Credit Suisse Asset Management Limited
(incorporating Credit Suisse Asset Management (UK) Holding Limited)

Basel III
2015 Pillar 3 Disclosures

Index

Introduction

This document comprises the Pillar 3 disclosures for Credit Suisse Asset Management Limited ('CSAML' or 'the Firm') as at 31 December 2015. It should be read in conjunction with CSAML's 2015 Annual Report which will be available from Companies House, Crown Way, Cardiff, Wales, CF14 3UZ.

CSAML is authorised and regulated by the Financial Conduct Authority ('FCA').
CSAML was previously subject to the EU rules known as CRD IV. Following a change in its license CSAML is now categorised as a 'BIPRU firm' and is subject to the FCA's rules set out in the General Prudential Sourcebook (GENPRU) and the Prudential Sourcebook for Banks, Building Societies and Investment Firms (BIPRU). These Pillar 3 disclosures are prepared to meet the regulatory requirements set out in Chapter 11 of BIPRU.

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

Basis and frequency of disclosures

Where disclosures have been withheld, as permitted, on the basis of confidentiality, materiality, or being proprietary in nature, this is indicated. Pillar 3 disclosures are published annually and concurrently with the annual report. The annual report is prepared under IFRS, and accordingly, certain information in the Pillar 3 disclosures may not be directly comparable.

This Pillar 3 document has been verified and approved in line with internal policy. It has not been audited by CSAML's external auditors. However, it includes information that is contained within the audited financial statements as reported in the 2015 Annual Report.

Basis of consolidation

CSAML has no subsidiaries and is a directly wholly-owned subsidiary of Credit Suisse Asset Management (UK) Holding Limited Credit Suisse Asset Management (UK) Holding Limited ('CSAMH'). The CSAMH group is subject to consolidated regulatory supervision by the FCA.

As required by BIPRU, Pillar 3 disclosures are required in respect of CSAMH group on a consolidated basis, and in respect of CSAML, on a solo basis as it represents the principal operating subsidiary ('significant subsidiary') of the group. The disclosures for CSAML are contained in this document with additional disclosures in respect of CSAMH group reported in Appendix 1.

Restrictions on transfer of funds or regulatory capital within the CSAML (UK) Holding group

In general, the restrictions around the repayment of liabilities and transfer of regulatory capital within the CSAMH group are related to constraints that are imposed on entities by local regulators. The movement of capital may also be subject to tax constraints where there are cross-border movements or thin capitalisation rules.

Remuneration

The remuneration disclosures required by BIPRU can be found in a separate document ('Pillar 3 – UK Remuneration Disclosures 2015') on the Credit Suisse website at: *www.credit-suisse.com*

Capital management

Overview

The Credit Suisse group ('CS group') considers a strong and efficient capital position to be a priority. Consistent with this, CSAML closely monitors its capital 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. CS group continues to provide confirmation that it will ensure that CSAML is able to meet its debt obligations and maintain a sound financial position over the foreseeable future.

Multi-year business forecasts and capital plans are prepared by CSAML, taking into account the business strategy and the impact of known regulatory changes. These plans are subjected to various stress tests, reflecting both macroeconomic and specific risk scenarios, as part of the Internal Capital Adequacy Assessment Process ('ICAAP'). Within these stress tests, potential management actions, that are consistent with both the market conditions implied by the stress test and the stress test outcome, are identified. The results of these stress tests and associated management actions are updated regularly, as part of the ICAAP, with results reviewed by CSAML's Board of Directors. The ICAAP then forms the basis for any SREP ('Supervisory Review and Evaluation Process') review that the FCA conducts when assessing a firm's level of regulatory capital.

Own funds

BIPRU Chapter 11 requires disclosure of the main features of any Common Equity Tier 1 ('CET1'), Additional Tier 1 ('AT1') and Tier 2 instruments that make up a firm's regulatory own funds ('capital resources'). However, neither CSAML nor CSAML (UK) Holding have issued any AT1 or Tier 2 capital instruments.

CSAML's CET1 capital comprises ordinary shares. The Ordinary Shares carry voting rights but do not carry the right to receive dividends.

CSAML's Pillar 1 capital requirement is calculated as the higher of:

- the sum of the credit and market risk capital requirements; and
- the 'Fixed Overhead Requirement'.

A summary of CSAML's own funds is shown below.

Capital composition (£000s)

As at 31 December	**2015**	**2014**
	Own funds	Own funds
Tier 1 (and CET1) capital		
Ordinary shares	45,020	45,020
Capital contribution reserve	57,243	57,243
Share premium	20,989	20,989
Retained earnings	(9,568)	(9,912)
Total Tier 1 (and CET1) capital	**113,684**	**113,340**
Total capital ('own funds')	**113,684**	**113,340**

Key capital ratios for CSAML are disclosed in the following table:

Capital ratios

As at 31 December	**2015**	**2014**
Common Equity Tier 1	84.6%	63.0%
Tier 1	84.6%	63.0%
Total Capital	84.6%	63.0%

Risk-weighted assets and capital requirements

The Pillar 1 capital requirements of CSAML are summarised below, along with risk-weighted assets ('RWAs'). Credit risk capital requirements and RWAs are further analysed by exposure class:

RWAs and capital requirements (£000s)

As at 31 December	**2015**	**2015**	**2014**	**2014**
	RWAs	Capital Requirement	RWAs	Capital Requirement
Credit risk				
Standardised Approach				
Central governments or central banks	885	71	1,554	124
Institutions	70,600	5,648	148,534	11,883
Other items	4,341	347	5,075	406
Securitisation positions	52,236	4,179	24,262	1,941
(i) Total credit risk	**128,062**	**10,245**	**179,425**	**14,354**
Market risk				
FCAStandard Rules				
Foreign exchange (Banking Book)	1,973	158	582	47
(ii) Total market risk	**1,973**	**158**	**582**	**47**
(iii) Total credit and market risk ((i) + (ii))	**130,036**	**10,403**	**180,007**	**14,401**
Other risks				
Fixed Overhead Requirement	134,356	10,748	134,356	10,748
(iv) Total other risks	**134,356**	**10,748**	**134,356**	**10,748**
Pillar 1 RWA and capital requirements (higher of (iii) or (iv))	**134,356**	**10,748**	**180,007**	**14,401**

Risk management

Overview

CSAML's risk management framework is based on transparency, management accountability and independent oversight. Risk management plays an integral role in CSAML's business planning process and is strongly supported by its Board of Directors and senior management. The primary objectives of risk management are to protect CSAML's financial strength and reputation, while ensuring that capital is well deployed to support business activities and grow shareholder value. CSAML receives support in all its risk management activities from the Chief Risk Officer Division of CS group, allowing the business to benefit from the expertise and infrastructure of the CS Group Risk Management organisation.

Business overview

CSAML had four primary businesses active in 2015:

- **Credit Suisse's Private Fund Group ('PFG'):** raises capital for domestic and international direct investment firms focused on a wide-range of private equity investment activities. PFG is one of the largest, most cohesive and experienced global private equity placement teams in the industry. PFG raises capital from investors worldwide, including public and private pension funds, endowments, foundations, commercial banks, banks and insurance companies, consultants and high-net-worth individuals. PFG does not manage any investments on behalf of it's clients.
- **The Credit Investments Group ('CIG'):** manages, on a discretionary basis, CLO's, funds and mandates that invest primarily in non-investment grade credit strategies.
- **Insurance-linked strategies ('ILS'):** involve a role reversal between investors and insurers. Investors take on the insurance company role, covering risks and receiving premiums in return. Insurance companies take on the role of the policyholder by assigning risks to investors and paying them premiums.
- **Systematic Allocation Strategies ("SAS"):** focuses on asset allocation across the cycle in global growth, risk appetite and valuation. The team uses a quantitative approach to asset allocation and aims to deliver equity-like returns with outperformance in stressed markets.
- **Structured Product Fund ("SPF"):** the company acts as an investment advisor to the Structured Product Fund ("SPF"). SPF invests in asset backed investments and is managed by CSAMLLC in New York.

Key Risks - Board of Directors

CSAML has implemented risk management processes and control systems to limit the impact of adverse events by monitoring all relevant key risks including market, credit, operational, regulatory and conduct risks. CSAML's Board of Directors is responsible for reviewing the effectiveness of CSAML's risk management and systems of financial and internal controls. These 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 and loss.

CSAML's overall risk profile associated with business strategy

The CSAML business strategy is pursued within the risk appetite as defined periodically by the Board of Directors. The Board of Directors expresses its risk appetite through a number of key tolerances which define the maximum level of risk acceptable across a broad range of risk categories. These Risk Appetite Statements define for the executive management and control functions the boundary conditions within which the Company's risk profile must be maintained. Risk Appetite Statements are defined for all relevant risk categories including for: Credit, Operational, Market, Liquidity, Reputational, Regulatory, Strategic, Pension and Conduct risks.

Risk governance

The Board of Directors sets the overall framework for risk appetite and is advised by the Risk Committee, which is chaired by a non-executive Director. The purpose of the Risk Committee is to:

- review and assess the integrity and adequacy of the risk management function of the Company, in particular as it relates to market, credit, and liquidity & funding risks and investment portfolio risk;
- review the adequacy of CSAML's capital (economic, regulatory, and rating agency) and its allocation to CSAML's businesses;
- review certain risk limits and regular risk reports including Risk Appetite and make recommendations to the BoD;
- review the Internal Capital Adequacy Assessment Process (ICAAP) and provide input into the range of scenarios and analyses that management should consider;
- review and assess the adequacy of the management of reputational risks, jointly with the Audit Committee;
- review and assess the adequacy of the management of operational and conduct risks including the adequacy of the internal control system, jointly with the Audit Committee;
- review CSAML policy in respect of corporate responsibility and sustainable development.

Risk organisation

Credit Suisse's risk framework, as per established best practice, utilises three lines of defence to ensure that risks are identified, assessed, escalated and managed in a controlled and effective manner.

First Line **Risk Owner**	Responsible for risk identification and management on a front-to-back basis, including design, operation and testing of controls required to comply with risk appetite and policies.
Second Line **Independent Risk Control**	Responsible for establishing risk management standards and providing independent challenge of activities, processes and controls carried out by the first line.
Third Line **Independent Assurance**	Responsible for providing independent assurance about the adequacy of the overall risk control framework directly to the Audit Committee.

The three lines of defence model is designed to provide multiple opportunities to address risks before they become issues or incidents. Although each line is defined separately and has its own responsibilities, in practice they are required to work in co-operation to ensure that risks are addressed at the correct level.

First line of defence: embedded business level controls

Primary risk ownership resides with the business. The first line of defence is responsible for identification and management of risk, ensuring a strong control environment is in place, for the monitoring and reporting of risk profile and for ensuring compliance with established risk appetite and all associated policies, standards and guidelines. The Company's management continually monitors and manages the levels of exposure to ensure that risk and return are balanced.

Management has designed and implemented an effective supervisory structure and related risk and control functions to mitigate risk at the first line of defence. A monthly Business Risk Committee ('BRC') has been established and a set of Risk Metrics are discussed at this meeting. The BRC's responsibility is to provide information collation and advisory support for the governance and oversight structure of CSAML, to review and assess the control framework from both an effectiveness as well as an efficiency perspective and to assist in the preparation of the annual CSAML Risk and Control Self-Assessment.

Second line of defence: independent risk and compliance functions

The CS Compliance department provides a risk based monitoring programme to determine whether controls are operating effectively and regulatory requirements have been complied with. Monitoring activities are determined according to the assessment of regulatory risk in each area of the Company. The Compliance department provide updates to the Board of Directors and senior management as may be required.

The CS Operational Risk Management department provides robust, independent assessment and active challenge on operational risks, processes and controls generated by the first line. Operational Risk Management conducts oversight and challenge on the basis of the first line's implementation of the Group Operational Risk Framework, which provides a systematic approach to operational risk management, including conduct risk elements.

Additionally, further support such as Legal, Finance, Fiduciary Risk, Product Control and Operations within the CS Group provides independent review and challenge as part of their day-to day operations.

Third line of defence: group internal audit function

The CS Internal Audit department plays a vital role in evaluating the effectiveness of internal controls related to the Company. Control assessments performed are risk-based and process-oriented, generally covering front-to-back business flows with consideration of all relevant financial, operational and technology risks.

Internal Audit's mission is to help the Group deliver on its promises by:

- Understanding Group strategy and business objectives in an evolving industry and regulatory environment, focusing work on the highest risks;
- Using their judgement to apply the right mix of control, business and technical skills to provide reliable independent assurance and advice;
- Applying current industry knowledge, technical expertise and commercial awareness to challenge the business and share best practices;
- Anticipating the changing needs and circumstances of the Group and adapting their approach accordingly;
- Providing a supportive, learning-focused environment that allows people to realize their potential across the Group; and
- To establish confidence that the Group can rely on its control framework and it can achieve its objectives.

Credit risk

Overview

CSAML has adopted the Standardised Approach to risk weights for the purposes of calculating Pillar 1 credit risk capital requirements. Under this approach, ratings published by External Credit Assessment Institutions ('ECAIs') are mapped to Credit Quality Steps ('CQS') according to mapping tables laid down by the European Banking Authority ('EBA'). The CQS value is then mapped to a risk weight percentage. The ECAIs used by CSAML for all types of exposures are Standard & Poor's, Moody's and Fitch.

No credit risk mitigation ('CRM') techniques are applied, and no exposures are covered by funded or unfunded credit protection. Accordingly, CSAML is not exposed to wrong-way risk.

Credit quality steps and corresponding risk weights under the Standardised Approach

	Credit rating agency			Risk weights (%)		
Credit quality step	Standard and Poor's	Moody's	Fitch	Central government and central banks	Corporate	Institutions greater than 3 months maturity
1	AAA to AA-	Aaa to Aa3	AAA to AA-	0	20	20
2	A+ to A-	A1 to A3	A+ to A-	20	50	50
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	50	100	50
4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	100	100	100
5	B+ to B-	B1 to B3	B+ to B-	100	150	100
6	CCC+ and below	Caa1 and below	CCC+ and below	150	150	150

Credit exposures, RWAs and capital requirements

The following tables represent analyses of exposures, RWAs and capital requirements:

Credit exposures and RWAs by exposure classes (£000s)

2015					
	Exposure at default		RWAs		Capital requirement
Credit exposures by regulatory approach:	Average for year	Year-end exposure	Average for year	Year-end	Year-end
Standardised Approach					
Central governments and central banks	1,692	885	1,692	885	71
Institutions	139,704	135,022	123,599	70,600	5,648
Securitisation positions	22,138	25,741	45,066	52,236	4,179
Other items	3,119	4,341	3,917	4,341	347
Total Standardised Approach	**166,652**	**165,989**	**174,273**	**128,062**	**10,245**

Credit exposures - analysed by geographical region (£000s)

As at 31 December 2015				
Credit exposures by regulatory approach:	UK	Other Europe	Americas	Total
Standardised Approach				
Central governments and central banks	885	0	0	885
Institutions	193	130,207	4,622	135,022
Securitisation positions	52,236	0	0	25,741
Other items	4,341	0	0	4,341
Total Standardised Approach	**57,655**	**130,207**	**4,622**	**165,989**

Credit exposures - analysed by industry (£000s)

As at 31 December 2015					
Credit exposures by regulatory approach:	Financial	Commercial	Consumer	Public Authorities	Total
Standardised Approach					
Central governments and central banks	0	0	0	885	885
Institutions	135,022	0	0	0	135,022
Securitisation positions	25,741	0	0	0	25,741
Other items	0	0	3,179	1,162	4,341
Total Standardised Approach	**160,763**	**0**	**3,179**	**2,047**	**165,989**

Credit exposures - analysed by residual maturity (£000s)

As at 31 December 2015			
Credit exposures by regulatory approach:	Up to 12 months	Greater than 5 years	Total
Standardised Approach			
Central governments and central banks	885	0	885
Institutions	135,022	0	135,022
Securitisation positions	0	25,741	25,741
Other items	4,341	0	4,341
Total Standardised Approach	**140,248**	**25,741**	**165,989**

Impaired loans, charges and write-offs

CSAML had no impaired loans, charges or write-offs during the year. CSAM's accounting policies relating to impairment described in the 'Significant Accounting Policies' Note of the CSAML 2015 Annual Report.

Effect of a credit rating downgrade

The impact of downgrades of the CS group's long-term debt ratings is considered in the stress assumptions used to determine CSAML's internal capital assessment.

Credit quality step analysis of post-CRM exposure and capital deductions under the Standardised Approach (£000s)

As at 31 December 2015									
	Credit quality step						Unrated	**Total**	Deduction from capital resources
Standardised Approach	*1*	*2*	*3*	*4*	*5*	*6*			
Central governments and central banks	0	0	0	0	0	0	885	**885**	0
Institutions	0	129,738	0	0	0	0	5,284	**135,022**	0
Securitisation positions	17,863	1,518	1,387	1,738	302	0	2,932	**25,741**	0
Other items	0	0	0	0	0	0	4,341	**4,341**	0
Total	**17,863**	**131,256**	**1,387**	**1,738**	**302**	**0**	**13,442**	**165,989**	**0**

No credit risk mitigation is applied, and accordingly the pre- and post-CRM exposure values are equal.

Securitisation

Overview

A securitisation is defined as a transaction or scheme where the payments are dependent upon the performance of a single exposure or pool of exposures and where the subordination of tranches determines the distribution of losses during the on-going life of the transaction or scheme.

Objectives in relation to securitisation activity and CSAML's role

CSAML's exposure to securitisation positions is related to its appointment as a Investment Manager of collateralised loan obligations ('CLOs') and the requirement to comply with the retention obligations of BIPRU which do not permit credit risk mitigation of these positions. The key risks retained are related to the performance of the underlying assets and all retained positions are held in the Banking Book. The exposures are valued and reported monthly for each CLO falling under the retention requirements, with the positions defined into classes and denoting the initial credit rating from Moody's and Fitch.

Management of credit risk

New CLO instruments require approval by the CSAML Board to invest in the CLO and for CSAML to act as investment Manager only. Risk Retention positions are reported each month and CSAML COO and finance manager attest to each risk retention position being held as per regulatory requirements.

Accounting policies

CSAML's accounting policy with respect to special purpose entities is described in the 'Significant Accounting Policies' Note of the CSAML 2015 Annual Report. Further information on the interest in other entities is disclosued in the 'Disclosures of interest in other entities' Note.

The accounting policy with respect to valuation of securitisation positions is described in the Financial Instruments Note of the CSAML 2015 Annual Report.

The policies for recognising liabilities on the balance sheet for arrangements that could require the institution to provide financial support for securitised assets follow the same policies as for other provisions and financial guarantees. These policies are described in the Significant Accounting Policies Note of the CSAML 2015 Annual Report.

Banking Book securitisation positions

These positions are regulator-imposed investment manager retention requirements. CSAML has no Trading Book securitisation positions.

Exposure to securitisations increased versus 2014 as the result of the launch of an additional CLO in 2015 with attendant regulatory retention requirements

The following tables detail the amount of exposures securitised by CSAML and which were outstanding at 31 December 2015 and securitisation positions held at that date:

Outstanding exposures securitised - Banking Book (£000s)

As at 31 December 2015				
		Other role		
	Sponsor	Traditional	Synthetic	Total
Loans to corporates or SMEs	25,741	0	0	25,741
Total	**25,741**	**0**	**0**	**25,741**

Securitisation exposures purchased or retained - Banking Book (£000s)

As at 31 December 2015		
	Banking Book	
	Traditional	Synthetic
Loans to corporates or SMEs	25,741	0
Total	**25,741**	**0**

Regulatory approach – Banking Book

For the retained securitisation positions in the Banking Book, RWAs are calculated under the Standardised Approach:

Securitisation and re-securitisation exposures by regulatory capital approach – Banking Book (£000s)

As at 31 December 2015

	Securitisation exposure		Re-securitisation exposure		Total	
	EAD - purchased or retained	RWAs	EAD - purchased or retained	RWAs	EAD - purchased or retained	RWAs
Standardised Approach	25,741	52,236	0	0	25,741	52,236
Total	**25,741**	**52,236**	**0**	**0**	**25,741**	**52,236**

Certain securitisation positions have been risk weighted at 1,250%. The total exposure value of these positions is equal to £3.2m, with a total RWA of £40.4m.

Securitised Banking Book Exposures – losses, impaired and past due assets

There were no losses related to securitisations during the period, nor were there any past due or impaired Banking Book assets at 31 December 2015.

Appendix 1: Credit Suisse Asset Management (UK) Holding Limited

Overview

CSAML is a wholly-owned subsidiary of Credit Suisse Asset Management (UK) Holding Limited ('CSAMH'). As the ultimate parent of a UK sub-group, CSAMH is the holding company of a UK regulatory consolidation group.

The CSAMH regulatory consolidation group comprises CSAMH and CSAML. As CSAML is the only regulated firm in the consolidation group (and a 'significant subsidiary'), the CSAMH group's capital requirements derive principally from the activity of CSAML.

Accordingly, the Pillar 3 disclosures for the CSAMH group are disclosed only where they differ materially from those of CSAML as at 31 December 2015. The following disclosures are therefore presented:

- capital composition;
- RWAs and corresponding capital requirements; and
- analysis credit risk exposures.

Consolidated capital resources and capital requirements

An analysis of consolidated 2015 'own funds' (as calculated under CRDIV) and total equity from CSAMH group's 2015 Statement of Financial Position is presented as follows:

Capital composition (£000s)

As at 31 December	2015	2014
	Own funds	Own funds
Tier 1 (and CET1) capital		
Ordinary shares	144,199	144,199
Share premium	23,198	23,198
Capital contribution reserve	114,617	114,617
Retained earnings	(134,149)	(132,670)
Total Tier 1 (and CET1) capital	**147,865**	**149,344**
Total capital ('own funds')	**147,865**	**149,344**

Consolidated capital ratios

The CSAMH group's key capital adequacy ratios are detailed in the following table:

Capital ratios

As at 31 December	2015	2014
Common Equity Tier 1	96.9%	61.2%
Tier 1	96.9%	61.2%
Total Capital	96.9%	61.2%

Consolidated capital requirements and RWAs are set out below:

RWAs and capital requirements (£000s)

As at 31 December	2015	2015	2014	2014
	RWAs	Capital Requirement	RWAs	Capital Requirement
Credit risk				
Standardised Approach				
Central governments or central banks	885	71	1,554	124
Institutions	88,278	7,062	189,372	15,150
Other items	9,327	746	20,568	1,645
Securitisation positions	52,236	4,179	24,262	1,941
(i) Total credit risk	**150,725**	**12,058**	**235,756**	**18,860**
Market risk				
Standardised Approach				
Foreign exchange (Banking Book)	1,921	154	8,402	672
(ii) Total market risk	**1,921**	**154**	**8,402**	**672**
(iii) Total credit and market risk ((i) + (ii))	**152,646**	**12,212**	**244,158**	**19,532**
Other risks				
Fixed Overhead Requirement	134,472	10,758	134,472	10,758
(iv) Total other risks	**134,472**	**10,758**	**134,472**	**10,758**
Pillar 1 RWA and capital requirements (higher of (iii) or (iv))	**152,646**	**12,212**	**244,158**	**19,532**

Credit risk exposures

Credit exposures for CSAMH group as at 31 December 2015 were higher than those of CSAML principally due to CSAMH's Banking Book exposures to other CS group legal entities.

Credit exposures are broken down in the following tables by exposure class, geographical region, industry and residual maturity:

Credit exposures and RWAs by exposure classes (£000s)

As at 31 December 2015	Exposure at default (pre-CRM)		RWAs		Capital requirement
Credit exposures by regulatory approach:	Average for year	Year-end exposure	Average for year	Year-end	Year-end
Standardised Approach					
Central governments and central banks	1,786	885	1,786	885	71
Institutions	171,632	170,505	151,075	88,278	7,062
Securitisation positions	22,138	25,741	45,036	52,236	4,179
Other items	7,741	9,327	15,476	9,327	746
Total Standardised Approach	**203,297**	**206,458**	**213,372**	**150,725**	**12,058**

Credit exposures - analysed by geographical region (£000s)

As at 31 December 2015				
Credit exposures by regulatory approach:	UK	Other Europe	Americas	Total
Standardised Approach				
Central governments and central banks	885	0	0	885
Institutions	397	165,387	4,721	170,505
Securitisation positions	25,741	0	0	25,741
Other items	9,327	0	0	9,327
Total Standardised Approach	**36,350**	**165,387**	**4,721**	**206,458**

Credit exposures - analysed by industry (£000s)

As at 31 December 2015

Credit exposures by regulatory approach:	Financial	Commercial	Consumer	Public Authorities	Total
Standardised Approach					
Central governments and central banks	0	0	0	885	885
Institutions	170,505	0	0	0	170,505
Securitisation positions	25,741	0	0	0	25,741
Other items	0	0	3,432	5,895	9,327
Total Standardised Approach	**196,246**	**0**	**3,432**	**6,780**	**206,458**

Credit exposures - analysed by residual maturity (£000s)

As at 31 December 2015

Credit exposures by regulatory approach:	Up to 12 months	Greater than 5 years	Total
Standardised Approach			
Central governments and central banks	885	0	885
Institutions	170,505	0	170,505
Securitisation positions	0	25,741	25,741
Other items	10,284	9,327	0
Total Standardised Approach	**180,717**	**25,741**	**206,458**

Appendix 2: Key risks, risk mitigation and core metrics

As at 31 December 2015

Key risk	Risk description	Risk mitigation	Description of key risk indicator (KRI) or other metric
Operational risk	The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.	• Business areas take responsibility for their operational risk management and are supported by operational risk teams who are responsible for the implementation of the CS Group Operational Risk Management Framework, methodologies and reporting. • CS group-wide tools are employed including risk appetite statements, reporting of 'top' operational risks; utilizing operational risk registers; risk and control indicators; risk and control self-assessments (RCSAs); analysis of internal operational risk incident data; review of external loss events. • Internal Audit performs regular reviews and operates as an independent check on the effectiveness of internal controls. External auditors provide additional feedback on the control environment and the overall effectiveness of CSAML's operational risk management framework.	• Number and value of operational risk incidents • Internal & External fraud • Tracking of remediation delivery from Risk and Control Self Assessment programmes • Internal Audit ratings
Credit risk	The risk that financial obligations due from counterparties are not met.	• CSAML invests on its account in CLO structures for which the CSAML Credit Investments Group is the investment manager, in line with regulatory minimum risk retention requirements relating to securitisations. • Otherwise CSAML does not take proprietary Credit risk and invests its excess capital predominantly with other Group companies. • Counterparty risk arises on management fees receivable from third party clients and other Credit Suisse group entities. Fees are accrued on a monthly basis and are billed in-line with the Investment Management Agreement.	• Monthly Valuation reporting • Monthly price testing • Monthly attestation • Performance submitted to Quarterly CSAML Risk Committee

Key risk	Risk description	Risk mitigation	Description of key risk indicator (KRI) or other metric
Regulatory risk	Risk of adverse rulings or penalties resulting in financial loss and/or reputational damage to CSAML, as the result of failure to comply with financial services rules and regulations applied by governments and regulatory bodies in any jurisdiction in which CSAML operates.	CSAML continuously monitors the compliance of all of its activities in each of its operating jurisdictions. Compliance standards are monitored and communicated with regular mandatory training completed by all staff on a range of compliance issues. The new business approval process assesses proposed business projects to ensure compliance with all applicable rules and regulations, requiring multi-level signoff approval before a new product or business process is launched. CSAML also requires completion of 'know your client' and anti-money laundering checks and controls when onboarding a new client. Annually assessed mandatory compliance training is required for all employees.	• Monitoring of metrics on annual compliance training requirements. • Post-implementation reviews conducted for new business initiatives. • Completion of annual compliance reviews.
Conduct Risk	The risk that the conduct of Credit Suisse, its employees, associates or representatives gives rise to: • financial or non-financial detriment to clients, customers, or counterparties, whether dealt with directly or via third parties • damage to the integrity of the financial markets • ineffective competition in the markets in which Credit Suisse participates • Non-compliance with the law or the requirements and expectations of regulators, shareholders or other relevant stakeholders (eg. Government bodies and tax authorities)	• Primary responsibility lies with CSAML's senior business line managers. CSAML participates in the Credit Suisse London Conduct Risk Committee (LCRC). • The LCRC considers CSAML's compliance and other policies and efficacy of employee training sessions to mitigate conduct risk. • Limit and control risk of adverse outcomes through policies, procedures and training.	• Suite of metrics in place which are aggregated to produce indices covering employee conduct, regulatory interaction, product/service suitability, financial crime/AML risk.

Appendix 3: List of abbreviations and glossary

Term	Definition
A	
ALM	*Asset and liability management.*
AM	*Asset management.*
AT1	*Additional Tier 1 capital*: a form of capital eligible for inclusion in Tier 1, but outside the definition of CET1.
ATS	*Audit tracking system*.
AuM	*Assets under management.*
B	
Banking Book	Classification of assets outside the definition of Trading Book (also referred to as the 'Non-Trading Book').
BIPRU	*Prudential Sourcebook for Banks, Building Societies and Investment Firms*
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.
CCR	*Counterparty credit risk*.
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 RWAs.
CIG	*Credit Investment Group:* a CSAML line of business.
CLO	*Collateralised loan obligation.*
CQS	*Credit quality step:* a supervisory credit quality assessment scale, based on the credit ratings of ECAIs, and used to assign risk weights under the Standardised Approach.
CRD IV	EU legislative package implementing Basel III in the EU.
E	
ECAI	*External Credit Assessment Institutions*.
F	
FCA	*Financial Conduct Authority*.
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 requirement.
IFRS	*International Financial Reporting Standards*.
ILS	*Insurance-linked Strategies:* a CSAML line of business.
ISDA	*International Swaps and Derivatives Association*.
ISDA master agreement	Standardised contract developed by ISDA to facilitate bilateral derivatives trading.
M	
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.
MICOS	An internal system used to track the progress of regular control activities that CSAML performs.
P	
PFG	*Private Fund Group*: a CSAML line of business.
Pillar 1	Minimum regulatory capital requirements to be held by a bank or investment firm as prescribed by Basel III (and CRDIV).
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.
R	

Term	Definition
RCSA	*Risk and control self-assessment.*
RWA	*Risk-weighted asset*: derived by assigning risk weights to an exposure value.
S	
SRB	*Systemic risk buffer*: a capital buffer under CRDIV deployed by EU member states to reduce build-up of macro-prudential risk.
SREP	*Supervisory Review and Evaluation Process*.
T	
Tier 1 capital	A component of regulatory capital, comprising CET1 and AT1 capital.
Tier 1 capital ratio	The ratio of Tier 1 capital to total RWAs.
Tier 2 capital	A lower quality of capital (with respect to ‘loss absorbency’) also known as ’gone concern’ capital.
V	
VaR	*Value-at-risk*: loss estimate from adverse market movements over a specified time horizon and confidence level.

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Cautionary statement regarding forward-looking information

Pillar 3 disclosures contain statements that constitute forward-looking statements. In addition, in the future Credit Suisse may make statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the following:

- plans, objectives or goals;
- future economic performance or prospects;
- the potential effect on 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. Credit Suisse does 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. 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 and interest rate fluctuations and interest rate levels;
- the strength of the global economy in general and the strength of the economies of the countries in which Credit Suisse conducts operations, in particular the risk of continued slow economic recovery or downturn in the US or other developed countries in 2015 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 sovereign issuers, structured credit products or other credit-related exposures;
- the ability to achieve strategic objectives, including improved performance, reduced risks, lower costs and more efficient use of capital;
- the ability of counterparties to meet their obligations to Credit Suisse;
- the effects of, and changes in, fiscal, monetary, trade and tax policies, and currency fluctuations; political and social developments, including war, civil unrest or terrorist activity;
- the possibility of foreign exchange controls, expropriation, nationalisation or confiscation of assets in countries in which Credit Suisse conducts operations;
- operational factors such as systems failure, human error, or the failure to implement procedures properly;
- actions taken by regulators with respect to business and practices in one or more of the countries in which Credit Suisse conducts operations;
- the effects of changes in laws, regulations or accounting policies or practices;
- competition in geographic and business areas in which Credit Suisse conducts operations;
- the ability to retain and recruit qualified personnel;
- the ability to maintain Credit Suisse’s reputation and promote its brand;
- the ability to increase market share and control expenses;
- technological changes;
- the timely development and acceptance of 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 and other contingencies;
- the ability to achieve cost efficiency goals and cost targets; and
- Credit Suisse’s success at managing the risks involved in the foregoing.

The foregoing list of important factors is not exclusive.