Challenge:** When warranted, CSEB Market Risk Managers may perform an independent challenge of FO activity within CSEB. This challenge aims to ensure consistent adherence to the principles of market risk management.

  FO challenge is supported by CRO Divisions/LE Risk Managers analysis, knowledge and insight into the markets and positions in the portfolios. CRO Divisions/LE Risk Managers may initiate challenges on a micro or macro level, at their discretion. The following includes, but is not limited to, potential reasons for which a challenge may be initiated:

  - Limit utilization
  - Hedging strategy
  - Large day-to-day variance for any number of Market Risk exposures or metrics
  - Frequent cancel and corrects
  - Frequent limit excesses
  - Suspicion of unauthorized trading activity
  - Management request
  - P&L mismatches

Market Risk Measurement & Monitoring

Market risk relies on a suite of sensitivities and stress testing to capture risk in CSEB. VaR, stress testing and sensitivity analysis are fundamental elements of the CSEB risk control framework. Their results are used in risk appetite discussions, strategic business planning and the continued monitoring of hedges effectiveness. It also supports the CSEB internal capital adequacy assessment. VaR, scenario and sensitivity calculations are conducted on a regular basis and the results, trend information, and supporting analysis are reported to the Board, senior management and shared and discussed with the business lines.

- **Value-at-Risk**: CSEB uses a historical simulation approach in modelling VaR. The model used for both Regulatory and Risk Management purposes is calculated as the 99th percentile measure using a 10-day holding period or 98th percentile measure using 1-day holding period respectively. Both measures use a 2-year data period, which is updated weekly, and apply exponential weighting with a time decay factor of 0.994 to provide sufficient responsiveness to market regime changes.

- **Stressed Value-at-Risk**: CSEB uses a 99th percentile, one tailed confidence interval for a 1-year period of financial stress without a time decay factor. No difference exists between the SVaR model used for management purposes and the model used for regulatory purposes. As of December 2022, CSEB uses a stressed VaR window running from the one-year period from July 1, 2008 to June 16, 2009.

The 10-day VaR is modelled directly using overlapping 10-day returns. There are two approaches used to incorporate Specific Risk:

- **Full Simulation approach:** This approach uses an individual risk factor for each security. Therefore, for each security, this approach incorporates both Specific Risk and General Risk within the same risk factor.
- **Regression approach:** This approach uses a common risk factor across related securities, in conjunction with additional specific risk add-ons for each security. This modelling approach divides historical price variations into Specific and General market risk components.

Under the Full Simulation approach, scenario P&Ls incorporating both specific and general risks are aggregated in the Historical Simulation VaR. Under the Regression approach, scenario P&Ls corresponding to general risk are aggregated in the Historical Simulation VaR, while for each specific risk, a VaR is calculated by applying either a 1st or a 99th percentile historical move (depending on the direction of the position). Specific risk VaR components are aggregated with Historical Simulation VaR under a zero-correlation assumption (square root sum of squares).

The CSEB VaR model uses Full Revaluation, Partial Revaluation or Taylor Series approximation, depending on the individual portfolios and their respective degree of non-linearity. Full Revaluation and Partial Revaluation are the most accurate approaches and use the same Front Office valuation models that are used for fair value purposes:

- Under Full Revaluation, scenario P&L is calculated by re-evaluation of Mark-to-Market for every historical scenario. Given the resulting computational cost, Full Revaluation is generally reserved for non-linear products with material dependence on multiple risk factors, or vanilla hedges against such products.
- Under Partial Revaluation, P&L is calculated by re-evaluation at the nodes of a grid of possible market moves. Scenario P&L is then calculated by interpolation over the grid. Partial Revaluation is an efficient and accurate approach for products with low dimensionality (in terms of the number of material risk drivers). Typically, the grid has two dimensions, representing spot price and volatility.

The methods used to simulate the potential movements in risk factors are primarily dependent on the risk types. For risk types pertaining to equity prices, FX rates and volatilities, the returns are modelled as a function of proportional historical moves. For certain spread risks, the returns are modelled as a function of absolute historical moves. For some risk types, such as interest rates, swap spreads and EM credit spreads, a mixed approach is used.

Stress testing applied to the modelling parameters is performed on a periodic basis to ensure model stability and robustness against adverse market environments. For this purpose, impacts from large changes in inputs and model parameters are simulated and assessed against expected model outputs under different stressed scenarios.

- **Sensitivity Analysis:** The sensitivity analysis for the trading activities includes a wide range of measures such as sensitivities, both net and gross, long and short, notional and sensitivity impacts under scenarios. This family of measures allow to quantity the potential profit or loss resulting from specified, generally small, hypothetical shocks to market factors.

  Similarly to stress testing, the majority of sensitivities are specifically tailored towards the risk profile of particular businesses, and limits may be established for some of them. Sensitivity analysis may also be used to identify, monitor and control areas of risk concentration at the Bank's level across a broad range of markets, products, and asset classes.

- **Scenario Analysis:** Stress testing complements other risk measures by quantifying the potential losses arising from moves across financial markets in response to plausible external events. Stress test scenarios are often specifically tailored toward the risk profile of particular businesses, and limits may be established for some of them. In addition, to identify areas of risk concentration and potential vulnerability to stress events at the Bank's level, a set of scenarios

(Earnings Loss scenario, Global Recession – Euro Crisis, Global Interest Rate Turnaround, Ukraine/Russia Conflict, Taper Tantrum, Fed Hike,…) is consistently applied across all businesses to assess the impact of significant, simultaneous movements across a broad range of markets and asset classes. Additionally, scenarios targeted at a specific market, product or risk type are used to better understand the risk profiles and concentrations, to monitor and control the exposure.

Scenarios can be defined with reference to historic events or based on forward-looking, hypothetical events that could impact the Bank's positions, capital, or profitability. The scenarios used within the Bank are reviewed at the relevant risk committees as well as by a dedicated scenario design forum. The scenarios used within the Bank continuously evolve to reflect changes in market conditions and any change in business strategy.

The CSEB Market Risk team is responsible for ultimately ensuring that all market risks are captured for their individual business classes. All market risks may be monitored and reported at both a portfolio level, and at any level of granularity at the discretion of CSEB Market Risk function, and within the capabilities of existing technology. Consolidated market risk exposures are produced via the risk capital metrics (e.g. VaR, SVaR, Scenario Analysis).

Market Risk Reporting

In order to ensure that risk exposures are comprehensively and accurately captured within CSEB, risk reports are generated on a regular and basis. Risk Reporting refers to the definition, development, production, commenting, and distribution of internal and external risk reports for CSEB, including Board and Senior Management. The set of CSEB risk reports currently produced shows risk sensitivities of CSEB sliced and diced by currency, tenor buckets, expiry buckets, referenced index or underlyings etc. Those reports also show complex metrics like VaR by CSEB business lines as well as stress scenarios.

The Risk Analytics and Solutions team (RAS), a Global function of the Group CRO provides the CSEB MRM team with the service of risk reporting. RAS owns the overall risk reporting process along with the data aggregation elements that come with this risk reporting.

CSEB utilizes the global site of CS Market Risk systems currently in use and that are appropriate for the business model.

Market Risk Appetite

A clearly articulated Risk Appetite is fundamental to the alignment of risk-taking activities with the strategic plans approved by the CSEB Board of Directors (BoD). Reflecting this, a key feature of the CSEB entity-level Market Risk Appetite is that it is dynamic and reviewed at least on an annual basis by the CSEB BoD as part of the CSEB Risk, Financial and Business Planning process. This interaction with strategy is central to a consistent approach to risk management and strategy management across the entities.

The CSEB Risk Appetite Statement includes a quantitative component as well as a qualitative component. Both components are calibrated to align with the strategy of CSEB and its respective business plans. The calibration and review process are owned by the CSEB Head of Market Risk.

The quantitative Market Risk Appetite comprises a diverse set of quantitative risk metrics which is designed to provide a forward-looking perspective and capture the key risks and concentrations in the current portfolio. At the CSEB BoD level, these metrics consist of two categories: Stress Scenarios and Market Risk Capital. The calibration of these metrics is reviewed as part of the planning process and they are set to ensure alignment with the strategic objectives for CSEB Legal Entity.

The recommended risk appetite metrics and calibration are presented to the CSEB RMC and further submitted to the CSEB BRC and BoD for approval. Once approved, the risk appetite components are further cascaded throughout the business structure through the market risk limit framework.

The qualitative component of the Risk Appetite Statement provides clarity on the appetite for risks that cannot be easily quantified or are qualitative in nature.

Non-Financial Risk

Non-Financial Risk Organization

Non-Financial Risk ("NFR") is the responsibility of the Head of CSEB NFR who reports to the CSEB CRO and has a functional reporting line into the Head of NFR EMEA in London. The Head of CSEB NFR is a member of the CSEB RMC and co-chairs the CSEB Operational Risk and Compliance Committee ("ORCC"), which is a sub-committee of the CSEB RMC.

CSEB NFR function has the following responsibilities:

- Providing oversight for execution of the Operational Risk Framework, including appropriate implementation of operational risk tools, methodologies, control standards and guidelines.
- Ownership of CSEB entity level operational risk governance including management of the forward agenda and providing updates to more senior governance forums.
- Ensuring that CSEB Business Continuity Management plans are reviewed and challenged.
- Validate/review the incident data submission and monitor whether the business have conducted "lessons learnt" assessments on relevant internal as well as external incidents.

Non-Financial Risk Governance and Control

The mandate of the CSEB NFR function stems directly from the CS Group Chief Risk Officer's mandate given to the NFR Department as well as from the mandate of the CSEB CRO to supervise CSEB risks on behalf of the CSEB Board of Directors. For CSEB, operational risk is supervised as a 2nd Line of Defense activity by the NFR Team reporting into the CSEB CRO.

Non-Financial Risk management in CSEB is governed by the Operational Risk and Compliance Committee (ORCC), operated on a standalone basis for CSEB. Key responsibilities and objectives of the CSEB ORCC are:

- Review risk appetite framework for appropriateness, including any changes, exceptions and temporary increases to risk appetite.
- Monitor significant exposure or developments for the in-scope risks, including independent review and challenge of 1st Line of Defense updates and consideration of internal /external incidents and investigations
- Review and challenge Key Risks and proposals to accept or mitigate them, appropriateness of remediation actions and approve closure of risks
- Review the suitability and effectiveness of controls operated by the 1st Line of Defense to mitigate in-scope risks (e.g. through RCSA) and escalate material issues to the respective legal entity RMCs
- Periodically assess the frameworks for managing in-scope risks to establish the appropriate standards
- Provide independent oversight of activities that could materially impact the in-scope risks, including governance and controls, remote booking, major change, outsourcing and New Business
- Review the operational risk section of the ICAAPs for CSEB and make recommendations on the capital assessment for operational risk, including stress testing scenarios
- Review effectiveness of conduct risk management and embedding of conduct risk awareness in the 1st Line of Defense for reporting to the committees which the CSEB ORCC receives authority from.
- Review internal operational risk incidents occurring in CSEB and its Branches and ensure classification is correct.

Non-Financial Risk Management

NFR responsibilities in the Risk Management Process, in addition to the ones described in the Risk Management Processes section, are as follows:

- **Qualitative Risk Appetite:** qualitative Risk Appetite is based on self-imposed constraints which define the level of risk (considering all controls in place) the Bank is willing to take to achieve its strategic objectives and business plan. It articulates the motivations for accepting or avoiding certain types of risks, products or exposures. NFRF Risk Appetite is translated into a system of non-financial risk tolerance levels and qualitative tolerance statements which are measured against relevant NFRF Risk and Control Indicators and which guide the businesses in order to achieve.
- **Incident Management**: The Incident Management and Collation policy provides guidance on the approach to be adopted in the case of new operational risk incidents. Each incident should be categorized on a four-point scale, taking both the financial impact and non-financial factors into account. The categorization determines the approach taken to investigating the incident. The framework provides a timeline that outlines what actions are required at each stage of the process.
- **Stress Testing**: Stress Testing is the process where a number of defined economic or market scenarios are evaluated to determine the impact they would have on the Bank's financial position. The Stress Testing approach aggregates loss components of the non-financial risk loss estimates to review and assess material non-financial risks. This includes the assessment, by relevant business experts, of the likelihood and expected size of losses under stress conditions. Stress

  Testing results are incorporated in the Non-Financial Risk Loss Projections, specific to relevant regulatory requirements, and used for the Operational Risk Capital calculations.
- **Scenario Analysis**: Credit Suisse uses scenario analysis based on expert opinion in conjunction with internal and external loss data to evaluate its exposure to high severity 'tail end' loss events. Other forms of scenario testing e.g. evaluations where the bank's viability is threatened, capital planning adequacy, capital benchmarking, scenario planning and sensitivity analysis are considered as part of the wider capital planning, stress testing and risk model sensitivity analysis programs. Scenario analysis provides a forward looking examination of material operational risks by anticipating the plausibility and severity of extreme loss events which increases awareness among senior management. Discussion of risk levels and drivers increase upstream and downstream visibility of potential or previously uncovered dependencies and potentially improved control processes.

  Scenarios bring qualitative forward looking risk and control information together with quantitative risk parameters for review by Business Experts in a Scenario Analysis Workshop. Scenario Analysis is used as a direct input into the CSEB Non-Financial Risk model which supports key Non-Financial Risk capital processes such as the CSEB internal capital adequacy assessment process.

Non-Financial Risk Measurement & Monitoring

CS Group developed tools in order to capture, measure and control operational risk incidents. CSEB uses or performs the following:

- **My Incident:** (tool for reporting operational risk incidents): an operational risk incident is an event that can end up in a loss for the Entity (occasionally could be a profit though) and could indicate a weakness in the internal control system that should be reviewed. My Incidents is a web-based tool globally used by front office, operations, and other support areas in order to capture and monitor operational risk incidents. All incidents are recorded into the tool and monitored into the monthly CSEB RMC and the quarterly CSEB ORCC.
- **Risk and Control Self-Assessment (RCSA):** RCSAs are defined as a systematic and regular business process aimed at reviewing specific inherent operational risks that Business Divisions, Corporate Functions and Legal Entities/ locations are exposed to, as well as an assessment of the control landscape that is in place to mitigate these risks. Moreover, it comprises an assessment of the residual risks that persist once the mitigating effect of the control landscape to reduce the inherent risks is taken into account.

Non-Financial Risk Reporting

Non-Financial risk reports are produced throughout the Bank on a regular basis, with the aim of providing management with consolidated views of non-financial risks within the firm, with areas of concerns and improvements highlighted, and to ensure appropriate ownership, prioritization and focus on non-financial risk issues from assessment through to mitigation. The content of operational risk reports supports the mandates of the respective risk management committees.

NFRM uses the following internal reporting to fulfill its remit:

- Monthly NFR Updates Report
- Branches & Remote Booking Risk and Control Committee – Branches Non-Financial Risk Incidents
- Internal Incident Analysis

Non-Financial Risk Appetite

The CSEB Risk Appetite Statement includes a quantitative component as well as a qualitative component. Both components are calibrated to align with the strategy for CSEB and its respective business plans. The calibration and review process is owned by the CSEB Head of Non-Financial Risk.

NFR Risk Appetite is separated in two categories:

- Quantitative Statement (Operational Risk Capital, Individual and Cumulative Losses). Given the nature of the quantitative appetite there is no specific hedging strategies.
- Qualitative Tolerance Statements

The qualitative tolerance statements are based on the Non-Financial Risk and Control Framework (“NFRF”) Risk Categories. NFR Appetite is based on self-imposed constraints which define the level of risk (considering all controls in place) the Bank is willing to take in pursuit of its business activities. It articulates the motivations for accepting or avoiding certain types of risks, products or exposures.

Qualitative Risk Appetite is translated into a system of non-financial risk tolerance levels and qualitative tolerance statements which are measured against relevant NFR Risk and Control Indicators and which guide the businesses in order to achieve their objectives in line with Appetite. Risk Appetite threshold levels are set at an overall entity level and are reviewed annually.

Quantitative baseline tolerance levels are determined using an enhanced methodology as Top-Down proposals from Group-wide Stress testing projections. In addition to Baseline tolerances, Stress and Extreme stress tolerance are also derived using stress scenarios; these additional levels will allow for dynamic monitoring of quantitative risk appetite in response to sustained change in market condition and operating environment. In addition, historic non-financial risk incidents for the prior 3 years (absolute value of all gains and losses), on both a cumulative and individual impact basis are also considered. Business Divisions and Corporate Functions can request to adjust the calculated tolerance levels if reasonable documented rationale is provided to the CSEB RMC and approval is obtained from the CSEB ORCC.

Qualitative non-financial risk tolerance statements are defined as NFR Risk Categories that are aligned to the Bank´s Strategy Risk Objectives. For each tolerance statement, a portfolio of Risk and Control Indicators is assigned where feasible to monitor the level of compliance with the statements.

Technology Risk

Technology risk deserves particular attention given the complex technological landscape that covers our business model. Ensuring that confidentiality, integrity and availability of information assets are protected is critical to our operations.

Technology risk is the risk that technology-related failures, such as service outages or information security incidents, may disrupt business. As a component of operational risk, technology risk is inherent not only in the CSEB’s IT assets, but also in the people and processes that interact with them including through dependency on third party suppliers and the worldwide telecommunications infrastructure. CSEB seeks to ensure that the data used to support key business processes and reporting is secure, complete, accurate, available, timely and meets appropriate quality and integrity standards. CSEB requires critical IT systems to be identified, secure, resilient and available and support our ongoing operations, decision making, communications and reporting. CSEB systems must also have the capability, capacity, scalability and adaptability to meet current and future business objectives, the needs of the CSEB's customers and regulatory and legal expectations. Failure to meet these standards and requirements may result in adverse events that could subject CSEB to reputational damage, fines, litigation, regulatory sanctions, financial losses or loss of market share.

Technology risks are managed through our technology risk management program, business continuity management plan and business contingency and resiliency plans. Technology risks are included as part of our overall enterprise risk and control assessment based upon a forward-looking approach focusing on the most significant risks in terms of potential impact and likelihood. CSEB outsourced technology risk management to the Group CRO, yet CSEB keeps owning controls locally.

Cyber risk, which is part of technology risk, is the risk that we might be compromised as a result of cyber-attacks, security breaches, unauthorized access, loss or destruction of data, unavailability of service, computer viruses or other events that could have an adverse security impact. Any such event could subject us to litigation or cause us to suffer a financial loss, a disruption of our businesses, liability to our clients, regulatory intervention or reputational damage. It could also require expending significant additional resources to modify protective measures or to investigate and remediate vulnerabilities or other exposures.

CS Group actively monitor external incidents and threats and assess and respond accordingly to any potential vulnerabilities that this may reveal. CS Group are also an active participant in industry forums and information exchange initiatives and engage in regulatory consultation on this subject.

CS Group have an enterprise-wide cybersecurity strategy to provide strategic guidance as part of our efforts to achieve an optimized end-to-end security and risk competence that enables a secure and innovative business environment, aligned with the Group's risk appetite. Technology security team leverages a wide array of leading technology solutions and industry best practices to support our ability to maintain a secure perimeter and detect and respond to threats in real time.

Effectiveness of key controls are regularly assessed, and employee training and awareness activities are conducted on an ongoing basis, including for key management personnel, in order to embed a strong cyber risk culture.

Cyber and Information Security organization follows the three lines of defense model with clear responsibilities defined:

- 1st Line of Defense: Implements security solutions to deliver security control requirements and manages security operations including threat intelligence and cyber incident management. Implements cybersecurity safeguards and acts as first response to cybersecurity issues. Ensures performance and effectiveness of cybersecurity controls. Sets the security control requirements, reviews control effectiveness and ensures management of residual risk. Accountable for managing Information Technology and Information Security risk inherent in their activities

- 2nd Line of Defense: Serves as a proactive risk monitoring and challenge function, bringing an independent, expert perspective on the identification, assessment, and mitigation (or acceptance) of current and emerging Information Technology and Information Security Risks. Develops a consistent risk taxonomy and assesses whether the risk exposure is within the risk appetite, as well as ensures that the cross-business risk exposure and remediation are well understood.

- 3rd Line of Defense: Provides independent assurance on the adequacy of the overall risk and control framework directly to the Audit Committee.

The approach to Cyber Risk Management is articulated on 5 clear priorities based on international standard that are transversal to the whole entity (people, process and technology), these are:

- Information risk culture is embedded, staff are trained and client trust is retained
- Information and systems are protected effectively and efficiently according to business needs using a risk-based approach

- Cyber threats are detected and addressed timely using a risk-based approach
- Cyber resilience is established to recover rapidly from disruptions
- Information security is offered through measurable capabilities.

Information Security

Information is the core of our business, so we manage, protect and use it with care. New business growth strategies and the continued evolution of information security threats present increasing risks to the confidentiality, integrity and availability of CSEB information assets. These risks can cause severe disruption to our business processes and can jeopardize the essential objectives to protect our client and business data.

Through Information Security we enable the business to operate securely and effectively while ensuring compliance with regulatory requirements and industry best practices.

Confidentiality, integrity and availability are the three key concepts around information security meaning in this context:

- **Confidentiality** – To preserve the confidentiality or information means to ensure that it is made available or disclosed to authorized people and processes only.
- **Integrity** – To preserve the integrity of information means to protect the accuracy and completeness of information and the methods that are used to process and manage it.
- **Availability** – To preserve the availability of information means to ensure information is accessible and usable when needed by authorized people or processes.

Credit Suisse's current information security practices are based on five functions: Identify, Protect, Detect, Respond and Recover. When considered together, these Functions provide a high-level, strategic view of the lifecycle of an organization's management of cybersecurity risk with focus in the Lessons learned after each incident.

These lessons learned allows us to identify areas for improvement to reduce the risk that the same incident could happen again. Thanks to the lessons learned we are able not only to improve our controls but also to improve the administrative, technical and physical safeguards implemented to protect the confidentiality, integrity and availability of information.

We have data protection and data leakage prevention controls in place to protect our clients with the objective of reducing the risk of a threat materializing. This approach includes, but is not limited to, the following:

- Credit Suisse's policies define requirements for information handling including classification and ownership, access rights and control requirements based on need-to-know principle, and acceptable use of systems. Technical controls include, but are not limited to: data leakage prevention systems, information rights management, website and email content control systems, restricted operating systems, application environments and hardware controls such as removable storage blocking and remote printing prevention.
- Information rights management tools enable the enforcement of classification of documents through warning and blocking mechanisms when emails are sent externally, and for encrypting attachments. Monitoring procedures are in place for these types of email communications.

We manage adequately information security risks following our three Line of Defense model and we have embedded into our behavior, processes and systems the measures regarding the robustness of information security and resiliency. We have established individual responsibilities for achieving adequate level of information security with activities for protecting the business, supporting the business and promoting responsible security behavior as main objectives.

Treasury and Liquidity Risk

Treasury and Liquidity Risk Organization

Treasury and Liquidity Risk Management in CSEB is the responsibility of the CSEB Head of Treasury and Liquidity Risk Management ("TLRM"), based in Madrid who is supported by a senior TLRM risk manager. The responsibilities of TLRM with respect to Treasury and Liquidity Risk are the following:

- Lead the determination of CSEB's Treasury and Liquidity risk appetite and strategy, participating in the review and approval by appropriate risk management committees
- Ensure that risk constraints and risk exposures are consistent with CSEB risk appetite and strategy and take into account the relevant operational risks
- Responsibility for engagement with the Front Office teams and Treasury with by reviewing and challenging risk taking activities and monitoring constraint excesses, providing advice on excess remediation for a timely implementation, and sign-off of risk constraint excesses
- Monitor the various liquidity risk metrics of the entity to ensure that it maintains enough liquidity to meet adverse stress scenarios
- Monitor Interest Rate Risk in the Banking Book
- Responsible for the interaction with regulators for Treasury and Liquidity Risk matters

CSEB's liquidity and funding is managed by the local Treasury Department based in Madrid and is strongly aligned to the global funding model and governance structure. The Treasury Departments' mandate is to manage day-to-day liquidity, to oversee funding activities, and for that purpose to coordinate with the money market funding desks within the Global Liquidity Group (GLG) function.

The CSEB Treasury and Liquidity Risk Management ("TLRM") functional reporting line is led by the Global Head of Liquidity Risk Management and is responsible for establishing global minimum standards, which are intended to provide a basis for the consistent application of risk management frameworks to the legal entity Liquidity Risk Management teams. Additions or changes to the global minimum standards must be approved by the relevant governance bodies. Similarly, the Treasury Risk Management is aligned to the Group's organization.

Treasury and Liquidity Risk Governance and Control

The mandate of the CSEB Treasury and Liquidity Risk Management ("TLRM") function stems directly from the CS Group Chief Risk Officer's mandate given to the Treasury Risk and Liquidity Risk Management global teams, as well as, from the mandate of the CSEB CRO to supervise CSEB risks on behalf of the CSEB Board of Directors. CSEB's Head of TLRM is a member of CSEB Risk Management Committee ("RMC"), and of the CSEB Asset and Liability Capital Allocation & Risk Management Committee ('ALM CARMC') which are the main committees overseeing the Treasury Risk and Liquidity Risk exposures.

The CSEB ALM CARMC is the primary governance forum for CS Group's funding, liquidity, and capital management, while the CSEB RMC is responsible to set Treasury and Liquidity risk constraints in place to strictly control CSEB's risk profile within the Board Risk Appetite. A breach of a limit requires immediate mitigating action to reduce risks below the limit.

CSEB is aligned with the Three Lines of Defense Model adopted by the CS Group for managing Treasury and Liquidity risks. The current operating model for Treasury and Liquidity risk establishes a clear delineation between Treasury/GLG, Liquidity Measurement and Reporting ('LMR'), Risk Data Management and Reporting ('RDAR') and CSEB Legal Entity Finance (LEF) as the 1st Line of Defense. The TLRM function within the CSEB CRO team act as the 2nd Line of Defense. 3rd Line of Defense sits with Internal Audit. The segregation of mandates ensures controlled and cohesive management of these risks.

Liquidity Risk Management

CSEB's liquidity is managed by CSEB Treasury function, which is strongly aligned to the global governance structure. Treasury is mandated to manage day-to-day liquidity, oversee all funding activities, and liaise with the money market funding desks within the Global Liquidity Group (GLG) function. The mandate of CSEB Treasury is to ensure an appropriate tenor and currency composition of its unsecured funding, as well as sufficient level of liquidity assets (HQLA) to meet both external and internal liquidity requirements.

The Global Liquidity Group centralizes the control of liability and collateral management with the aim of optimising liquidity sourcing, funding costs, and HQLA portfolio. This approach enhances CS's ability to manage potential liquidity and funding risks, and to promptly adjust liquidity and funding levels to meet stress situations. GLG, sitting within Treasury, are responsible for executing the unsecured and HQLA transactions on Treasury's behalf. Treasury in CSEB is not carrying out any trading activity.

CSEB CFO (Treasury and LEF) is responsible for managing liquidity positions at the local level consistently and in alignment with regulatory and internal requirements, while liquidity management information is provided by LMR according to internal requirements.

The Liquidity Risk Management processes conducted by TLRM are based on the following activities:

- **Risk Identification** process to size materiality of liquidity risks for CSEB and to set appropriate controls to those risks
- **Risk Appetite:** to determine risk constraints to align risk-taking activities with the strategic plans approved by the CSEB Board of Directors (BoD)
- **Risk Measurement and Monitoring**: the function regularly monitors and reports on the entity's adherence to constraints by collecting actual liquidity risk metrics, comparing them against approved constraints. The function is responsible for ensuring that relevant liquidity risk reports and liquidity risk information is reported, syndicated, and escalated (if needed) to Risk Senior Management and relevant governance committees.
- **Stress Testing:** CSEB leverages CS Group's methodological approach used to measure and monitor the liquidity position across its entities under different stress scenarios. This internal tool is called the Barometer framework and calculates the liquidity position of the entity across different time horizons including a combined 30 days severe stress test and a combined 365 days less severe stress test scenarios.

Funding Concentration and Funding Profile

Funding concentration risk is addressed as part of the overall global liquidity risk control framework. In line with the centralized funding approach, CS's funding strategy is to ensure that CS has access to a diversified range of funding sources by customer base, financial market and geography to cover short-term and medium to long-term requirements, without any significant reliance on a particular funding source, counterparty, tenor or product.

CSEB primary source of unsecured funding is via deposits received from its Parent, CS AG. CSEB holds a mix of unsecured funding supplied by CS AG London Branch, which mitigates its short-term, and longer tenor funding risk. Treasury works closely with business divisions to understand material changes in business activity that may impact funding needs. CSEB Treasury manages the unsecured funding profile to minimize liquidity risk, as well as ensuring compliance as part of the business-as-usual process with the most restrictive of either internal or external liquidity metrics (Barometer or EBA regulatory requirements). CSEB's approach to currencies is to borrow from CSAG in the currencies of its underlying funding requirement, hence it is not entering into FX transactions to finance its needs. This approach minimizes currency mismatch for the entity.

The liquidity and funding management process is designed to ensure that CSEB assets are funded and CSEB liquidity obligations are met as they fall due in times of stress, whether caused by market events and/or CSEB specific issues.

Processes for Hedging and Mitigating Liquidity Risk

The internal liquidity stress testing framework (Barometer) supports the management of CSEB's liquidity and funding profile, by allowing Treasury to ensure that the stressed market value of unencumbered assets exceeds the aggregate value of contractual outflows plus a conservative buffer for liquidity needs. The Barometer framework also allows Treasury to manage liquidity to a desired profile under stress in order to be able to continue to pursue activities for a period of time without changing business plans during times of stress.

To address short-term liquidity stress, a liquidity pool comprising mostly of HQLA is maintained and managed by Treasury for the purpose of covering unexpected outflows in the event of combined severe market and idiosyncratic stress. CSEB liquidity risk parameters reflect various liquidity stress assumptions calibrated as such that in the event CSEB is unable to access unsecured funding, CSEB expects as part of its business-as-usual activities to have sufficient liquidity to sustain operations for a period of time in excess of the minimum Barometer constraints.

Liquidity Risk Measurement & Monitoring

CSEB monitors its risk utilization level against regulatory and internal risk appetite constraints. The regulatory liquidity metrics required for CSEB are the Liquidity Coverage Ratio ("LCR") and the Net Stable Funding Ratio ("NSFR"). These metrics are complemented by internal liquidity metrics.

In the context of the internal model, CSEB liquidity risk is stressed under a scenario covering market stress and CS specific idiosyncratic stress. The Barometer calculation captures the liquidity positions and flows over a stressed horizon, with the absolute surplus or deficit position determined by deducting outflows from unencumbered assets and inflows.

The Barometer framework is CS' tool to measure and monitor the liquidity position of the entity under different stress scenarios and should be maintained to complement the regulatory requirements, with both metrics covering two distinct stress scenarios and time horizons:

- Barometer Severe Combined Stress 30 Day and
- Barometer Less Severe Combined Stress 365 Day

Liquidity Risk Reporting

Liquidity Measurement and Reporting ("LMR") produces Management Information ('MI') reporting related to the internal liquidity metrics, which supports Treasury in its decision-making processes. The liquidity MI reports are produced by LMR, including commentary on main change drivers, and distributed on a regular basis to Treasury Regional Management and Global Treasury, and to LMR senior management globally and locally (including relevant CSEB personnel). The CSEB LCR and NSFR metrics are also calculated and reported to the regulator by LMR.

The responsibilities for addressing risk constraint breaches are covered by the escalation owner in CSEB, TLRM, and by the remediation owner in Treasury or the business. Escalation to committees in practice takes place via the chair, who decides on informing the whole committee as appropriate.

Liquidity Risk Appetite

CSEB needs to develop and maintain a Liquidity Risk Appetite Framework based on the risk identification process ensuring that all CSEB material liquidity risks are identified and appropriately covered by liquidity metrics and liquidity risk controls.

A clearly articulated, the Risk Appetite is fundamental to the alignment of risk-taking activities with the strategic plans approved by the CSEB Board of Directors (BoD). Reflecting this, a key feature of the CSEB entity-level Risk Appetite is that it is dynamic and is reviewed and approved at least on an annual basis by the CSEB BoD.

The CSEB Risk Appetite Statement includes a quantitative component as well as a qualitative component. Both components are calibrated to align with CSEB Strategic Risk Objectives and its respective business plans. CSEB Head of TLRM defines, reviews and proposes the liquidity risk appetite and recommends appropriate risk controls considering regulatory and internal risk metrics. The recommended risk appetite and calibration are presented initially to the CSEB RMC and subsequently submitted to the CSEB BoD for review and approval at a minimum on an annual basis. CSEB TLRM defines, reviews and proposes further risk controls to the CSEB RMC as deemed necessary to establish a robust risk constraints framework.

Risk constraints (limits and flags) against regulatory and internal metrics are set and are produced, reviewed, and monitored frequently. Limits are hard thresholds for the purpose of strictly constraining the risk profile within the risk appetite. A breach of a limit requires immediate mitigating action to reduce risk below the limit and an investigation into the cause of the breach. Flags are designed as management thresholds to initiate discussions. Breach of a flag level triggers a review by the relevant constraint setting authority and the breach originator.

Internal Liquidity Adequacy Assessment

CSEB submits annually Internal Liquidity Adequacy Assessment to the Bank of Spain with results analyzed as of prior year end . The Internal Liquidity Adequacy Assessment Protocol ("ILAAP") is based on CSEB's own risk analysis and on analysis of its risk management controls. Based on these analyses, the adequacy on the calibration of the established risk appetite is assessed as well as, the size of the liquidity buffer.

CSEB ILAAP is a comprehensive process that leverages other processes in the Risk Management Framework, it provides a holistic front-to-back assessment of liquidity risk drivers and the entity's liquidity adequacy. The ILAAP conclusions are leveraged to enhance the Liquidity Risk Management Framework.

Managing Interest Rate Risk in the Banking Book

CSEB manages the Interest Rate Risk in the Banking Book ("IRRBB") which includes monitoring the potential impact of changes in interest rates. CSEB's interest rate risk exposures in non-trading positions include Treasury and funding activity, with the majority of interest rate risk transferred to and centrally managed by Treasury on a portfolio basis; as well as XVA exposure included in banking books.

The Board defines interest rate risk appetite for Delta EVE on an annual basis. Furthermore, the CSEB Board and the CSEB RMC Delta EVE established controls for interest rate risk in the banking book are monitored on at least a monthly basis.

IRRBB is managed by the TLRM function within CSEB. As such, the strategies and processes, risk appetite framework and risk governance are managed as per Liquidity Risk.

Risk Measurement

The risks associated with the non-trading interest rate-sensitive portfolios are measured using the following key metrics:

- **Delta Economic Value of Equity (EVE):** expresses the impact of a pre-defined scenario (e.g. instantaneous changes in interest rates) on a portfolio's fair value. The metric estimates the impact on the economic value of the current portfolio, since most non-trading books are not marked-to-market and ignore the development of the portfolio over time. CSEB's Banking Book does not include any replicated non-maturing deposits or loans with prepayment options.
- **Delta Net Interest Income (NII):** used as a monitoring tool for interest rate risk in the banking book and it is an earnings-based measure focusing on the impact of changes in interest rates on a bank's future earnings

Monitoring and Reporting

IRRBB is not capitalized within the Pillar 1 regime, rather, it is analyzed within the ICAAP and addressed within CSEB's Pillar 2 capital requirement. From a Treasury Risk Management perspective, CSEB monitors the interest rate exposure through the calculation of Delta Economic Value of Equity (EVE) under different stress scenarios, against a defined constraint included as part of the entity's risk appetite. Reporting related to the Delta EVE calculation is produced by the Risk Analytics and Solutions ("RAS") team and leverages MaRS, which is a market risk management system. The economic impacts of adverse interest rate shifts in Delta EVE are significantly below the 15% of tier 1 capital, which is the threshold used by the regulator to identify banks that can potentially run excessive levels of interest rate risk.

Based on Annex II (the standardized interest rate shock scenarios) EBA guidelines EBA/ GL/2018/02, on a monthly basis, these six regulatory scenarios are simulated, in addition to the outlier test and the worst case is compared to regulatory own funds. The table below shows the results as of December 2022.

Scenario	**Exposure in EUR m**
Flattener	—
Parallel Down	(0.80)
Parallel Up	0.70
Short Down	(0.50)
Short Up	—
Steepener	—
+ 200bps Up	0.60
- 200bps Down	(0.80)
Worst Case Scenario	**(0.80)**
Own Funds	**1,012**
Percentage of Own Funds	**0.08**

The TLRM team also calculates and monitors Delta Net Interest Income results under two scenarios +200 and -200bps, the CSEB Delta NII worst case scenario results as of December 2022, are below the 2.5% of Tier 1 Capital threshold for the regulatory outlier test.

Remuneration Disclosure

1. Overview

These disclosures are made in accordance with Article 450 of the Capital Requirements Regulation, the Basel Committee on Banking Supervision (BCBS) Pillar 3 disclosure requirements standards and the EBA's Guidelines on sound remuneration policies and its Final draft ITS on public disclosures by institutions under Part Eight of Regulation (EU) No 5752013.

They are made in respect of the remuneration period ending 31 December 2022 with respect to Credit Suisse Bank (Europe), S.A and its Branches, (together "CSEB"). CSEB is a 100% subsidiary of Credit Suisse AG. CSEB's branches are the following:

- Credit Suisse Bank (Europe), S.A. Paris Branch
- Credit Suisse Bank (Europe), S.A. Italian Branch
- Credit Suisse Bank (Europe), S.A. Amsterdam Branch
- Credit Suisse Bank (Europe), S.A. Stockholm Branch Filial

This document sets out remuneration practices in relation to all the firms listed above. Where a response differs for a firm, it is specified accordingly. For Identified Employees and Material Risk Takers (MRTs), references may be made to reflect requirements under the Capital Requirements Directive (CRD) V.

2. Group Compensation Policy

The employees of the Group subsidiaries and branches are, in the first instance, governed by the Group-wide Compensation Policy and Implementation Standards of Credit Suisse.

The Group is committed to responsible compensation practices which are reviewed and assessed by the Group Compensation Committee (CC) on a regular basis. The need to reward the Group's employees fairly and competitively based on performance is balanced with the requirement to do so within the context of principled behavior and actions, particularly in the areas of risk, compliance, and control as reinforced by the Group's cultural values: Inclusion, Meritocracy, Partnership, Accountability, Client Focus and Trust (IMPACT). Compensation contributes to the achievement of the Group's objectives in a way that does not encourage excessive risk-taking or the violation of applicable laws, guidelines, and regulations, taking into account the capital position and economic performance of the Group over the long term.

The Group Compensation Policy applies to all employees and compensation plans of the Group. The institution's remuneration policy is consistent with the objectives of Credit Suisse Group's business and risk strategy, cultural values, including with regard to environmental, social and governance (ESG) risk factors, long-term interests of the institution, and the measures used to avoid conflicts of interest, and should not encourage excessive risk taking. The key objectives of the Group Compensation Policy as set out in the chart below.

The Compensation Policy adheres to the compensation principles set out by the Swiss Financial Market Supervisory Authority (FINMA) and similar guidelines adopted by other regulators in locations where the Group has operations. Furthermore, the Compensation Policy is in compliance with the Swiss Ordinance against Excessive Compensation with respect to Listed Stock Companies (VegüV) as well as other applicable legislation and regulations.

3. Sustainability in compensation

Environmental, Social and Governance (ESG) related factors are considered in various stages of the compensation process:

- **Group variable incentive pool:** the Group Compensation Committee considers audit, disciplinary, risk and regulatory-related issues, among other factors, in order to determine appropriate adjustments to the Group, divisional and corporate functions pools. In addition, one of the key drivers of bonus pool development at the divisional level is economic contribution, which factors in the level of risk taken to achieve profitability;
- **Executive Board variable compensation:** Since 2022, 30% of the total Executive Board variable compensation pool is assessed based on ESG-related factors, with measurable objectives within the three non-financial categories of Risk and Control, Values and Culture, and Sustainability;
- **Equal pay policy:** Credit Suisse does not tolerate any form of discrimination, in particular discrimination based on ethnicity, nationality, gender, sexual orientation, gender identity, religion, age, marital or family status, pregnancy, disability, or any other status that is protected by local law. We recognize and value diversity and inclusion as a driver of success. Our policies and practices support a culture of fairness, where employment-related decisions, including decisions on compensation, are based on an individual's qualifications, performance and behavior, or other legitimate business considerations, such as the profitability of the Group or the division and department of the individual, and the strategic needs of the Group. Consistent with our long-term commitment to fair pay, the Compensation Committee reviews our pay practices on a regular basis to identify potential areas requiring more attention.

4. Compensation Governance

Credit Suisse Group has a policy of a clear separation of responsibilities between the recommendation, review and approval of compensation plans.

Group Governance Body	Responsibilities in relation to Group Compensation Policy
Board of Directors	• Approves: – Implementation and changes to Compensation Policy as well as related rules and regulations – Overall changes to compensation plans – Compensation expenses – Variable incentive compensation pools for the Group and the divisions – ExB compensation, including the CEO – BoD compensation, including the Chairman • Implements the Compensation Policy as well as related rules and regulations
Group Compensation Committee	• Recommends to BoD: – Annual changes to Compensation Policy – Overall changes to the compensation plans – Variable incentive compensation pools for the Group and the divisions – ExB compensation, including CEO – BoD compensation, including the Chairman • Approves: – Compensation for the Head of Internal Audit – Compensation for Material Risk Takers and Controllers (MRTCs) and other selected members of management • Supervises compensation policies and practices within the Group • Procures independent external compensation advice or external legal advice as appropriate
Executive Board and other senior management	• Makes proposals to the CC based on performance and other sources of information, such as external market compensation benchmarking

As set out in the chart above, the Group Board of Directors is responsible for the implementation of the Compensation Policy as well as related rules and regulations, including overall responsibility for the approval of compensation plans and expenses.

The Group Compensation Committee (CC) membership consists of independent directors and does not include either the BoD Chair or the Chief Executive Officer (CEO). The CC reviews proposals regarding compensation of the Group, compensation payable to members of Board and Executive Board, the head of Internal Audit and certain other members of senior management, and makes recommendations to the Board for approval, assisted by an independent external consultancy. In 2017, the Group Compensation Committee selected Deloitte as external compensation advisor. Deloitte remain as adviser in 2022 with additional input as required from external counsel and market data providers. The Compensation Committee's Charter is available here.

CSEB additionally has a specific Remuneration Committee, ("RemCo"). The RemCo has a specific duty to advise and make recommendations to the Group Compensation Committee on matters for which the Compensation Committee is responsible under the relevant EBA rules, specifically on compliance of the CSEB Remuneration Policy and all relevant European and Country compensation regulations.

Group Internal Audit, as part of standard procedures, conducts regular reviews of compensation practices to ensure that Group Compensation Policy and Implementation Standards, external regulations and guidelines are adhered to, and that processes for achieving and maintaining balanced incentive compensation arrangements are consistently followed.

5. Compensation Structure and Instruments

The Group takes a Total Compensation approach, based on two principle components: fixed compensation and variable compensation.

The mix of fixed and variable compensation is designed to ensure adequate consideration of risk and conduct in compensation decisions and varies according to the employee's position and role within the Group. For example, the targeted compensation mix of individuals working in control functions is designed to have a higher proportion in fixed compensation, and a smaller proportion in variable compensation. While those on the revenue-generating side will typically have a higher portion in variable compensation.

Additionally, in accordance with the CRD remuneration rules, the variable component for Identified Employees for relevant legal entities including CSEB is capped at 200% of the fixed component, as approved by the shareholder's meeting held on May 8, 2014, and subject to periodic review and confirmation by the Group Compensation Committee and CSEB RemCo.

5.1. Fixed Compensation

Fixed compensation, which is most commonly paid in the form of base salary, is based on the skills, qualifications and relevant experience of the individual, as well as the responsibilities required by the role and external market factors. Fixed compensation may include non-discretionary allowances as well as, for certain Identified Employees, role-based allowances granted in relation to their role, demonstrated professional skills, capabilities, and organisational responsibilities. Pension and other benefits are non-discretionary and are categorised as fixed compensation.

5.2. Variable Compensation

The level of variable compensation granted is entirely at the discretion of the Group, and may be zero in cases of substandard performance or other reasons. Variable compensation, which includes non-deferred and deferred portions, may be impacted by various factors, including absolute and relative performance of the Group and its divisions, performance ratings and achievement of pre-agreed individual performance objectives of employees, non-financial performance indicators, market positioning, and a variety of other factors.

Above a certain threshold, a portion of variable compensation is subject to mandatory deferral to reflect the nature of the Group's business, its risk profile, and the desire to have compensation plans that are based on sustainable performance criteria. Generally, the higher an individual's total compensation, the higher the percentage that is deferred. Deferral percentages are regularly reviewed by the Compensation Committee (CC), and are internally communicated. Deferral percentages also take into consideration market practice and applicable regulations, and may differ in certain markets. For 2022, the maximum deferral rate was set at 60%. Deferred compensation elements are typically subject to a vesting period of three years (with equal amounts vesting each year) for Non-Identified Employees and a minimum four to five years for Identified Employees. Other deferral periods may be decided upon by the Compensation Committee (CC) based on a number of factors, including further regulatory requirements.

The Group's primary variable incentive compensation plan is the Credit Suisse Group AG Master Share Plan (the "Plan"). Deferred compensation instruments are designed to align the interests of employees with the interests of shareholders. The Group seeks to achieve this by providing deferred instruments, the value of which are tied to the share price performance of the Group.

In exceptional and justified circumstances, the Group may award guaranteed variable compensation, granted as part of a contractual obligation. Guarantees, that are subject to appropriate level of approvals, are limited for the first year of employment only and are awarded to attract new employees into the firm where they have no established performance or reputation. Additionally, the pay out of the guaranteed variable remuneration is also subject to individual's adherence to firm's policies and procedures and is subject to minimum conditions, such as that the employment is not terminated or notice is given and employee is not subject to a disciplinary sanction. It is the Group's policy to not award multi-year guarantees to any employees. Guaranteed compensation arrangements to existing employees are strictly prohibited.

5.3. Identified Employees

The 2022 Identified Employees of CSEB consist of senior individuals identified in accordance with the Capital Requirements Directive (CRD) V. The population includes individuals holding Senior Management Functions, the non-executive and executive members of the Boards, heads of material business units within CSEB, control and corporate functions, as well as other individuals who meet the CRD V criteria. The population may also include other categories of staff identified based on regulatory feedback and/or internal assessments of those taking material risk. Finally, Identified Employees are identified under the quantitative criteria on the basis of their total compensation awarded for the prior year and where the firm has determined that individual's professional activities are considered to have a material impact on the firm's risk profile. Certain exclusions may apply and are subject to final ratification by the RemCo and the acceptance of the Bank of Spain.

The Identified Employee population is subject to scrutinised compensation structuring rules. Generally, for Identified Employees at least 40% of variable compensation is subject to a deferral period of four years, which can be increased typically to five years for senior individuals holding senior positions within our material business units, corporate or control functions. Additionally, at least 50% of both deferred and non-deferred variable compensation awarded to Identified Employees, is awarded in shares or share-linked instruments under the Plan that are subject to a retention period of twelve months following vesting during which they cannot be sold or transferred. Deferred instruments granted to Identified Employees are not entitled to dividend or interest payments.

In certain circumstances, severance payments and certain other compensation elements made to Identified Employees are also treated as variable compensation and follow similar structuring rules as described above.

CSEB RemCo reviewed and approved the Identified Employees and MRT within CSEB on December 13, 2022.

6. Determination of Variable Compensation Pools

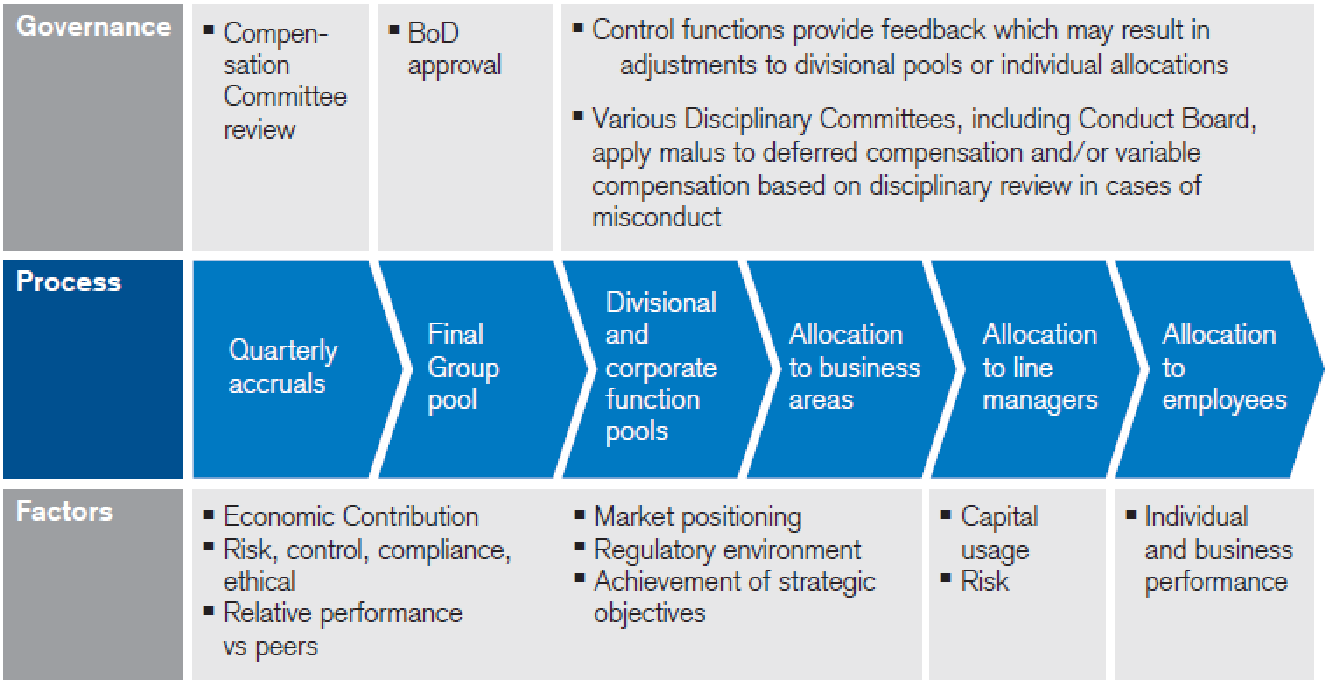
In determining the global variable compensation pools, the Compensation Committee (CC) aims to balance the distribution of the Group's profits between shareholders and employees. The starting point of the bonus pool development is the Group's financial performance in terms of economic contribution, measured as adjusted income before taxes excluding variable incentive compensation expenses, after deducting a capital usage charge. The methodology to determine the Group and divisional pools also takes into account key performance metrics and certain non-financial criteria, including risk and control, compliance and ethical considerations and relative performance compared with peers, as well as the market and regulatory environment and any extraordinary events, such as, but not limited to, company reorganizations, major legacy settlements or any other exceptional circumstances.

The allocation of variable compensation varies by division and the risk-adjusted performance of each division is factored into an appropriate extent. Adjustments of divisional allocations are at the discretion of the Credit Suisse AG BoD based on recommendations by the Compensation Committee (CC) and are influenced by the long-term strategic direction and objectives of the divisions. The Compensation Committee (CC) can apply discretion to make adjustments (including negative adjustments) to the variable compensation pools.

The total amount of the pool for the corporate functions is not linked to the performance of the particular divisions that employees of the corporate functions support, but takes into account the Group-wide financial performance, measured in the form of Group economic contribution and qualitative measures. Therefore, employees working in the corporate functions, including those performing control functions, are remunerated independently from the performance of the businesses they oversee and support. As with the business divisions, risk, control, compliance and ethical considerations and relative performance compared to peers, as well as the market and regulatory environment, are taken into account.

Once the pools have been set at the Group and divisional levels, each business division allocates its pool to its business areas, based on the same or similar factors as used to determine the divisional pool. Capital usage and risk are factored into the pools as they are allocated within business areas. The corporate functions pool is allocated to the various functions within the corporate functions based on factors such as the achievement of performance objectives, compliance with policies and regulations, and market conditions.

The following chart illustrates the determination of Variable Incentive Compensation Pools:



7. Determination of Variable Compensation Awards

The allocation of variable compensation to individuals is primarily based on direct line manager's assessment of the performance and conduct of each individual, subject to the constraints of the pool size. The Group adopts a performance culture that places a strong emphasis on disciplined risk management, ethics and compliance-centred behaviour.

To support this process, the Group uses a comprehensive performance management system based on two performance ratings: Contribution ('What') and Behaviour ('How'). Contribution ratings are typically based on objective criteria, such as achieving budget targets, increasing market share or successful completion of a project - though they are not limited to financial criteria. For the 2022 performance year, the behaviour standards covering conduct, ethics, risk and control are embodied by six key cultural values that support the Group's strategy and purpose: Inclusion, Meritocracy, Partnership, Accountability, Client focus and Trust (IMPACT).

Depending on role, many of our employees will be subject to additional performance ratings, including Risk, Compliance and Leadership ratings, meant to ensure that the individual has multilateral scrutiny on various aspects of behaviour.

Employees are expected to display the Group's cultural values and professional standards in all business activities and, employees' failure to adhere can result in either a zero or reduced variable compensation, and in certain cases, disciplinary action, up to and including dismissal.

Identified Employees are subject to a heightened level of scrutiny over the alignment of their compensation with performance, conduct and risk considerations. Identified Employees and their managers are required to define role specific risk objectives and to incorporate risk considerations, both realised and potential, in their performance evaluations when setting variable compensation.

CSEB RemCo, reviews, analyses and proposes to Line Managers changes in the bonus proposals based on the information that the RemCo has of each employee, which covers all analysed above.

8. Malus and Clawback Provisions

All deferred compensation awards granted contain malus provisions that enable the Group to reduce or cancel the awards prior to settlement if the participant engages in certain detrimental conduct.

Additionally, all variable compensation awards granted to Identified Employees are subject to recovery (clawback). Such malus and clawback provisions ensure that variable compensation is not linked to performance in the current year, but also conditional on sustained future performance.

9. Further Information

Additional information can be found within the Group Compensation Policy and the Group Annual Report.

CSEB personnel expenses amount to EUR 106.4 million. Of which EUR 30.4 million is for variable compensation. This total excludes both social security contributions. In 2022, the average number of CSEB employees was 364.

Recent events

On 5 April 2023, the Swiss Federal Council announced its decisions on the outstanding deferred variable compensation awards previously granted to employees of Credit Suisse Group AG, following its decree of 21 March 2023. The Federal Council have instructed the Federal Department of Finance (FDF) to fully or partially cancel all outstanding variable remuneration for the top three levels of management at Credit Suisse. These cancellations will vary from 25% to 100% of outstanding variable awards, determined by employee seniority. The impact of responding to these instructions will likely alter levels of variable remuneration for Spanish MRTs set out in the tables which follow in the remainder of this document. However, at the time of filing this document it is not yet possible to estimate the final impact on Spanish MRTs.

10. Compensation for Identified Employees

The following table relate to Identified Employees compensation.

2022 Identified Employees

	Total Management Body and Executive Management	Other Senior Management	Other Identified Employees	Total
2022 Number of Identified Employees [1]	15*	0	40	**55**

1. Of the 55 Identified Employees, 49 are employees of CSEB. The remaining 6 Identified Employees are employed by other Credit Suisse Group companies and their compensation details are not included in this report.

* Member of MB Supervisory function: 7
Members of MB Executive function: 1
Other members of the Executive Management: 7

2022 Remuneration awarded for the financial year (EUR)

	Supervisory function [1]	Management function*	Other Senior Management	Other Identified Employees	Total
Number of Identified Employees	7	8	-	40	**55**
Fixed Compensation [2]	**641,226**	**5,685,986**	**-**	**29,450,368**	**35,777,580**
Cash	641,226	5,685,986	-	29,328,637	**35,655,849**
Shares	-	-	-	-	**-**
Other instruments/Other forms	-	-	-	121,731	**121,731**
Variable Compensation [3]	**-**	**1,524,859**	**-**	**19,510,368**	**21,035,227**
Cash awards	-	827,996	-	5,627,544	**6,455,540**
Deferred cash-based awards	-	26,529	-	979,202	**1,005,731**
Share awards [4]	-	696,863	-	13,882,824	**14,579,687**
Deferred share-based awards	-	500,597	-	10,991,655	**11,492,252**
Total Compensation	**641,226**	**7,210,845**	**-**	**48,960,736**	**56,812,807**

* Includes 1 executive member of the Board

1. MB Supervisory function comprises of our Non-Executive Directors who sit on the Credit Suisse Europe (Bank)' S.A Board and oversee the management decision-making. These individuals are awarded fixed fees only and are not subject to receive any variable compensation for their supervisory roles.
2. Fixed Compensation, that is typically awarded in cash, includes base salaries, total compensation relevant allowances as well as pension and benefits paid in 2022.
3. Discretionary variable incentive awards granted to Identified Employees relating to the 2022 performance year as communicated via 2022 compensation statements. Values include the discretionary part of severance awarded to Identified Employees who left the firm in 2022 performance year and that is subject to applicable bonus cap and structuring. Values also include Transformation Awards, which are one-off awards intended to maximise motivation, retention and accountability for a select group of critical talent to transform the bank over the next three years with stretched performance conditions and a further increase in their equity-based compensation.
4. Variable Compensation share awards include the restricted stock awards that form part of the non-deferred element of the variable compensation and are subject to a 12-month retention period.

2022 Remuneration – Split into Business Areas (EUR)

	Total Management Body and Executive Management	Investment banking	Corporate functions	Independent internal control functions	All other
Total number of identified staff					
Of which: members of the MB	15*				
Of which: other senior management		-	-	-	-
Of which: other identified staff		34	2	4	-
Total remuneration of identified staff	7,852,071	48,450,731	177,792	332,213	-
Of which: variable remuneration	1,524,859	19,372,118	31,500	106,750	-
Of which: fixed remuneration	6,327,212	29,078,613	146,292	225,463	-

* Member of MB Supervisory function: 7

Members of MB Executive function: 1

Other members of the Executive Management: 7

2022 Total Compensation: Identified staff that are high earners as set out in Article 450(i) CRR

	Total
Between 1,000,000 and 1,500,000 EUR	8
Between 1,500,000 and 2,000,000 EUR	8
Between 2,000,000 and 2,500,000 EUR	6
2,500,000 EUR or more*	1

* The Company is unable to make a more detailed disclosure for confidentiality reasons.

Deferred Variable Compensation Awards as at 31 December 2022 (EUR)

Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods (1)	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year (2)	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
MB Supervisory function	-	-	-	-	-
Management function	**3,896,280**	**1,596,907**	**2,299,373**	**2,009,829**	**265,904**
Cash-based	160,782	160,782	0	155,206	-
Shares or equivalent ownership interests	2,076,957	979,106	1,097,851	1,397,603	265,904
Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-
Other instruments	1,658,541	457,019	1,201,522	457,019	-
Other senior management	-	-	-	-	-
Other identified staff	**27,666,122**	**8,711,323**	**18,954,799**	**9,844,929**	**1,252,906**
Cash-based	1,761,179	646,821	1,114,358	647,710	-
Shares or equivalent ownership interests	12,963,089	4,652,507	8,310,582	5,785,223	1,252,906
Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-
Other instruments	12,941,854	3,411,995	9,529,859	3,411,995	-
Total amount	**31,562,402**	**10,308,230**	**21,254,171**	**11,854,757**	**1,518,810**

1. Value of deferred variable compensation awarded to Identified Employee in relation to the previous performance periods. Outstanding awards are valued as of 31 December 2022; awards vested and settled in 2022 are valued at the point of settlement. Excludes any awards that were forfeited during the performance year, e.g., due to resignation. Amounts do not include dividend equivalents or interests attached to the awards.

2. Includes awards vested and paid out in 2022, as well as awards vested in prior years and paid out in 2022, based on value as at the time of settlement.

Deferred and retained remuneration (Euro)	Amount of performance adjustment made in the financial year to remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e.changes of value of deferred remuneration due to the changes of prices of instruments)
MB Supervisory function	**-**	**-**	**-**
Management function	**31,771**	**12,309**	**(3,370,049)**
Cash-based	-	-	-
Shares or equivalent ownership interests	31,771	12,309	(2,978,156)
Share-linked instruments or equivalent non-cash instruments	-	-	-
Other instruments	-	-	(391,894)
Other senior management	**-**	**-**	**-**
Other identified staff	**206,692**	**1,390**	**(23,545,554)**
Cash-based	-	-	-
Shares or equivalent ownership interests	206,692	1,390	(22,357,325)
Share-linked instruments or equivalent non-cash instruments	-	-	-
Other instruments	-	-	(2,660,890)
Total amount	**238,463**	**13,699**	**(26,915,604)**

Adjustments consist of cancelled or forfeited awards due to explicit performance adjustments. No such adjustments have been made to the remuneration that was due to vest in the financial year. Outstanding deferred variable compensation has not been factored into these adjustments however all outstanding deferred compensation is exposed to potential risk adjustment.

Implicit value changes reflect adjustment primarily due to market driven effects. Includes changes in share price valuation based on shares undelivered as at 31 Dec 2022. Cash value based on change in the fair market value of cash-linked instruments during the performance year. Further details can be found on page 240 of the Credit Suisse Group Annual Compensation Report.

2022 Special payments to staff whose professional activities have a material impact on institutions' risk profile (EUR)

Guaranteed variable remuneration

Guaranteed variable remuneration can be awarded in the context of a contractual obligation, for the first year of employment, to attract new employees into the firm where they have no established performance or reputation. All guaranteed variable remuneration is taken into account when calculating the bonus cap. There were no cases of Identified Employees receiving guaranteed variable remuneration in respect of the 2022 performance year.

Severance payments

The below table includes severances paid and awarded to our Identified Employees. Typically, severance payments are not deemed variable compensation (i.e. statutory severance awards made due to restructuring), however in certain circumstances, severance awards made to Identified Employees are treated as variable compensation and follow similar structuring rules as all other Identified Employee variable compensation.

	MB Supervisory function	Management function	Other senior management	Other identified staff	Total
Severance payments awarded in previous periods, that have been paid out during the financial year[1]					
Number of Identified Employees	-	-	-	-	**-**
Total Amount	-	-	-	-	**-**
Severance payments awarded during the financial year[2]					
Number of Identified Employees	-	1	-	4	**5**
Total Amount	-	616,480	-	3,968,331	**4,584,811**
Of which:					
Paid during 2022	-	616,480	-	3,361,969	**3,978,449**
Deferred	-	-	-	606,362	**606,362**
Not subject to the bonus cap[3]	-	616,480	-	3,281,969	**3,898,449**
Highest severance award	-	616,480	-	1,849,000	n/a

1. Severances paid to Identified Employees who left prior to 2022, where the severance has been paid out in 2022 performance year, either as deferred compensation or due to late termination date.
2. Severances awarded to 2022 Identified Employee leavers.
3. Includes standard statutory and other contractual severance payments that are excluded from the calculation of the maximum variable-to-fixed pay ratio.

All values have been converted to EUR using the relevant exchange rate as at 30 December 2022.

Appendix 1: Directorships

CSEB's Board Members as at 31 May, 2023

Name	Gender	Position	Appointment Date	Number of Directorships
Ana Paula Machado Pessoa	Female	Chair of the Board of Directors (Independent director)	12/07/2022	6
Emilio Ramón Gallego Neira	Male	COO (Executive Director) CEO ad interim since September 2022	07/03/2008	1
Elodie Angelique Helene Blanc	Female	Member of the Nominations Committee (Proprietary Director)	07/06/2019	1
Francisco Rodríguez-Rey Alegría	Male	Chair of the Risk Committee Member of the Audit Committee Member of the Nominations Committee Member of the Remunerations Committee (Independent Director)	18/06/2021	4
Gabriel Alonso Savarino	Male	Chair of the Nominations Committee Chair of the Remunerations Committee Member of the Risk Committee (Independent Director)	18/06/2021	4
Nicholas James Alexander Lovett	Male	Member of the Risk Committee (Proprietary Director)	07/06/2019	1
Paula Hadjisotiriou	Female	Chair of the Audit Committee Member of the Risk Committee (Independent Director)	18/06/2021	3
Simon Harry Tasker	Male	Member of the Audit Committee Member of the Remunerations Committee (Proprietary Director)	07/06/2019	1

Appendix 2: List of Abbreviations and Glossary

Term	Definition
B	
Banking Book	Classification of assets outside the definition of Trading Book (also referred to as the 'Non-Trading Book').
Back-testing	A technique (typically applied to trading strategies) where a specific strategy is applied to historical data to assess the effectiveness of that strategy.
Basel II	The capital adequacy framework issued by the Basel Committee on Banking Supervision (June 2006). From 1 January 2007, The European Union's Capital Requirements Directive ('CRD') was effective. The CRD was derived from the Basel II Accord ('Basel II').
Basel III	Basel II was subsequently replaced in the EU, from 1 January 2014, by the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (collectively 'CRDIV'). Basel III requirements will be fully implemented by 1 January 2019.
C	
CCB	*Countercyclical capital buffer*: prescribed under Basel III and CRDIV and aims to ensure that capital requirements mitigate potential future losses arising from excess credit growth and hence increased system-wide risk.
CCRMTM	Counterparty credit risk exposure calculation using mark to market method
CET1	*Common Equity Tier 1:* the highest quality level of regulatory capital prescribed under Basel III (and by CRD IV in the EU).
CET 1 ratio	CET1 expressed as a percentage of RWA.
CNMV	Comisión Nacional del Mercado de Valores
CRD	*Capital Requirements Directive*: EU legislation implementing Basel III (and previously Basel II) in the EU.
CRR	*Capital Requirements Regulation*: EU legislation implementing Basel III in the EU.
CVA	*Credit valuation adjustment:* a capital charge under Basel III (CRD IV) covering the risk of mark-to-market losses on expected counterparty risk on derivative exposure arising from deterioration in a counterparty's credit worthiness.
D	
DVP	A securities industry settlement procedure in which the buyer's payment for securities is due at the time of delivery. Delivery versus payment ('DVP') is a settlement system that stipulates that cash payment must be made prior to or simultaneously with the delivery of the security. This form of settlement applies where the client custodies cash / securities external to CSUK, but executes market trades via CSUK.
E	
Exposure value	The maximum loss that a financial institution might suffer if a borrower, counterparty or group fails to meet their obligations or if assets and off-balance sheet positions have to be realised.
EBITDA	*Earnings before interest, taxation, depreciation and amortisation*.
F	
FCA	*Financial Conduct Authority* - The UK regulator responsible for conduct of business regulation and supervision.
H	
Haircut	A discount applied to reflect the amount at which an asset can be realised.
I	
ICAAP	*Internal capital adequacy assessment process*: a risk-based assessment of the level of regulatory capital to be held by a bank or firm. This may exceed the Pillar 1 capital requirements.
IFRS	*International Financial Reporting Standards*.
ISDA	*International Swaps and Derivatives Association*.
ISDA master agreement	Standardised contract developed by ISDA to facilitate bilateral derivatives trading.
L	
Leverage ratio	A calculation prescribed under Basel III (and CRDIV) to measure the ratio of total exposures to available Tier 1 capital.
K	

Term	Definition
KYC	*Know Your Client*. The information that a bank collects to correctly identify clients and their source of wealth to prevent criminals and terrorists from using financial products or services to store or move the proceeds of crime.
M	
Mark-to-market	A regulatory prescribed method for calculating exposure values in respect of counterparty credit risk
Master netting agreement	An agreement between two counterparties who have multiple contracts with each other that provides for the net settlement of all contracts in the event of default on, or termination of any one contract.
Minimum capital requirements	The minimum amount Pillar 1 requirements to be held for credit, market and operational risk.
N	
Netting	Netting is a means to reduce on- and off- balance sheet credit risk exposures by offsetting the value of any contracts or other positions held with the same counterparty.
O	
OTC	*Over-the-counter*: A security or other financial instrument not traded on a formal exchange.
P	
Pillar 1	Minimum regulatory capital requirements to be held by a bank or investment firm as prescribed by Basel III (and CRD IV).
Pillar 2	Regulator imposed risk-based capital requirements to be held in excess of Pillar 1.
Pillar 3	CRDIV prescribed capital, risk and remuneration disclosure requirements.
PRA	*Prudential Regulation Authority* - The UK regulator responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms
R	
Reverse repurchase agreement	An agreement that allows a borrower to use a financial security as collateral for a cash loan.
RWA	*Risk-weighted asset*: derived by assigning risk weights to an exposure value.
S	
SAR	*Suspicious activity report.* An SAR is a piece of information alerting law enforcement agencies (such as the National Crime Agency) that a certain customer activity is in some way suspicious and may indicate money laundering or terrorist financing
SFT	*Securities financing transaction*: lending or borrowing of securities (or other financial instruments), a repurchase or reverse repurchase transaction, or a buy-sell back or sell-buy back transaction.
SREP	*Supervisory Review and Evaluation Process*.
Stressed VaR	A market risk capital charge derived from potential market movements applied over a continuous one-year period of stress to a Trading Book portfolio.
T	
Tier 1 capital	A component of regulatory capital, comprising CET1 and Additional Tier 1 capital as defined by Basel III and the CRDIV.
Tier 1 capital ratio	The ratio of Tier 1 capital to total RWA.
Tier 2 capital	A lower quality of capital (with respect to ‘loss absorbency’) also known as ’gone concern’ capital.
TLRM	Treasury and Liquidity Risk Management
Trading Book	Positions held with intent to trade or to hedge other items in the Trading Book.
V	
VaR	*Value-at-risk*: loss estimate from adverse market movements over a specified time horizon and confidence level.

Cautionary Statement Regarding Forward-looking Information

This report contains statements that constitute forward-looking statements. In addition, in the future we, and others on our behalf, may make statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the following:

- our plans, objectives or goals;
- our future economic performance or prospects;
- the potential effect on our future performance of certain contingencies; and
- assumptions underlying any such statements.

Words such as "believes," "anticipates," "expects," "intends" and "plans" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. We do not intend to update these forward-looking statements except as may be required by applicable securities laws.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. We caution you that a number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements.

These factors include:

- the ability to maintain sufficient liquidity and access capital markets;
- market volatility and interest rate fluctuations and developments affecting interest rate levels;
- the strength of the global economy in general and the strength of the economies of the countries in which we conduct our operations, in particular the risk of continued slow economic recovery or downturn in the US or other developed countries or in emerging markets in 2022 and beyond;
- the direct and indirect impacts of deterioration or slow recovery in residential and commercial real estate markets;
- adverse rating actions by credit rating agencies in respect of us, sovereign issuers, structured credit products or other credit-related exposures;
- the ability to achieve our strategic objectives, including cost efficiency, net new asset, pre-tax income/(loss), capital ratios and return on regulatory capital, leverage exposure threshold, risk-weighted assets threshold and other targets and ambitions;
- the ability of counterparties to meet their obligations to us;
- the effects of, and changes in, fiscal, monetary, exchange rate, trade and tax policies, as well as currency fluctuations;
- political and social developments, including war, civil unrest or terrorist activity;
- the possibility of foreign exchange controls, expropriation, nationalization or confiscation of assets in countries in which we conduct our operations;
- operational factors such as systems failure, human error, or the failure to implement procedures properly;
- the risk of cyberattacks on our business or operations;
- actions taken by regulators with respect to our business and practices and possible resulting changes to our business organization, practices and policies in countries in which we conduct our operations;
- the effects of changes in laws, regulations or accounting policies or practices in countries in which we conduct our operations;
- the potential effects of proposed changes in our legal entity structure;
- competition or changes in our competitive position in geographic and business areas in which we conduct our operations;
- the ability to retain and recruit qualified personnel;
- the ability to maintain our reputation and promote our brand;
- the ability to increase market share and control expenses;
- technological changes;
- the timely development and acceptance of our new products and services and the perceived overall value of these products and services by users;
- acquisitions, including the ability to integrate acquired businesses successfully, and divestitures, including the ability to sell non-core assets;
- the adverse resolution of litigation, regulatory proceedings, and other contingencies; and
- other unforeseen or unexpected events and our success at managing these and the risks involved in the foregoing.

The foregoing list of important factors is not exclusive.

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