

IX – Parent company financial statements – Credit Suisse (Bank)

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Notes to the financial statements

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Report of the Statutory Auditor

Report of the statutory auditor

to the General Meeting of Credit Suisse AG, Zurich

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Credit Suisse AG (the Company), which comprise the statement of income, balance sheet, statement of changes in equity and notes for the year ended December 31, 2022, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements comply with Swiss law and the Company's articles of association.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall materiality: CHF 224 million

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

As key audit matters the following areas of focus have been identified:

- Valuation of certain financial instruments
- Litigation provision
- Valuation of allowance for credit losses
- Carrying value of participations

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zurich, Switzerland
Telephone: +41 58 792 44 00, www.pwc.ch

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| | |
|--|--|
| Overall materiality | CHF 224 million |
| Benchmark applied | Adjusted net assets |
| Rationale for the materiality benchmark applied | We chose net assets, adjusted for impairment of participations, as a benchmark because, in our view, it is a key indicator used when assessing solvency and stability of Credit Suisse AG. |

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgments were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of certain financial instruments

Key audit matter

As described in Notes 12, 13 and 18 to the financial statements, Credit Suisse AG carries CHF 33,462 million of its assets held at fair value, which consists of CHF 26,072 million of trading assets and CHF 7,390 million of positive replacement values of derivative financial instruments. Credit Suisse AG also carries CHF 51,576 million of its liabilities held at fair value, which consists of CHF 2,857 million of trading liabilities, CHF 4,994 million of negative replacement values of derivative financial instruments, and CHF 43,725 million of liabilities from other financial instruments. These balances include assets and liabilities that contain one or more inputs to valuation which are unobservable and significant to their fair value measurement. Credit Suisse AG utilized industry standard models or internally developed valuation models and unobservable inputs to estimate fair value of certain of these financial instruments. The unobservable inputs used by management to estimate the fair value of certain of these financial instruments included (i) volatility, (ii) correlation and (iii) credit spread.

The principal considerations for our determination that performing procedures relating to the fair value of certain level 3 financial instruments is a key audit matter are (i) the significant judgment by management in determining the fair value of these financial instruments, which in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence related to the fair value of these financial instruments, and (ii) the audit effort involved the use of professionals with specialized skill and knowledge.

How our audit addressed the key audit matter

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. These procedures included testing the effectiveness of controls relating to the fair value of financial instruments, including controls over the Company's models, inputs, and data.

These procedures also included, among others, for a sample of financial instruments, the involvement of professionals with specialized skill and knowledge to assist in developing an independent estimate of fair value. Developing the independent estimate involved (i) testing the completeness and accuracy of data provided by management, (ii) evaluating and utilizing management's significant unobservable inputs or developing independent significant unobservable inputs, and (iii) comparing management's estimate to the independently developed estimate of fair value.



Litigation provision

Key audit matter

Credit Suisse AG is involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising in connection with the conduct of its businesses. Credit Suisse AG's aggregate litigation provisions include estimates of losses, additional losses or ranges of loss for proceedings for which such losses are probable and can be reasonably estimated. As described in Note 20 to the financial statements, as of December 31, 2022 Credit Suisse AG has recorded litigation provisions of CHF 298 million.

The principal considerations for our determination that performing procedures relating to the litigation provisions is a key audit matter are the significant judgment by management when assessing the likelihood of a loss being incurred and when determining whether a reasonable estimate of the loss or ranges of loss for each claim can be made, which in turn led to a high degree of auditor judgment, subjectivity, and effort in evaluating management's assessment of the litigation provisions and related disclosures.

The determination of when to recognize a litigation provision and the basis of measurement are case specific and highly judgmental. This increases the inherent risk of an error.

How our audit addressed the key audit matter

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. These procedures included testing effectiveness of controls relating to management's estimation of the litigation provisions, including controls over determining whether a loss is probable and whether the amount of loss can be reasonably estimated.

These procedures also included, among others, obtaining and evaluating the letters of audit inquiry with external legal counsel, evaluating the reasonableness of management's assessment regarding whether an unfavorable outcome is reasonably possible or probable and reasonably estimable, and evaluating the sufficiency of the Credit Suisse AG's litigation provisions and related disclosures.

Valuation of allowance for credit losses

Key audit matter

As described in Note 11 to the financial statements, Credit Suisse AG recorded gross loans held at amortized cost of CHF 124,628 million and an allowance for credit losses of CHF 2,052 million.

Current expected credit losses ("CECL") are estimated using a forward-looking methodology over the lifetime of the exposure. CECL models use forecasts of future economic conditions across multiple scenarios to estimate expected credit losses. Expected credit losses are not solely derived from macroeconomic factors. Model overlays based on expert judgment are also applied, considering historical loss experience and industry and counterparty reviews.

Expected credit losses for individually impaired credit exposures are measured by performing an in-depth review and analysis of these exposures, considering factors such as recovery and exit options as well as collateral and the risk profile of the borrower.

We identified the assessment of the allowance for credit losses as a key audit matter. The principal consideration for our determination are (i) the significant judgment by management in evaluating model results and assessing the need for overlays to the CECL model output, (ii) the significant judgment and estimation by management in determining an appropriate methodology for the overlays applied, which both in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and in evaluating audit evidence obtained relating to the model results and the

How our audit addressed the key audit matter

The primary procedures we performed to address the key audit matter included the following:

- Testing the effectiveness of controls relating to management's expected credit loss process.
- Testing management's process for estimating expected credit losses, including (i) evaluating the appropriateness of the methodologies used to determine the allowance for credit losses, (ii) testing the completeness and accuracy of data used in the estimate, and (iii) evaluating the reasonableness of management's model overlays. The procedures included the use of professionals with specialized skill and knowledge to assist in evaluating the appropriateness of model methodologies and assist in evaluating the audit evidence.
- For individually impaired loans we tested controls over the individual impairment process, including management's quality control over the process.
- We tested individually impaired loans on a sample basis. This included obtaining audit evidence for key assumptions such as future cash flow estimates and valuation of underlying collateral.



appropriateness of overlays to the CECL model output, (iii) the audit effort involved the use of professionals with specialized skill and knowledge and (iv) judgment by management to estimate the recoverable amount and the collateral value for loans that are individually evaluated for impairment.

Carrying value of participations

Key audit matter

As set out in the balance sheet line item "Participations" and as described in Note 2 to the financial statements, Credit Suisse AG held participations with a carrying value of CHF 30,357 million as of December 31, 2022. Participations are carried at acquisition cost less impairment.

Due to the high level of sensitivity of the fair value to the assumptions used in the impairment assessment and the significance of the participations to the financial statements of Credit Suisse AG, we identified the impairment assessment of participations as a key audit matter.

How our audit addressed the key audit matter

We addressed the key audit matter by testing the design and effectiveness of controls relating to management's impairment assessment of participations.

Further, for a sample of participations, we reviewed management's assumptions such as five-year financial plans and discount rates used under the income approach and market multiples used under the market approach. Professionals with specialized skill and knowledge were involved to assist in the evaluation of Credit Suisse AG's market approach and income approach as well as the discount rate and multiples assumptions. They also performed an independent calculation of the fair value of the participations and compared the results to the management's.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the compensation report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of association, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on other legal and regulatory requirements

During our audit, performed in accordance with article 728a paragraph 1 item 3 CO and PS-CH 890, we noted that an internal control system has been designed by management for the preparation of financial statements according to the instructions of the Board of Directors. However, we noted that management did not design and maintain an effective risk assessment process to identify and analyze the risk of material misstatements in its financial statements within this system as described in note 1 to the accompanying financial statements.

In our opinion, except for the matter described in the preceding paragraph, an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed carry forward of accumulated losses and the proposed distribution comply with Swiss law and the Company's articles of association.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Beresford Caloia
Audit expert
Auditor in charge



Matthew Falconer
Audit expert

Zurich, March 14, 2023

Parent company financial statements

Statement of income

| | Note | 2022 | in 2021 |
|--|------|-----------------|-----------------|
| Statement of income (CHF million) | | | |
| Interest and discount income | | 7,937 | 4,295 |
| Interest and dividend income from trading activities | | 1,488 | 1,825 |
| Interest and dividend income from financial investments | | 696 | 282 |
| Interest expense | | (7,867) | (3,832) |
| Gross income from interest activities | | 2,254 | 2,570 |
| (Increase)/release of allowance for default risks and losses from interest activities | | (528) | (435) |
| Net income from interest activities | 4 | 1,726 | 2,135 |
| Commission income from securities trading and investment activities | | 1,886 | 2,425 |
| Commission income from lending activities | | 661 | 817 |
| Commission income from other services | | 205 | 237 |
| Commission expense | | (423) | (578) |
| Net income from commission and service activities | | 2,329 | 2,901 |
| Net income/(loss) from trading activities and fair value option | 5 | (2,563) | (936) |
| Income/(loss) from the disposal of financial investments | | (49) | (15) |
| Income from participations | | 2,780 | 2,419 |
| Income from real estate | | 37 | 45 |
| Other ordinary income | | 1,536 | 1,553 |
| Other ordinary expenses | | (70) | (138) |
| Net income from other ordinary activities | | 4,234 | 3,864 |
| Personnel expenses | 6 | 1,856 | 1,820 |
| General and administrative expenses | 7 | 4,192 | 4,323 |
| Total operating expenses | | 6,048 | 6,143 |
| Impairment of participations, depreciation and amortization of tangible fixed assets and intangible assets | 1 | 12,379 | 12,884 |
| Increase/(release) of provisions and other valuation adjustments, and losses | 8 | 287 | 120 |
| Operating profit/(loss) | | (12,988) | (11,183) |
| Extraordinary income | 8 | 276 | 417 |
| Extraordinary expenses | 8 | (62) | 0 |
| Taxes | 9 | 209 | (243) |
| Net profit/(loss) | | (12,565) | (11,009) |

Balance sheet

| | Note | 2022 | end of 2021 |
|--|--------|----------------|----------------|
| Assets (CHF million) | | | |
| Cash and other liquid assets | | 38,566 | 89,636 |
| Due from banks | | 62,363 | 78,931 |
| Securities borrowing and reverse repurchase agreements | 10 | 52,380 | 87,040 |
| Due from customers | 11 | 117,543 | 153,874 |
| Mortgage loans | 11 | 5,033 | 5,025 |
| Trading assets | 12 | 26,072 | 39,410 |
| Positive replacement values of derivative financial instruments | 13 | 7,390 | 6,432 |
| Financial investments | 14 | 28,396 | 27,219 |
| Accrued income and prepaid expenses | | 3,067 | 2,482 |
| Participations | | 30,357 | 45,501 |
| Tangible fixed assets | | 1,672 | 1,954 |
| Intangible assets | | 0 | 1 |
| Other assets | 15 | 5,524 | 1,708 |
| Total assets | | 378,363 | 539,213 |
| Total subordinated receivables | | 15,085 | 13,898 |
| of which receivables subject to contractual mandatory conversion and/or cancellation | | 4,218 | 3,105 |
| Liabilities and shareholders' equity | | | |
| Due to banks | | 54,307 | 53,582 |
| Securities lending and repurchase agreements | 10 | 52,646 | 93,155 |
| Customer deposits | | 87,383 | 183,172 |
| Trading liabilities | 12 | 2,857 | 4,786 |
| Negative replacement values of derivative financial instruments | 13 | 4,994 | 5,065 |
| Liabilities from other financial instruments held at fair value | 12, 18 | 43,725 | 50,262 |
| Bonds and mortgage-backed bonds | | 111,770 | 118,959 |
| Accrued expenses and deferred income | | 3,338 | 3,536 |
| Other liabilities | 15 | 525 | 652 |
| Provisions | 20 | 563 | 544 |
| Total liabilities | | 362,108 | 513,713 |
| Share capital | 22 | 4,400 | 4,400 |
| Legal capital reserves | | 34,790 | 39,534 |
| of which capital contribution reserves | | 34,790 | 38,970 |
| Legal income reserves | | 0 | 3,461 |
| Free reserves | | 7,500 | 0 |
| of which capital contribution reserves | | 7,500 | 0 |
| Accumulated losses carried forward | | (17,870) | (10,886) |
| Net profit/(loss) | | (12,565) | (11,009) |
| Total shareholders' equity | | 16,255 | 25,500 |
| Total liabilities and shareholders' equity | | 378,363 | 539,213 |
| Total subordinated liabilities | | 68,983 | 63,417 |
| of which liabilities subject to contractual mandatory conversion and/or cancellation | | 17,685 | 17,387 |

Off-balance sheet transactions

| | 2022 | 2021 |
|---|--------|--------|
| end of | | |
| CHF million | | |
| Contingent liabilities | 12,800 | 14,318 |
| Irrevocable commitments | 83,583 | 91,928 |
| Obligations for calls on shares and additional payments | 2 | 9 |

Contingent liabilities include guarantees for obligations, performance-related guarantees and letters of comfort issued to third parties. Contingencies with a stated amount are included in the off-balance sheet section of the financial statements. In some instances, the exposure of Credit Suisse AG (Bank parent company) is not defined as an amount but relates to specific circumstances such as the solvency of subsidiaries or the performance of a service.

Joint and several liability

The Bank parent company entered into a contractual arrangement under which it assumed joint and several liability with respect to liabilities of Credit Suisse (Schweiz) AG arising in connection with Credit Suisse (Schweiz) AG's roles under the international covered bonds program.

The Bank parent company is a member of Credit Suisse Group AG's Swiss value added tax (VAT) group and therefore subject to joint and several liability according to the Swiss VAT Act.

Deposit insurance guarantee programs

Deposit-taking banks and securities dealers in Switzerland and certain other European countries are required to ensure the payout of protected deposits in case of specified restrictions or compulsory liquidation of a deposit-taking bank.

In Switzerland, deposit-taking banks and securities dealers jointly guaranteed an amount of up to CHF 6 billion under the regulation

applicable until December 31, 2022. Upon occurrence of a payout event triggered by a specified restriction of business imposed by the Swiss Financial Market Supervisory Authority FINMA (FINMA) or by the compulsory liquidation of another deposit-taking bank, the Bank parent company's contribution will be calculated based on its share of protected deposits in proportion to total protected deposits. Based on FINMA's estimate for the Bank parent company, the bank's share in the deposit insurance guarantee program for the period July 1, 2022 to December 31, 2022 was CHF 42 million. This deposit insurance guarantee is reflected in irrevocable commitments.

On January 1, 2023, a partial revision of the Swiss Federal Law on Banks and Savings Banks (Bank Law) became effective, which included changes to the Swiss deposit insurance guarantee program. Under the revised program, among other changes, the jointly guaranteed amount is now determined as the higher of CHF 6 billion or 1.6% of all protected deposits.

The amendments also require all member banks to deposit collateral equal to 50% of the Bank's deposit insurance contribution amount in the form of HQLA securities or Swiss francs with a secure third party custodian. Banks will need to comply with this collateralization requirement by the end of November 2023. The reduction in HQLA securities or Swiss francs provided as collateral under the Swiss deposit insurance program due to this new requirement will be partially compensated by a reduced outflow factor applied to the Bank's deposit insurance contribution amount.

→ Refer to "Note 25 – Amounts receivable from and amounts payable to related parties" for further information on off-balance sheet transactions.

Statement of changes in equity

| | Share capital | Legal capital reserves | Legal income reserves | Free reserves | Accumulated losses carried forward | Net profit/(loss) | Total shareholders' equity |
|--|---------------|---------------------------|-----------------------|--------------------------|------------------------------------|-------------------|----------------------------|
| 2022 (CHF million) | | | | | | | |
| Balance at beginning of period | 4,400 | 39,534¹ | 3,461 | 0 | (10,886) | (11,009) | 25,500 |
| Appropriation of net loss | – | – | – | – | (11,009) | 11,009 | – |
| Increase/(reduction) of capital | – | – | – | – | – | – | – |
| Capital contributions | – | 3,890 ² | – | – | – | – | 3,890 |
| Transfer of reserves ⁴ | – | (8,064) | (3,461) | 7,500 | 4,025 | – | – |
| Distribution for the financial year 2021 | – | (570) | – | – | – | – | (570) |
| Net profit/(loss) | – | – | – | – | – | (12,565) | (12,565) |
| Balance at end of period | 4,400 | 34,790¹ | 0 | 7,500³ | (17,870) | (12,565) | 16,255 |

¹ Included capital contribution reserves of CHF 38,970 million at the beginning of the period and CHF 34,790 million at the end of the period. Distributions from capital contribution reserves are free of Swiss withholding tax.

² Represented a-fond-perdu contributions in cash by Credit Suisse Group AG of CHF 1,730 million on November 25, 2022 and CHF 2,160 million on December 9, 2022 to capital contribution reserves.

³ Included capital contribution reserves of CHF 7,500 million at the end of the period. Distributions from capital contribution reserves are free of Swiss withholding tax.

⁴ Transfer of legal reserves to free reserves and accumulated losses as approved by the extraordinary meeting of shareholders on April 29, 2022.

Notes to the financial statements

1 Company details, business developments and subsequent events

Company details

Credit Suisse AG (Bank parent company) is a Swiss bank incorporated as a joint stock corporation (public limited company) with its registered office in Zurich, Switzerland.

The Bank parent company is a wholly owned subsidiary of Credit Suisse Group AG (Group parent company) domiciled in Switzerland.

Number of employees

| end of | 2022 | 2021 |
|------------------------------|--------------|--------------|
| Full-time equivalents | | |
| Switzerland | 5,680 | 5,480 |
| Abroad | 3,800 | 3,950 |
| Total | 9,480 | 9,430 |

Business developments

Credit Suisse Group strategic review

On October 27, 2022, Credit Suisse announced a series of decisive actions following a strategic review conducted by its Board of Directors and Executive Board, focused on a restructuring of the Investment Bank, an accelerated cost transformation, and strengthened and reallocated capital. The transformation is intended to be funded through divestments, exits, the capital actions and existing resources. As the Group implements these actions, restructuring costs, including from asset impairments and liability valuations, are expected to arise in connection with business activities the Group plans to exit or transfer and their related infrastructure.

Internal control over financial reporting

The Bank parent company's Board of Directors is responsible for establishing and maintaining adequate internal control over financial reporting which is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Swiss law. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Board of Directors has made an evaluation and assessment of the internal control over financial reporting as of December 31, 2022. Based upon its review and evaluation, the Board of Directors has concluded that, as of December 31, 2022, the Bank parent company's internal control over financial reporting was not effective as it did not design and maintain an effective risk

assessment process to identify and analyze the risk of material misstatements in its financial statements. This material weakness could result in misstatements of account balances or disclosures that would result in a material misstatement to the annual financial statements that would not be prevented or detected.

As a consequence, the statutory auditor PricewaterhouseCoopers AG (PwC) has issued a qualified opinion on the existence of an internal control designed for the preparation of the financial statements as of December 31, 2022.

Notwithstanding the existence of that material weaknesses in internal control over financial reporting, the Bank parent company confirms that its financial statements as at December 31, 2022 comply with Swiss law as reflected in PwC's report on those financial statements.

The Bank parent company's Board of Directors and the Executive Board have worked continuously in recent years to improve the control environment surrounding financial reporting with increased investment and additional resources and are committed to maintaining a strong internal control environment and implementing measures designed to help ensure that the material weaknesses are remediated with the highest priority. The Bank parent company's Board of Directors and the Executive Board are developing a remediation plan to address the material weakness referred to above, including strengthening the risk and control framework, and which will build on the significant attention that management has devoted to controls to date.

Other than as described above, there were no changes in the Bank parent company's internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Bank parent company's internal controls over financial reporting.

Valuation of participations

The carrying value of the Bank parent company's participations in subsidiaries is reviewed for potential impairment on at least an annual basis as of December 31 and at any other time that events or circumstances indicate that the participations' value may be impaired. During 2022, adverse market and economic conditions as well as the announcement on October 27, 2022 regarding the updated strategy, the organizational changes and planned business exits, primarily with regard to the Investment Bank division, were triggering events.

Based on the reviews performed, which included the support of an independent valuation specialist appointed by Credit Suisse, the Bank parent company recorded participation impairments of CHF 11.9 billion for the year 2022, which are reflected in the statement of income in impairment of participations, depreciation and amortization of tangible fixed assets and intangible assets.

Impairments of CHF 10.8 billion were recorded against the participation in Credit Suisse Holdings (USA) Inc. and CHF 1.1 billion on other entities.

Capital increase

On November 23, 2022, the Group held an Extraordinary General Meeting, at which shareholders approved two capital increases. The Group completed the first capital increase on November 25, 2022 by way of a share placement of 462,041,884 newly issued shares to qualified investors resulting in gross proceeds of CHF 1.76 billion. The Group completed the second capital increase by way of a rights offering on December 9, 2022. By the end of the rights exercise period, 98.2% of the rights had been exercised for the issuance of 872,989,594 shares. The remaining 16,378,864 newly issued shares for which rights were not exercised were sold in the market. The rights offering resulted in gross proceeds for the Group of CHF 2.25 billion. The capital increases resulted in 1,351,410,342 newly issued shares and gross proceeds for the Group of CHF 4.0 billion. Credit Suisse Group AG made capital contributions of CHF 3.89 billion to the Bank parent company.

Liquidity issues in the fourth quarter of 2022

During early fourth quarter of 2022, Credit Suisse began experiencing significantly higher withdrawals of cash deposits as well as non-renewal of maturing time deposits. However, as the quarter progressed, these outflows stabilized to much lower levels but had not yet reversed by year end. As is normal practice, the Group also limited its access to the capital markets in the period immediately preceding the strategy announcements the Group made on October 27, 2022. These developments also adversely impacted the Bank parent company.

Outflows in assets under management in the fourth quarter of 2022

As previously disclosed for the Group, Credit Suisse began experiencing deposit and net asset outflows in early fourth quarter of 2022 at levels that substantially exceeded the rates incurred in the third quarter of 2022. At the Group level, approximately two-thirds of these net asset outflows in the quarter concentrated in October 2022. The Bank parent company was affected by net asset outflows. Net asset outflows for the year represented approximately 14% of assets under management reported as of the end of 2021.

→ Refer to "Note 28 – Assets under management" for further information.

Allfunds Group

In the fourth quarter of 2022, the Bank parent company sold its entire participation in Allfunds Group plc (Allfunds Group), which represented approximately 8.6% of the share capital of Allfunds Group, through an accelerated bookbuild offering to institutional investors. Following the completion of this transaction, the Bank parent company no longer holds any shares in Allfunds Group.

Supply chain finance fund matter

As previously reported, early March 2021, the boards of four supply chain finance funds (SCFF) managed by certain Bank subsidiaries decided to suspend redemptions and subscriptions of those funds to protect the interests of the funds' investors, to terminate the SCFF and to proceed to their liquidation.

Beginning in the fourth quarter of 2021, the Bank introduced a fee waiver program for clients impacted by this matter wherein certain commissions and fees arising from current and future business transactions may be reimbursed on a quarterly basis, provided certain conditions are met. The Bank parent company incurred negative revenues of CHF 74 million in 2022 relating to this fee waiver program.

Subsequent events

Securitized Products Group

On November 15, 2022, Credit Suisse announced that it entered into definitive transaction agreements to sell a significant part of its Securitized Products Group (SPG) to entities and funds managed by affiliates of Apollo Global Management. This transaction involves phased closings through the first half of 2023 and represents an important step towards a managed exit from the SPG business and to de-risk the bank. On February 7, 2023, the parties completed the first closing of such transaction and the majority of the assets and professionals associated with the transaction are now part of or managed by ATLAS SP Partners, a new standalone credit firm focused on asset-backed financing and capital markets solutions. On February 23, 2023, the parties completed the second closing of such transaction, with further assets transferred.

CS First Boston

On February 9, 2023, the Group announced that it has taken further steps to progress the carveout of CS First Boston as a leading capital markets and advisory business through the acquisition of The Klein Group LLC, the investment banking business as well as the registered broker-dealer of M. Klein & Company LLC (the seller). The purchase price is USD 175 million. To align interests with the Group, the seller will receive a convertible note and a warrant. The note will provide annual payments and convert into, and the warrant entitles the seller to subscribe to, CS First Boston shares at a qualified initial public offering or other liquidity event, at the then-valuation of CS First Boston, less a customary discount. The principal amount of the convertible note is expected to be USD 100 million, with the balance being paid in cash dependent taxes to be paid by the seller at closing. The net present value of the transaction to the Group is expected to be approximately USD 210 million, which also includes interest cost, annual payments on the note and other payments that may in the future become payable in respect of this transaction. The transaction is expected to close in the first half of 2023.

2 Accounting and valuation principles

Summary of significant accounting and valuation principles

Basis for accounting

The Bank parent company's standalone financial statements are prepared in accordance with the accounting rules of the Swiss Federal Law on Banks and Savings Banks (Bank Law), the corresponding Implementing Ordinance (Banking Ordinance), the Swiss Financial Market Supervisory Authority's Accounting Ordinance (FINMA Accounting Ordinance) and FINMA circular 2020/1, "Accounting – banks" (Swiss GAAP statutory) as applicable for the preparation of reliable assessment statutory single-entity financial statements (*Statutarischer Einzelabschluss mit zuverlässiger Darstellung*). Supplemental information on unsecured senior debt and structured notes as provided in Note 19 is not a required disclosure under these rules.

The financial year for the Bank parent company ends on December 31.

The consolidated financial statements of Credit Suisse AG and its subsidiaries (Bank) are prepared in accordance with accounting principles generally accepted in the US (US GAAP), which differ in certain material respects from Swiss GAAP statutory.

- Refer to "Note 1 – Summary of significant accounting policies" in VIII – Consolidated financial statements – Credit Suisse (Bank) for a detailed description of the Bank's accounting and valuation principles.
- Refer to "Note 41 – Significant valuation and income recognition differences between US GAAP and Swiss GAAP banking law (true and fair view)" in VIII – Consolidated financial statements – Credit Suisse (Bank) for information on significant valuation and income recognition differences between US GAAP and Swiss GAAP banking law (true and fair view).

In addition to preparing its own consolidated US GAAP financial statements, Credit Suisse AG is included in the scope of the published annual report of Credit Suisse Group AG, which includes a Group management report and consolidated financial statements prepared under US GAAP. The Bank parent company has no listed shares outstanding. Accordingly, the Bank parent company is exempt from providing certain disclosures in its standalone annual report, such as a management report, a statement of cash flows and certain notes to the financial statements.

Certain reclassifications were made to the prior year's financial statements to conform to the current year's presentation and had no impact on net profit/(loss) or total shareholders' equity.

Recording of transactions

Transactions are generally recognized on a trade date basis at the point in time when they become legally binding unless specific guidance is provided for settlement date accounting, such as for issuances of debt and structured notes.

Foreign currency translations

The Bank parent company's reporting currency is Swiss francs (CHF); branches of the Bank parent company can have a functional currency other than Swiss francs.

Transactions denominated in currencies other than the functional currency of the related head office or branch are recorded by remeasuring them in the functional currency of the related head office or branch using the foreign exchange rate on the date of the transaction. As of the date of the balance sheet, monetary assets and liabilities, such as receivables and payables, are reported using the year-end spot foreign exchange rates. Gains and losses from foreign exchange rate differences are recorded in the statement of income in net income/(loss) from trading activities and fair value option. Non-monetary assets and liabilities are recorded using the historic exchange rate.

Assets and liabilities of foreign branches with functional currencies other than the Swiss franc are translated into Swiss franc equivalents using year-end spot foreign exchange rates, whereas revenues and expenses are translated at weighted average foreign exchange rates for the period. All foreign exchange translation effects are recognized in the statement of income in net income/(loss) from trading activities and fair value option.

The following table provides the foreign exchange rates applied for the preparation of the Bank parent company's standalone financial statements.

Foreign exchange rates

| | 2022 | End of 2021 |
|-----------------|------|-------------|
| 1 USD / 1 CHF | 0.92 | 0.91 |
| 1 EUR / 1 CHF | 0.99 | 1.03 |
| 1 GBP / 1 CHF | 1.12 | 1.24 |
| 100 JPY / 1 CHF | 0.70 | 0.79 |

Cash and other liquid assets

Cash and other liquid assets are recognized at their nominal value less any necessary allowance for credit losses.

Due from banks

Amounts due from banks, including interest due but not paid, are recognized at their nominal value less any necessary allowance for credit losses.

Securities lending and borrowing, repurchase and reverse repurchase agreements

Securities lending and borrowing as well as repurchase and reverse repurchase agreements are recorded at the nominal value of the cash amounts exchanged less any necessary allowance for credit losses.

Due from customers and mortgage loans

Amounts due from customers and mortgage loans, including interest due but not paid, are recognized at their nominal value less any necessary allowance for credit losses.

Allowance for credit losses and non-accrual financial assets

The current expected credit loss (CECL) requirements in accordance with US GAAP as allowed under the Swiss GAAP statutory accounting rules for banks apply to all financial assets and off-balance sheet exposures measured at amortized cost or nominal value less allowance for credit losses. The expected credit loss amounts are based on a forward-looking, lifetime CECL model by incorporating reasonable and supportable forecasts of future economic conditions available at the reporting date. The expected credit loss amounts are estimated over the contractual term of the financial assets, taking into account the effect of prepayments. This requires considerable judgment over how changes in macroeconomic factors (MEFs) as well as changes in forward-looking borrower-specific characteristics will affect the expected credit loss amounts.

The Bank parent company measures expected credit losses of financial assets on a collective (pool) basis when similar risk characteristics exist. For financial assets which do not share similar risk characteristics, expected credit losses are evaluated on an individual basis. Expected credit loss amounts are probability-weighted estimates of potential credit losses based on historical frequency, current trends and conditions as well as forecasted MEFs, such as gross domestic product (GDP), unemployment rates and interest rates.

For financial assets that are performing at the reporting date, the allowance for credit losses is generally measured using a probability of default (PD)/loss given default (LGD) approach under which PD, LGD and exposure at default (EAD) are estimated. For financial assets that are credit-impaired at the reporting date, the Bank parent company generally applies a discounted cash flow approach to determine the difference between the gross carrying amount and the present value of estimated future cash flows.

An allowance for credit losses is deducted from the amortized cost base or nominal value, respectively, of the financial asset. Changes in the allowance for credit losses are recorded in the statement of income in (increase)/release of allowance for default risks and losses from interest activities, or, if related to provisions for off-balance sheet credit exposures, in increase/(release) of provisions and other valuation adjustments, and losses.

Accrued interest from financial assets is recognized in the balance sheet in accrued income and prepaid expenses. Current expected credit losses are calculated on accrued interest receivables and any uncollectible accrued interest receivables are written off by reversing the related interest income.

Write-off of a financial asset occurs when it is considered certain that there is no possibility of recovering the outstanding principal. If the amount of loss on write-off is greater than the accumulated allowance for credit losses, the difference results in an additional credit loss. The additional credit loss is first recognized as an addition to the allowance; the allowance is then applied against the gross carrying amount. Any repossessed collateral is initially

measured at fair value. The subsequent measurement depends on the nature of the collateral.

Expected recoveries on financial assets previously written off have to be reflected in the allowance for credit losses; for this purpose, the amount of expected recoveries cannot exceed the aggregate amounts previously written off. Accordingly, expected recoveries from financial assets previously written off may result in an overall negative allowance for credit loss balance.

The Bank parent company's loan portfolios are reflected in the balance sheet in due from customers, due from banks and mortgage loans. A loan is classified as non-performing and thus considered credit impaired no later than when the contractual payments of principal and/or interest are more than 90 days past due. However, management may determine that a loan should be classified as non-performing notwithstanding that contractual payments of principal and/or interest are less than 90 days past due. The Bank parent company continues to add accrued interest receivable to the loan's unpaid principal balance for collection purposes; however, a credit provision is recorded, resulting in no interest income recognition. A loan can be further downgraded to non-interest-earning when the collection of interest is considered so doubtful that further accrual of interest is deemed inappropriate. Generally, non-performing loans and non-interest-earning loans may be restored to performing status only when delinquent principal and interest are brought up to date in accordance with the terms of the loan agreement and when certain performance criteria are met. Interest collected on non-performing loans and non-interest-earning loans is accounted for using the cash basis or the cost recovery method or a combination of both.

Trading assets and liabilities

In order to qualify as trading activity, positions (assets and liabilities) have to be actively managed with the objective of realizing gains from fluctuations in market prices, which includes an ongoing willingness to increase, decrease, close or hedge risk positions. Trading positions also include positions held with the intention of generating gains from arbitrage. The designation as trading position has to be made, and documented accordingly, upon conclusion of the transaction.

Trading securities are carried at fair value with changes in fair value recorded in the statement of income in net income/(loss) from trading activities and fair value option. The fair value is determined using either the price set on a price-efficient and liquid market or a price calculated using a valuation model.

Interest and dividend income resulting from trading positions is recorded in gross income from interest activities. Refinancing costs are not charged to net income from trading activities and fair value option.

Reclassifications between trading assets, financial investments and participations are allowed. Reclassifications between financial investments and participations are recorded at the carrying value.

Reclassifications between trading assets and financial investments or participations, respectively, are recorded at the fair value valid at the time when the decision to reclassify is made. Resulting gains or losses are recognized applying the same accounting principles as for the recognition of results from the disposal of such assets.

Derivative financial instruments and hedge accounting

Derivative financial instruments consist of trading and hedging instruments.

Positive and negative replacement values of outstanding derivative financial instruments arising from transactions for the Bank parent company's own account are disclosed as separate line items in the balance sheet, with related fair value changes recorded in net income from trading activities and fair value option.

Replacement values of derivative financial instruments arising from transactions for the account of customers are recognized only if a risk exists that a customer or other counterparty (e.g., exchange, exchange member, issuer of the instrument or broker) of a transaction is no longer able to meet its obligations, resulting in an exposure to loss for the Bank parent company during the remaining term of the contract.

Hedge accounting is determined, tested for effectiveness and disclosed in accordance with US GAAP as allowed under the Swiss GAAP statutory accounting rules for banks. Derivative financial instruments used as hedging instruments in hedging relationships are always recorded at fair value.

For fair value hedges, gains and losses resulting from the valuation of the hedging instruments are recorded in the same statement of income line items in which gains and losses from the hedged items are recognized. Valuation impacts resulting from fair valuing the risk being hedged of the hedged items are not recorded as an adjustment to the carrying value of the hedged items but are recorded in the compensation account included in other assets or other liabilities.

For cash flow hedges, gains and losses resulting from the valuation of the hedging instruments are deferred and recorded in the compensation account included in other assets or other liabilities. The deferred amounts are released and recorded in the statement of income in the same period when the cash flows from the hedged transactions or hedged items are recognized in earnings.

Other financial instruments held at fair value and liabilities from other financial instruments held at fair value

Financial instruments which are not part of the trading portfolio may be measured at fair value and classified in other financial instruments held at fair value or liabilities from other financial instruments held at fair value if all of the following conditions are met:

- The financial instruments are valued at fair value and are subject to risk management corresponding to that for trading positions including a documented risk management and investment strategy which ensures appropriate recognition, measurement and limitation of the miscellaneous risks.

- An economic hedging relationship between the financial instruments on the asset side and the financial instruments on the liability side exists and gains and losses from the fair valuation of these financial instruments are largely offset (avoidance of an accounting mismatch).
- Impacts of changes in own credit spreads on the fair value of an issued debt instrument following initial recognition cannot be reflected in the statement of income. Impacts of changes in own credit spreads are recognized in the compensation account.

Changes in fair value are recorded in net income from trading activities and fair value option.

Financial investments

Equity securities which do not qualify as trading securities are included in financial investments and measured at the lower of cost or market value (LOCOM). Valuation adjustments are recorded in other ordinary income or other ordinary expenses.

Debt securities which do not qualify as trading securities are included in financial investments and further classified into debt securities held-to-maturity, which the Bank parent company intends to hold until maturity, and debt securities available-for-sale, which the Bank parent company does not intend to hold until maturity.

Debt securities held-to-maturity are measured at amortized cost less allowance for credit losses. An allowance for credit losses related to default risk is reported in the statement of income in increase/(release) of allowance for default risks and losses from interest activities. If debt securities held-to-maturity are sold or repaid before original maturity, the interest component of any realized gains or losses is deferred and amortized over the remaining original life of the debt security.

Debt securities available-for-sale are measured at the lower of amortized cost or market value (LOACOM). Valuation adjustments for credit- and market-related adjustments are recorded in other ordinary income or other ordinary expenses.

Participations

Equity securities in a company which are owned by the Bank parent company qualify as a participation if these securities are held for the purpose of permanent investment, irrespective of the percentage of voting shares held, or, if these equity securities are in a banking and financial market infrastructure enterprise, in particular participations in joint organizations. Participations can be held by the Bank parent company in Switzerland and its foreign branches.

Participations are measured at acquisition cost less any impairments. Goodwill and intangible assets related to the acquisition of a participation are part of the participation's historical cost under Swiss GAAP statutory and not separately identified and recorded. Impairment is assessed individually for each participation at each balance sheet date or at any point in time when facts and circumstances would indicate that an event has occurred which triggers an impairment review. An impairment is recorded if the carrying

value exceeds the fair value of a participation. If the fair value of a participation recovers significantly and is considered sustainable, a prior period impairment can be reversed up to the historical cost value of the participation.

Dividends received from participations are generally recorded as dividend income. If dividend payments from a participation are made in the form of a capital repayment from paid-in capital or if the dividends do not result from sustainable profits and represent repayment of capital previously contributed to the respective participation such dividends are recorded as a reduction of the carrying value of the respective participation.

Other assets and other liabilities

Other assets and other liabilities are generally recorded at cost or nominal value. Other assets and other liabilities include the net balance of the compensation accounts. The compensation account assets and liabilities include changes in the book values of assets and liabilities that are not recognized in the statement of income of a reporting period. In particular, the compensation accounts are used to record the hedge effectiveness, impacts from changes in own credit spreads and deferred gains or losses from the sale of debt securities held-to-maturity. The gross amounts of compensation account assets and liabilities are offset and reported net on the balance sheet either in other assets or in other liabilities.

Due to banks

Amounts due to banks are recognized at their nominal value.

Customer deposits

Amounts due in respect of customer deposits are recognized at their nominal value.

Bonds and mortgage-backed bonds

Bonds and mortgage-backed bonds are carried at amortized cost. Debt issuance costs are recorded in accrued income and prepaid expenses.

Provisions

Provisions are recorded to cover specific risks related to a past event prior to the balance sheet date. Further, provisions for probable obligations and for expected credit losses on off-balance sheet credit exposures are recorded. Provisions represent a probable obligation for which the amount and/or due date are uncertain but can be reasonably estimated. Where the time factor has a material impact, the amount of the provision is discounted.

Provisions which are no longer economically necessary and which are not used in the same reporting period to cover probable obligations of the same nature are released to income:

- tax provisions through line item taxes;
- provisions for pension benefit obligations through personnel expenses; and
- provisions for current and expected credit losses related to off-balance sheet credit exposures and other provisions including

litigation provisions through line item increase/(release) of provisions and other value adjustments, and losses.

Commission income

Commission income is recognized when arrangements exist, services have been rendered, the revenue is fixed or determinable and collectability is reasonably assured. As applicable, commissions and fees are recognized ratably over the service period and either accrued or deferred in the balance sheet in the line items accrued income and prepaid expenses and accrued expenses and deferred income, respectively.

Commission income and commission expense are generally recorded on a gross basis in the statement of income.

Income tax accounting

Income taxes are based on the tax laws of each tax jurisdiction and are expensed in the period in which the taxable profits are made.

Tax provisions are recognized in the statement of income in the line item taxes and included in provisions on the balance sheet.

In line with the accounting rules for single-entity statutory financial statements, deferred tax assets on net operating losses are not recognized. Deferred taxation items for temporary differences between the carrying value of an asset or a liability under Swiss GAAP statutory and the respective value for tax reporting, i.e., its tax base, are also not recognized.

Extraordinary income and expense

The recognition of extraordinary income or expense is limited to transactions which are non-recurring and non-operating, such as the disposal of fixed assets or participations, the reversal of prior-period impairment on participations, or income and expense related to other reporting periods if they account for the correction of errors with regard to non-operating transactions of prior periods.

Contingent liabilities and irrevocable commitments

Contingent liabilities are recorded as off-balance sheet transactions at their maximum potential payment amounts. Irrevocable commitments are recorded as off-balance sheet transactions at their nominal values, except for irrevocable loan commitments that are cancellable with a notice period of six weeks or less. As necessary, related provisions are recorded on the balance sheet in line item provisions.

For undrawn irrevocable loan commitments, the expected credit loss amount is calculated based on the difference between the contractual cash flows that are due to the Bank parent company if the commitment is drawn and the cash flows that the Bank parent company expects to receive, in order to estimate the provision for expected credit losses. For credit guarantees, expected credit losses are recognized for the contingency of the credit guarantee. Provisions for off-balance sheet credit exposures are recognized on the balance sheet in provisions.

Capital adequacy disclosures

Capital adequacy disclosures for the Group and the Bank parent company are presented in the publications "Pillar 3 and regulatory disclosures – Credit Suisse Group AG" and "Regulatory disclosures – Subsidiaries", respectively.

→ Refer to credit-suisse.com/regulatorydisclosures for additional information.

Prior period information

In 2022, the statement of income item "Increase/(release) of provisions and other valuation adjustments, and losses" included additional expenses of CHF 37 million related to 2021 to reflect the impact of a correction in loan commitments that are subject to the expected credit loss approach.

→ Refer to "Note 8 – Increase/(release) of provisions and other valuation adjustments, losses and extraordinary income and expenses" and "Note 20 – Provisions and allowance for credit losses" for further information.

For the year ended December 31, 2021, the carrying value of due from customers secured by other collateral was revised from CHF 79,239 million to CHF 87,188 million, reflecting an increase of CHF 7,949 million due to a reassessment of collateral, with the corresponding unsecured exposure reduced by the same amount. Accordingly, the allowance for credit losses on loans and receivables secured by other collateral was revised from CHF 459 million to CHF 604 million, reflecting an increase of CHF 145 million, with the corresponding allowance for credit losses on unsecured loans and receivables reduced by the same amount.

→ Refer to "Note 11 – Collateral and impaired loans and receivables" for further information.

For the year ended December 31, 2021, the notional amount of "Interest rate products – Options bought and sold (OTC)" was revised from CHF 162,050 million to CHF 214,558 million, within the corresponding positive replacement value revised from CHF 1,265 million to CHF 1,736 million and the negative replacement value revised from CHF 1,074 million to CHF 1,545 million. Further, the notional amount of "Precious metal products – Options bought and sold (OTC)" was revised from CHF 10,560 million to CHF 11,442 million. With the revision of the positive and negative replacement values, corresponding changes were made to the disclosure of model-based replacement values and the disclosure of replacement values before consideration of master netting agreements.

→ Refer to "Note 13 – Derivative financial instruments" for further information.

As noted in our 2021 Annual Report, the Bank parent company identified an accounting issue that was not material to the prior period financial statements. The Bank parent company identified this accounting issue with respect to the net balance sheet treatment relating to the presentation of a limited population of certain securities lending and borrowing activities. As a result, the balance sheet positions for assets and liabilities from securities lending and borrowing, repurchase and reverse repurchase agreements and the related note disclosure related to these activities were presented on a gross basis and prior periods were revised. Beginning with the quarter ended June 30, 2022, the Bank parent company has recorded these securities lending and borrowing transactions as a single unit of account and as a result these transactions will no longer be presented on a gross basis. The Bank parent company did not adjust prior period financial information, which continue to reflect a presentation on a gross basis.

3 Risk management, derivatives and hedging activities

Risk management

Governance

The risk governance framework of the Bank parent company and its consolidated subsidiaries (the Bank) is based on a "three lines of defense" governance model, where each line has a specific role with defined responsibilities and works in close collaboration to identify, assess and mitigate risks.

The first line of defense represents the function or business area that allows the risk to enter the Bank from clients, employees or other third parties or events and is responsible for identifying, measuring, managing and reporting risks on a front-to-back basis in line with the Board's risk appetite. The first line of defense is fully accountable for managing risks inherent in its activities.

The second line of defense consists of independent risk management, compliance and control functions which are responsible for establishing risk management framework and associated control standards, and providing independent challenge to the activities,

processes and controls carried out by the first line of defense. In this context, the Risk function (Risk), for example, is responsible for articulating and designing the risk appetite framework across the Bank. The second line of defense can perform and complement the responsibility of identification, measurement, management and reporting of risks, while the first line of defense retains the overall accountability for risk management related to its activities. Independent risk management in the second line of defense is not limited to the Risk and Compliance functions. Instead, it comprises all relevant standard setting and independent review and challenge activities over processes and controls carried out by the first line of defense in relation to the risks faced.

The third line of defense is the Internal Audit function, which monitors the effectiveness of controls across various functions and operations, including risk management, compliance and governance practices.

Risk management of the Bank is aligned to the overall risk management governance of the Group. All members of the Board and the Executive Board of the Bank are also members of the Board

and the Executive Board of the Group. The Bank's governance includes a committee structure and a comprehensive set of corporate policies which are developed, reviewed and approved by the Board, the Executive Board, their respective committees, the Chief Risk Officer of the Group (CRO) and the board of directors of significant subsidiaries, in accordance with their respective responsibilities and levels of authority.

Board of Directors

The Board is responsible for the Bank's overall strategic direction, supervision and control, and for defining the Bank's overall tolerance for risk. In particular, the Board approves the risk management framework and sets overall risk appetite for the Group in consultation with its Risk Committee, among other responsibilities and authorities defined in the Organizational Guidelines and Regulations (OGR).

The **Risk Committee** is responsible for assisting the Board in fulfilling its oversight responsibilities of risk management. These responsibilities include the oversight of the enterprise-wide risk management and practices, the promotion of a sound risk culture with clear accountability and ownership, the review of key risks and resources, and the assessment of the effectiveness and efficiency of the Group's risk function.

The **Audit Committee** is responsible for assisting the Board in fulfilling its oversight duties by monitoring management's approach with respect to financial reporting, internal controls, accounting and legal and regulatory compliance. Additionally, the Audit Committee monitors the qualifications, independence and performance of external auditors and Internal Audit.

The **Conduct and Financial Crime Control Committee** is responsible for assisting the Board in fulfilling its oversight duties with respect to the Bank's exposure to financial crime risk. It is tasked with monitoring and assessing the effectiveness of financial crime compliance programs and initiatives focused on improving conduct and vigilance within the context of combatting financial crime.

The **Compensation Committee** is responsible for determining, reviewing and proposing compensation and related principles for the Bank. Under the compensation risk framework, various corporate functions including Risk, Compliance, General Counsel, People, Internal Audit and Product Control, provide input for the assessment of the divisions' overall risk and conduct performance and determine an overall risk rating. The overall risk rating is shared and discussed with the chairs of the Audit Committee, Conduct and Financial Crime Control Committee and Risk Committee, and is contemplated as part of the divisions' and certain individuals' performance.

The **Digital Transformation and Technology Committee** is responsible for assisting the Board in setting, steering and overseeing the execution of the bank's data, digitalization and technology strategy. The committee is tasked with overseeing the strategically aligned execution of the bank's major digitalization

and technology initiatives as well as governance standards for digital transformation across the bank.

Executive Board

The Executive Board is responsible for establishing the Bank's strategic business plans, subject to approval by the Board, and implementing such plans. It further reviews and coordinates significant initiatives and approves bank-wide policies. The CRO and the Chief Compliance Officer of the Group (CCO) represent the Risk and Compliance functions, respectively, and provide regular information and reports to the Executive Board and the Board.

The **Executive Board Risk Management Committee (ExB RMC)**, co-chaired by the Group's CEO, CRO and CCO, is primarily responsible for steering and monitoring the development and execution of the Group's risk management strategy, approving risk appetite for financial and non-financial risks under its authority, monitoring risk appetite metrics including limit breaches and remediation, as well as reviewing the aggregate and highest risk exposures and risk concentrations. The ExB RMC approves applications for risk limits that require final approval by the Risk Committee or the Board. The ExB RMC is also responsible for reviewing and assessing the internal control system and resolving risk issues raised by subordinated risk committees or ExB RMC members, or escalation to the Board.

The **Group Capital Allocation and Liability Management Committee (Group CALMC)** reviews the funding and balance sheet trends and activities, plans and monitors regulatory and business liquidity requirements and internal and regulatory capital adequacy. Group CALMC also reviews and proposes the contingency funding plan for approval by the Board, reviews the position taking of interest rate risk in the banking book and decides on changes in approaches relating to investment of own equity. Further, it sets internal targets, approves and reviews adherence to internal targets for capital allocation, funding, liquidity and capital management actions, including the review and monitoring of share repurchases.

The **Credit Suisse AG Parent Capital Allocation, Liability and Risk Management Committee (Credit Suisse AG Parent CALRMC)** reviews the capital, liquidity and funding trends and activities of Credit Suisse AG (Bank parent company). The Credit Suisse AG Parent CALRMC reviews and challenges the financial and capital plans of major subsidiaries of the Bank parent company, including key risks and key dependencies, such as dividends or other capital repatriations from the major subsidiaries to the Bank parent company, ahead of approvals by the respective subsidiary governance bodies. The committee also monitors and reviews the Bank parent company's aggregate risk profile, in particular the Bank parent company-specific vulnerabilities, and approves risk appetite for the Bank parent company and its branches.

The **Valuation Risk Management Committee (VARMC)** is responsible for establishing policies regarding the valuation of

certain material assets and the policies and calculation methodologies applied in the valuation process. Further, VARMC is responsible for monitoring and assessing valuation risks, reviewing inventory valuation conclusions and directing the resolution of significant inventory valuation issues.

Risk appetite framework

The Bank maintains a comprehensive Bank-wide risk appetite framework, which is governed by a global policy and provides a robust foundation for risk appetite setting and management across the Bank. A key element of the framework is a detailed statement of the Board-approved risk appetite which is aligned to the Bank's financial and capital plans. The framework also encompasses the processes and systems for assessing the appropriate level of risk appetite required to constrain the Bank's overall risk profile.

The Bank's risk appetite framework is governed by an overarching global policy that encompasses the suite of specific policies, processes and systems, with which the risk constraints are calibrated and the risk profile is managed. Strategic risk objectives (SROs) are effectively embedded across the organization at the Bank, business division and legal entity level through a suite of different types of risk measures (quantitative and qualitative) as part of the Bank's efforts to ensure it operates within the thresholds defined by the Board. The SROs are regularly assessed as part of the continuing enhancements to the Bank's risk management processes. In February 2023, the Board approved an enhanced set of SROs to support the Bank's strategic objectives, which consist of:

- promoting stability of earnings to support performance in line with financial objectives;
- ensuring sound management of funding and liquidity in normal and stressed conditions;
- maintaining capital adequacy under both normal and stressed conditions;
- maintaining the integrity of the Bank's business and operations;
- controlling concentrations within position risk or revenues which may pose a material risk to the Bank;
- managing environmental, social and governance risks as well as impacts related to the provision of financial services in line with our sustainability principles and commitments; and
- managing intercompany risk.

Bank-wide risk appetite is determined in partnership with the financial and capital planning process at least annually, based on bottom-up forecasts, risk-reward and divisional objectives that reflect planned risk usage by the businesses and top-down, in alignment with Board-driven strategic risk objectives and risk appetite. Scenario-based stress testing of financial and capital plans is an essential element in the risk appetite calibration process, through which the strategic risk objectives, financial resources and business plans are aligned. The risk appetite is approved through a number of internal governance forums, including the Credit Suisse AG Parent CALRMC, the Risk Committee and, subsequently, by the Board. Ad hoc risk appetite reviews may be triggered by material market events, material loss

events, material revisions to the financial and capital plans, the internal capital adequacy assessment process (ICAAP) results as well as following breaches of Board-level risk constraints.

The risk appetite statement is the formal plan, approved by the Board, for Bank-wide risk appetite. Legal entity risk appetites are set by the local legal entity board of directors within the limits established by the Bank.

A core aspect of the Bank's risk appetite framework is a sound system of integrated risk constraints. These allow the Bank to maintain the risk profile within its overall risk appetite, and encourage meaningful discussion between the relevant businesses, Risk functions and members of senior management around the evolution of the Bank's risk profile and risk appetite. Considerations include changing external factors (such as market developments, geopolitical conditions and client demand) as well as internal factors (such as financial resources, business needs and strategic views). The Bank's risk appetite framework utilizes a suite of different types of risk constraints to reflect the aggregate risk appetite of the Bank. The risk constraints restrict the Bank's maximum balance sheet and off-balance sheet exposure given the market environment, business strategy and financial resources available to absorb losses.

Risk coverage and management

The Bank uses a wide range of risk management practices to address the variety of risks that arise from its business activities. Policies, processes, standards, risk assessment and measurement methodologies, risk appetite constraints, and risk monitoring and reporting are key components of its risk management practices. The Bank's risk management practices complement each other in the Bank's analysis of potential loss, support the identification of interdependencies and interactions of risks across the organization and provide a comprehensive view of its exposures. The Bank regularly reviews and updates its risk management practices to promote consistency with its business activities and relevance to its business and financial strategies. The Bank's main risk types include the following:

- Capital risk
- Credit risk
- Market risk
- Funding liquidity risk
- Non-financial risk
- Model risk
- Reputational risk
- Climate-related risks
- Business risk
- Fiduciary risk
- Pension risk

Climate-related risks are a core element of sustainability risks. Sustainability risks are potentially adverse impacts on the environment, on people or society, which may be caused by, contributed to or directly linked to financial service providers, usually through the activities of their clients. These may manifest themselves as

reputational risks, but potentially also other risk types such as credit or non-financial risks. Credit Suisse considers sustainability risks in its Group-wide reputational risk review process.

→ Refer to "Reputational risk" for further information on sustainability risks.

Capital risk

Capital risk is the risk that the Bank does not have adequate capital to support its activities and maintain the minimum capital requirements. The Bank maintains a robust and comprehensive framework for assessing capital adequacy, defining internal capital targets and ensuring that these capital targets are consistent with the Bank's overall risk profile and the current operating environment.

Capital risk results from the Bank's risk exposures, available capital resources, regulatory requirements and accounting standards.

The stress testing framework and economic risk capital are tools used by the Bank to evaluate and manage capital risk. The capital management framework is designed to ensure that the Bank meets all regulatory capital requirements for the Bank and its regulated subsidiaries.

Stress testing framework

Stress testing (or scenario analysis) represents a risk management approach that formulates hypothetical questions, including what would happen to the Bank's portfolio if, for example, historic or adverse forward-looking events were to occur.

Stress testing is a fundamental element of the Bank-wide risk appetite framework included in overall risk management to ensure that the Bank's financial position and risk profile provide sufficient resilience to withstand the impact of severe economic conditions. Stress testing results are monitored against limits, and are used in risk appetite discussions and strategic business planning and to support the Bank's ICAAP. Within the risk appetite framework, the ExB RMC sets Bank-wide and divisional stressed position loss limits to correspond to minimum post-stress capital ratios.

Economic risk capital

Economic risk capital estimates the amount of capital needed to remain solvent and in business under extreme market, business and operating conditions over the period of one year, given a target financial strength (the Bank's long-term credit rating). This framework allows the Bank to assess, monitor and manage capital adequacy and solvency risk in both "going concern" and "gone concern" scenarios.

Credit risk

Credit risk is the risk of financial loss arising as a result of a borrower or counterparty failing to meet its financial obligations or as a result of deterioration in the credit quality of the borrower or counterparty.

Credit risk can arise from the execution of the Bank's business strategy in the divisions and includes risk positions such as exposures directly held in the form of lending products (including

loans, money market deposits and credit guarantees) or traded products (derivatives, securities financing), shorter-term exposures such as underwriting commitments pending distribution, and settlement risk related to the exchange of cash or securities outside of typical delivery versus payment structures.

The Bank uses a credit risk management framework which provides for the consistent evaluation, measurement and management of credit risk across the Bank. Assessment of credit risk exposures for internal risk estimates and risk-weighted assets are calculated based on probability of default (PD), loss given default (LGD) and exposure at default (EAD) models. The credit risk framework incorporates the following core elements:

- counterparty and transaction assessments: application of internal credit ratings (PD), assignment of LGD and EAD values in relation to counterparties and transactions;
- credit limits: establishment of credit limits, including limits based on notional exposure, potential future exposure and stress exposure, subject to approval by delegated authority holders, to serve as primary risk controls on exposures and to prevent undue risk concentrations;
- credit monitoring, impairments and provisions: processes to support the ongoing monitoring and management of credit exposures, supporting the early identification of deterioration and any subsequent impact; and
- risk mitigation: active management of credit exposures through the use of cash sales, participations, collateral, guarantees, insurance or hedging instruments.

In addition to traditional credit exposure measurement, monitoring and management using current and potential future exposure metrics, Credit Risk performs counterparty and portfolio credit risk assessments of the impact of various internal stress test scenarios. Credit Risk assesses the impact to credit risk exposures arising from market movements in accordance with the scenario narrative, which can further support the identification of concentration or tail risks. Its scenario suite includes historical scenarios as well as forward-looking scenarios which are used across the Risk function.

Counterparty and transaction assessments

The Bank evaluates and assesses counterparties and clients to whom it has credit exposures. For the majority of counterparties and clients, the Bank uses internally developed statistical rating models to determine internal credit ratings which are used across the Risk function.

→ Refer to "Credit quality information" in Note 21 – Expected credit losses and credit quality for further information on counterparty transaction assessments.

Credit limits

Credit exposures are managed at the counterparty and ultimate parent level in accordance with credit limits which apply in relation to notional exposure, potential future exposure and stress exposure where appropriate. Credit limits are established to constrain the lending business where exposure is typically related to committed loan amounts, and similarly in relation to the trading business where exposure is typically subject to model-based

estimation of future exposure amounts. Credit limits to counterparties and groups of connected companies are subject to formal approval under delegated authority within the divisions where the credit exposures are generated, and, where significant in terms of size or risk profile, are subject to further escalation to the Group chief credit officer or the CRO.

In addition to counterparty and ultimate parent exposures, credit limits and flags are also applied at the portfolio level to monitor and manage risk concentrations such as to specific industries, countries or products. In addition, credit risk concentration is regularly supervised by credit and risk management committees. Breaches of credit limits and other risk constraints, including stress scenario impacts, are monitored on an ongoing basis with formal escalation procedures in place. Limit breaches require escalation to the relevant limit setting authority.

Credit monitoring, impairments and provisions

A credit quality monitoring process is performed to provide for early identification of possible changes in the creditworthiness of clients, and includes regular asset and collateral quality reviews, business and financial statement analysis, and relevant economic and industry studies. Credit Risk maintains regularly updated watch lists and holds review meetings to re-assess counterparties that could be subject to adverse changes in creditworthiness. The review of the credit quality of clients and counterparties does not depend on the accounting treatment of the asset or commitment.

In the event that a deterioration in creditworthiness is likely to result in a default, credit exposures are transferred to the regional recovery management functions within Credit Risk. The determination of any allowance for credit losses in relation to such exposures is based on an assessment of the exposure profile and expectations for recovery. The recoverability of loans in recovery management is regularly reviewed. The frequency of reviews depends on the individual risk profile of the respective positions.

The Bank has an impairment process for loans valued at amortized cost which are specifically classified as potential problem loans, non-performing loans, non-interest-earning loans or restructured loans. The Bank maintains specific allowances for credit losses, which the Bank considers to be a reasonable estimate of losses identified in the existing credit portfolio, and provides for credit losses based on a regular and detailed analysis of all counterparties, taking collateral value into consideration, where applicable. If uncertainty exists as to the repayment of either principal or interest, a specific allowance for credit losses is either created or adjusted accordingly. The specific allowance for credit losses is revalued regularly by the recovery management function depending on the risk profile of the borrower or credit-relevant events. The Bank regularly reviews the appropriateness of allowances for credit losses.

→ Refer to "Estimating expected credit losses" in Note 21 – Expected credit losses and credit quality for further information on expected credit losses under the CECL accounting guidance.

Risk mitigation

Drawn and undrawn credit exposures are managed by taking financial and non-financial collateral supported by enforceable

legal documentation, as well as by utilizing credit hedging techniques. Financial collateral in the form of cash, marketable securities (e.g., equities, bonds or funds) and guarantees serves to mitigate the inherent risk of credit loss and to improve recoveries in the event of a default. Financial collateral received in the form of securities is subject to controls on eligibility and is supported by frequent market valuation depending on the asset class and are monitored to determine whether any margin calls are required to ensure exposures remain adequately collateralized. Depending on the quality of the collateral, appropriate haircuts are applied for risk management purposes. Collateral monitoring, management and margining are applied to credit exposures resulting from both on balance sheet financing of securities and synthetic financing of positions for clients through derivative contracts.

Non-financial collateral such as residential and commercial real estate, tangible assets (e.g., ships or aircraft), inventories and commodities are valued at the time of credit approval and periodically thereafter depending on the type of credit exposure and collateral coverage ratio.

In addition to collateral, the Bank also utilizes credit hedging in the form of protection provided by single-name and index credit default swaps as well as structured hedging and insurance products. Credit hedging is used to mitigate risks arising from the loan portfolio, loan underwriting exposures and counterparty credit risk. Hedging is intended to reduce the risk of loss from a specific counterparty default or broader downturn in markets that impacts the overall credit risk portfolio. Credit hedging contracts are typically bilateral or centrally cleared derivative transactions and are subject to collateralized trading arrangements. The Bank evaluates hedging risk mitigation so that basis or tenor risk can be appropriately identified and managed.

In addition to collateral and hedging strategies, the Bank also actively manages its loan portfolio and may sell or sub-participate positions in the loan portfolio as a further form of risk mitigation.

Market risk

Market risk is the risk of financial loss arising from movements in market risk factors. The movements in market risk factors that generate financial losses are considered to be adverse changes in interest rates, credit spreads, foreign exchange rates, equity and commodity prices and other factors, such as market volatility and the correlation of market prices across asset classes. A typical transaction or position in financial instruments may be exposed to a number of different market risk factors. Market risks arise from both trading and non-trading activities.

Traded market risks mainly arise from the Bank's trading activities, primarily in the Investment Bank.

Non-traded market risk primarily relates to asset and liability mismatch exposures in the Bank's banking books. The Bank's businesses and Treasury have non-traded portfolios that carry market risks, mainly related to changes in interest rates but also to changes in foreign exchange rates.

The Bank uses market risk measurement and management methods capable of calculating comparable exposures across its many activities and employs focused tools that can model specific characteristics of certain instruments or portfolios. The tools are used for internal market risk management, internal market risk reporting and external disclosure purposes. The Bank's principal market risk measures for traded market risk are VaR, scenario analysis, as included in the stress testing framework, position risk, as included in the Bank's economic risk capital, and sensitivity analysis. These measures complement each other in the Bank's market risk assessment and are used to measure traded market risk at the Bank level. In addition, a counterparty market risk function is designed to support the management of counterparty risk, leveraging product-related market risk knowledge to complement the credit risk approach. The Bank's risk management practices are regularly reviewed to ensure they remain appropriate and fit for purpose.

Non-maturing products, such as savings accounts, have no contractual maturity date or direct market-linked interest rate and are risk-managed on a pooled basis using replication portfolios on behalf of the business divisions. Replication portfolios transform non-maturing products into a series of fixed-term products that approximate the re-pricing and volume behavior of the pooled client transactions.

Structural foreign exchange risk is a market risk stemming from the Bank's investments in foreign operations denominated in currencies other than the reporting currency of the Bank, net of hedges, and is subject to fluctuations in exchange rates. The risk is actively monitored by Treasury to ensure that the level of sensitivity of the Bank's CET1 ratio to adverse movements in foreign exchange rates is within parameters set out in the risk appetite framework. Non-structural foreign exchange risk relates to the foreign currency risk from banking book positions other than from the Bank's investment in foreign operations. This risk is managed under the Bank's traded market risk constraints framework.

Funding liquidity risk

Funding liquidity risk is the risk that the Bank, although solvent, either does not have sufficient financial resources to enable it to meet its obligations as they fall due, or can secure such resources only at excessive cost.

The liquidity and funding strategy is approved by the Group CALMC and overseen by the Board. The implementation and execution of the funding and liquidity strategy is managed by Treasury. The global liquidity group centralizes control of liability and collateral management with the aim of optimizing liquidity sourcing, funding costs and the high-quality liquid assets (HQLA) portfolio within Treasury. Treasury ensures adherence to the Bank's funding policy and the global liquidity group is focused on the efficient coordination of the short-term unsecured and secured funding desks. This approach enhances the Bank's ability to manage potential liquidity and funding risks and to promptly adjust its liquidity and funding levels to meet stress situations. The Bank's liquidity and funding profile is regularly reported to the Credit Suisse AG Parent CALRMC, the Group CALMC and the Board, who define the Bank's

risk tolerance, including liquidity risk, and set parameters for the balance sheet and funding usage of its businesses. The Board is responsible for defining the Bank's overall risk tolerance in the form of a risk appetite statement.

Non-financial risk

Non-financial risk is 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, compliance risk, regulatory risk, legal risk and conduct risk. Non-financial risk is inherent in most aspects of the Bank's business, including the systems and processes that support its activities. It comprises a large number of disparate risks that can manifest in a variety of ways. Examples include the risk of damage to physical assets, business disruption, failures relating to data integrity and trade processing, cyber attacks, internal or external fraudulent or unauthorized transactions, inappropriate cross-border activities, money laundering, improper handling of confidential information, conflicts of interest, improper gifts and entertainment and failure in duties to clients.

Non-financial risk can arise from a wide variety of internal and external forces, including human error, inappropriate conduct, failures in systems, processes and controls, pandemic, deliberate attack or natural and man-made disasters. Outsourcing and external third parties may also create risks around maintaining business processes, system stability, data loss, data management, reputation and regulatory compliance.

Each business area and function is responsible for its non-financial risks and the provision of adequate resources and procedures for the management of those risks. They are supported by the designated second line of defense functions responsible for independent risk and compliance oversight, methodologies, tools and reporting within their areas as well as working with management on non-financial risk issues that arise. Businesses and relevant control functions meet regularly to discuss risk issues and identify required actions to mitigate risks.

The Non-Financial Risk function oversees the Bank's established non-financial risk framework (NFRF), providing a consistent and unified approach to evaluating and monitoring the Bank's non-financial risks. Non-financial risk appetites are established and monitored under the Bank-wide risk appetite framework, aligned with the NFRF, which sets common minimum standards across the Bank for non-financial risk and control processes and review and challenge activities.

The Bank's activities to manage non-financial risk capital include scenario analysis and operational risk regulatory capital measurement. In addition, the Bank transfers the risk of potential losses from certain non-financial risks to third-party insurance companies in certain instances.

Non-financial risk scenario analysis is a forward-looking tool that is used to identify and measure exposure to a range of potential adverse events, such as unauthorized trading, transaction processing errors and compliance issues. These scenarios help businesses

and functions assess the suitability of controls in light of existing risks and estimate hypothetical but plausible risk exposures. Scenarios are developed to support stressed loss projections and capital calculations in response to requirements set by regulatory agencies in the jurisdictions in which the Bank operates.

The Bank uses internally validated and approved models to calculate its regulatory capital requirements for non-financial risk (also referred to as “operational risk capital”) across the Bank and for major legal entities. For Bank regulatory capital requirements, a model under the advanced measurement approach (AMA) is applied.

Operational risk capital for the Bank parent company is determined using an income-based allocation of Group-level capital. The ratio of the three-year average of gross income (as defined for calculating the basic indicator approach for operational risk capital under the Basel framework) between the Bank parent company and the Group defines an allocation key used to scale the Group AMA value to reported levels for the Bank parent company. In line with the Group, the operational risk capital for the Bank parent company is now reported in US dollars.

Model risk

Model risk is the risk of adverse consequences from decisions made based on model results that may be incorrect, misinterpreted or used inappropriately. All models and qualitative estimation approaches are imperfect approximations and assumptions that are subject to varying degrees of uncertainty in their output depending on, among other factors, the model's complexity and its intended application. As a result, modeling and estimation errors may result in inappropriate business decisions, financial loss, regulatory and reputational risk and incorrect or inadequate capital reporting. Model errors, intrinsic uncertainty and inappropriate use are the primary contributors to aggregate Bank-wide model risk. This framework is owned by the Model Risk Management function, which is structured as a second line of defense independent from the first line of defense, i.e., the model users, developers and supervisors who own, develop, implement and maintain models.

Through the global model risk management and governance framework the Bank seeks to identify, measure and mitigate significant risks arising from the use of models embedded within the Bank's global model ecosystem. Model risks can be managed through a well-designed and robust model risk management framework, encompassing model governance policies and procedures, model validation best practices and actionable model risk reporting.

The Model Risk Management function is responsible for overseeing model risk at Credit Suisse and ensuring compliance with model governance policies and standards. The Model Risk Management function reviews models, reports model limitations to key stakeholders, tracks remediation plans for validation findings and reports on model risk tolerances and metrics to senior management. The Model Risk Management function oversees controls to facilitate a complete and accurate Bank-wide model inventory and coordinates semi-annual attestations by the first line of defense with the aim of achieving completeness and accuracy of its model inventory.

Reputational risk

Reputational risk is the risk that negative perception by the Bank's stakeholders, including clients, counterparties, employees, shareholders, regulators and the general public, may adversely impact client acquisition and damage the Bank's business relationships with clients and counterparties, affecting staff morale and reducing access to funding sources.

Reputational risk may arise from a variety of sources, including, but not limited to, the nature or purpose of a proposed transaction or service, the identity or activity of a potential client, the regulatory or political climate in which the business will be transacted, significant public attention surrounding the transaction itself or the potential sustainability risks of a transaction. Sustainability risks have potentially adverse impacts on the environment, on people or society, which may be caused by, contributed to or directly linked to financial service providers, usually through the activities of their clients. These may manifest themselves as reputational risks, but potentially also as other risk types such as credit or non-financial risks. Reputational risk may also arise from reputational damage in the aftermath of a non-financial risk incident, such as cyber crime or the failure by employees to meet expected conduct and ethical standards.

Reputational risk is included in the Bank's risk appetite framework to ensure that risk-taking is aligned with the approved risk appetite. The Bank highly values its reputation and is fully committed to protecting it through a prudent approach to risk-taking and a responsible approach to business. This is achieved through a culture of risk awareness as well as dedicated processes, resources and policies focused on identifying, evaluating, managing and reporting potential reputational risks. This is also achieved by applying the highest standards of personal accountability and ethical conduct as set out in the Group's Code of Conduct and the Group's approach to cultural values and behaviors. Reputational risk potentially arising from proposed business transactions, client activity or joining initiatives or affiliations (including joining third party groups, providing support to causes, speaking engagements, charitable donations, political donations directly or through sponsorships) is assessed in the reputational risk review process. The Group's global policy on reputational risk requires employees to be conservative when assessing potential reputational impact and, where certain indicators give rise to potential reputational risk, the relevant business proposal or service must be submitted through the reputational risk review process.

For transactions with potential sustainability risks, the internal specialist unit Sustainability Risk evaluates the nature of the transaction and Credit Suisse's role, the identity and activities of the client and the regulatory context of its operations, and assesses the environmental and social aspects of the client's operations, products or services. The team determines whether the client's activities are consistent with the relevant industry standards and whether the potential transaction is compatible with Credit Suisse's policies and guidelines for sensitive sectors. The outcome of this analysis is submitted to the responsible business unit and/or entered into the reputational risk review process.

Climate-related risks

Climate-related risks are the potentially adverse direct and indirect impacts on the Bank's financial metrics, operations or reputation due to transition or physical effects of climate change. Climate-related risks are a core element of sustainability risks.

The Bank publishes its climate-related disclosures following the structure provided by the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). These are included in Credit Suisse's Sustainability Report as well as in the TCFD Report. The disclosures include quantitative metrics alongside explanations of the frameworks relied upon, and Credit Suisse's overall climate strategy.

→ Refer to credit-suisse.com/sustainabilityreport for the Group's Sustainability Report 2022 and to credit-suisse.com/tcfid for an extract of disclosures in accordance with TCFD.

Business risk

Business risk is the risk of not achieving the financial goals and ambitions in connection with the Bank's strategy and how the business is managed in response to the external operating environment. External factors include both market and economic conditions, as well as shifts in the regulatory environment. Internally, the Bank faces risks arising from inappropriate strategic decisions, ineffective implementation of business strategies or an inability to adapt business strategies in response to changes in the operating environment, including in relation to client and competitor behavior.

The Bank's businesses are also exposed to a variety of risks that could adversely impact its dividend payments or share buyback programs, including risks associated with the illiquid investments of the Bank. These investments are defined as investments held in the banking book usually with a longer-term time horizon and are not subject to the Bank's market risk framework (e.g., VaR measurement). Illiquid investments include private equity, hedge fund and mutual fund seed and co-investments, strategic investments (e.g., joint ventures and minority investments) as well as other investments, such as collateralized loan obligations mandated by regulatory risk retention requirements. Trading assets and banking book loans are not covered under the illiquid investment risk framework.

Strategic and related financial plans are developed by each division annually and aggregated into a Group financial plan, which is reviewed by the CRO, CFO and the Chief Executive Officer (CEO) before presentation to the full Executive Board and the Board. The divisions and legal entities, including the Bank parent company, operate a parallel and integrated planning process. The Group financial plan serves as the basis for the financial goals and ambitions against which the businesses and legal entities, including the Bank parent company, are assessed regularly throughout the year. These regular reviews include evaluations of financial performance, capitalization and capital usage, key business risks, overall operating environment and business strategy. This enables management to identify and execute changes to the Group's operations and strategy where needed.

Fiduciary risk

Fiduciary risk is the risk of financial loss arising when the Bank or its employees, acting in a fiduciary capacity as trustee, investment manager or as mandated by law, do not act in the best interest of the client in connection with the provision of advice and/or management of its client's assets including from a product-related market, credit, liquidity, counterparty and non-financial risk perspective.

With regard to fiduciary risk that relates to discretionary investment-related activities, assessing investment performance and reviewing forward-looking investment risks in client portfolios and investment funds is central to the Bank's investment oversight program. This program targets daily, monthly or quarterly monitoring of all portfolio management activities with independent analysis provided to senior management. Formal review meetings are in place as part of the Bank's efforts to ensure that investment performance and risks are in line with expectations and adequately supervised.

Fiduciary risks from activities other than discretionary investment management, such as the advised portfolios, are managed and monitored in a similar oversight program. This program is actively managed in cooperation with the Bank's compliance function and is based on the suitability framework.

Pension risk

Pension risk is the financial risk from contractual or other liabilities to which the Bank is exposed as a sponsor of and/or participant in pension plans. It is the risk that the Bank may be required to make unexpected payments or other contributions to a pension plan because of a potential obligation (i.e., underfunding).

Sources of risks can be broadly categorized into asset investment risks (e.g., underperformance of bonds, equities and alternative investments) and liability risks, primarily from changes in interest rates, inflation and longevity.

Use of derivative financial instruments and hedge accounting

Business policy for use of derivative financial instruments

Derivatives are generally either privately negotiated over-the-counter (OTC) contracts or standard contracts transacted through regulated exchanges. The Bank parent company's most frequently used freestanding derivative products, entered into for trading and risk management purposes, include interest rate, credit default and cross-currency swaps, interest rate and foreign exchange options, foreign exchange forward contracts and foreign exchange and interest rate futures.

On the date a derivative contract is entered into, the Bank parent company designates it as belonging to one of the following categories: trading activities; a risk management transaction that does not qualify as a hedge under accounting standards (referred to as an economic hedge);

a hedge of the fair value of a recognized asset or liability; or a hedge of the variability of cash flows to be received or paid relating to a recognized asset or liability or a forecasted transaction.

→ Refer to "Note 13 – Derivative financial instruments" for further information on hedge accounting.

Economic hedges

Economic hedges arise when the Bank parent company enters into derivative contracts for its own risk management purposes, but the economic relationships do not qualify for hedge accounting. These economic hedges include the following types:

- interest rate derivatives to manage net interest rate risk on certain core banking business assets and liabilities;
- foreign exchange derivatives to manage foreign exchange risk on certain core banking business revenue and expense items, core banking business assets and liabilities; as well as selected foreign participations against adverse movements in foreign exchange rates;
- credit derivatives to manage credit risk on certain loan portfolios; and
- futures to manage risk on equity positions including convertible bonds.

Derivatives used in economic hedges are included as trading assets or trading liabilities in the balance sheet.

Hedge accounting

Hedge accounting for the Bank parent company is determined, recorded and disclosed in accordance with US GAAP as allowed under Swiss GAAP statutory accounting rules for banks.

Fair value hedges

The Bank designates fair value hedges as part of an overall interest rate risk management strategy that incorporates the use of derivative instruments to minimize fluctuations in earnings that are caused by interest rate volatility. The Bank uses derivatives to hedge for changes in fair value as a result of the interest rate risk associated with loans, debt securities held as available-for-sale and long-term debt instruments.

Cash flow hedges

The Bank hedges the variability in interest cash flows mainly on mortgages, loans and reverse repurchase agreements by using interest rate swaps to convert variable rate assets to fixed rates.

Hedge effectiveness assessment

The Bank parent company assesses the effectiveness of hedging relationships both prospectively and retrospectively. The prospective assessment is made both at the inception of a hedging relationship and on an ongoing basis, and requires the Bank parent company to justify its expectation that the relationship will be highly effective over future periods. The retrospective assessment is also performed on an ongoing basis and requires the Bank parent company to determine whether or not the hedging relationship has actually been effective.

4 Net income from interest activities

Net income from interest activities for 2021 included an increase of allowance for default risks of CHF 298 million from the adoption of the CECL accounting guidance on January 1, 2021.

Negative interest income and expense

| in | 2022 | 2021 |
|---|-------|-------|
| CHF million | | |
| Negative interest income debited to interest income | (224) | (367) |
| Negative interest expenses credited to interest expense | 101 | 151 |

Negative interest income is debited to interest income and negative interest expense is credited to interest expense.

5 Net income/(loss) from trading activities and fair value option

| in | 2022 | 2021 |
|--|----------------|--------------|
| By risk of underlying instruments (CHF million) | | |
| Interest rate products ¹ | (3,219) | (336) |
| Equity products ¹ | (721) | (149) |
| Foreign exchange | 914 | 905 |
| Precious metals | (73) | 5 |
| Commodities ² | 8 | (3) |
| Credit products | 530 | (1,380) |
| Other products | (2) | 22 |
| Net income/(loss) from trading activities and fair value option | (2,563) | (936) |
| of which net income/(loss) from liabilities valued under the fair value option | 5,750 | (2,750) |

¹ Includes trading income/(loss) from related fund investments.

² Includes energy products.

Trading activities at the Bank parent company level are monitored and managed for legal entity-specific treasury, risk management and capital adequacy purposes and are not measured along divisional or individual business lines. The trading activities of the divisions or individual businesses are monitored and managed mainly at the Group level on the basis of US GAAP financial metrics.

6 Personnel expenses

| in | 2022 | 2021 |
|--|--------------|--------------|
| CHF million | | |
| Salaries | 1,454 | 1,480 |
| of which variable compensation expenses ¹ | 123 | 259 |
| Social benefit expenses | 241 | 267 |
| of which pension and other post-retirement expenses | 135 | 155 |
| Other personnel expenses | 161 | 73 |
| Personnel expenses | 1,856 | 1,820 |

¹ Includes current and deferred variable compensation expenses.

7 General and administrative expenses

| in | 2022 | 2021 |
|--|--------------|--------------|
| CHF million | | |
| Occupancy expenses | 139 | 137 |
| Information and communication technology expenses | 105 | 89 |
| Furniture and equipment | 10 | 10 |
| Fees to external audit companies | 49 | 45 |
| of which fees for financial and regulatory audits ¹ | 48 | 44 |
| of which fees for other services | 1 | 1 |
| Other operating expenses ² | 3,889 | 4,042 |
| General and administrative expenses | 4,192 | 4,323 |

¹ Represents total fees for financial statement, regulatory and related audit services paid by legal entity Credit Suisse AG to external audit companies.

² Partially related to operating expenses charged by affiliated companies for services provided to the Bank parent company.

8 Increase/(release) of provisions and other valuation adjustments, losses and extraordinary income and expenses

Increase/(release) of provisions and other valuation adjustments, and losses

| in | 2022 | 2021 |
|---|------------------|------------------|
| CHF million | | |
| Increase/(release) of provisions | 283 ¹ | 114 ² |
| Other losses | 4 | 6 |
| Increase/(release) of provisions and other valuation adjustments, and losses | 287 | 120 |

¹ Primarily related to increases in litigation provisions, partially offset by a net release of provisions for off-balance sheet default risks. In 2022, provisions for off-balance sheet default risks included additional expenses of CHF 37 million related to the prior year. Refer to "Prior period information" in Note 2 – Accounting and valuation principles for further information.

² Primarily related to increases in litigation provisions, partially offset by a net release of provisions for off-balance sheet default risks. In 2021, provisions for off-balance sheet default risks included an expense of CHF 13 million from the adoption of the CECL accounting guidance on January 1, 2021.

Extraordinary income and expenses

| in | 2022 | 2021 |
|--|-------------------|------------------|
| CHF million | | |
| Gains realized from the disposal of participations | 5 | 218 ¹ |
| Gains realized from the disposal of tangible fixed assets ² | 271 | 199 |
| Extraordinary income | 276 | 417 |
| Losses realized from the disposal of participations | (62) ³ | 0 |
| Extraordinary expenses | (62) | 0 |

¹ Included a gain of CHF 166 million related to the partial sales of Allfunds Group and a gain of CHF 51 million related to the sale of Credit Suisse Life & Pensions AG.

² Includes realized gains from the sale of real estate (bank premises).

³ Reflects a realized loss from the sale of the residual stake in Allfunds Group.

9 Taxes

| in | 2022 | 2021 |
|---|------------|--------------|
| CHF million | | |
| Current income tax (expense)/benefit | 241 | (203) |
| Non-income-based tax (expense)/benefit ¹ | (32) | (40) |
| Taxes | 209 | (243) |

¹ Includes capital taxes and other non-income based taxes such as UK bank levy costs.

For the financial years ended December 31, 2022 and 2021, the average tax rate, defined as income tax expense divided by the sum of profit before income tax, was 2% and (2)%, respectively. Income tax expense for the financial years ended December 31, 2022 and 2021 reflected a benefit of CHF 203 million and CHF 82 million, respectively, from the utilization of tax losses carried forward. The calculation is based on statutory tax rates applied to the taxable profit against which tax loss carry forwards were utilized.

10 Assets and liabilities from securities lending and borrowing, repurchase and reverse repurchase agreements

| end of | 2022 | 2021 |
|---|---------------|---------------|
| CHF million | | |
| Carrying value of receivables from cash collateral paid for securities borrowed and reverse repurchase agreements – gross | 59,439 | 94,414 |
| Impact from master netting agreements | (7,059) | (7,374) |
| Carrying value of receivables from cash collateral paid for securities borrowed and reverse repurchase agreements – net | 52,380 | 87,040 |
| Carrying value of liabilities from cash collateral received for securities lent and repurchase agreements – gross | 59,705 | 100,529 |
| Impact from master netting agreements | (7,059) | (7,374) |
| Carrying value of liabilities from cash collateral received for securities lent and repurchase agreements – net | 52,646 | 93,155 |
| Carrying value of securities transferred under securities lending and borrowing and repurchase agreements | 18,878 | 23,726 |
| of which transfers with the right to resell or repledge | 14,214 | 14,191 |
| Fair value of securities received under securities lending and borrowing and reverse repurchase agreements with the right to resell or repledge | 108,093 | 209,775 |
| of which repledged | 72,198 | 164,013 |
| of which resold | 2,977 | 1,991 |

11 Collateral and impaired loans and receivables

Collateralization of loans and receivables

| end of | | | Secured ¹ | Unsecured | Total |
|---------------------------------------|--------------|-------------------------------|----------------------|----------------------|----------------|
| | Mortgages | Other collateral ² | Total | | |
| 2022 (CHF million) | | | | | |
| Due from customers | 220 | 81,366 | 81,586 | 37,991 | 119,577 |
| Residential property | 3,508 | 0 | 3,508 | 13 | 3,521 |
| Offices and commercial property | 1,275 | 0 | 1,275 | 0 | 1,275 |
| Manufacturing and industrial property | 210 | 0 | 210 | 0 | 210 |
| Other | 45 | 0 | 45 | 0 | 45 |
| Mortgage loans | 5,038 | 0 | 5,038 | 13 | 5,051 |
| Gross amount | 5,258 | 81,366 | 86,624 | 38,004 | 124,628 |
| Allowance for credit losses | (6) | (648) | (654) | (1,398) | (2,052) |
| Net amount | 5,252 | 80,718 | 85,970 | 36,606 | 122,576 |
| of which due from customers | 219 | 80,718 | 80,937 | 36,606 | 117,543 |
| of which mortgage loans | 5,033 | 0 | 5,033 | 0 | 5,033 |
| 2021 (CHF million) | | | | | |
| Due from customers | 645 | 87,188 ³ | 87,833 | 67,707 ³ | 155,540 |
| Residential property | 3,677 | 0 | 3,677 | 13 | 3,690 |
| Offices and commercial property | 1,182 | 0 | 1,182 | 0 | 1,182 |
| Manufacturing and industrial property | 151 | 0 | 151 | 0 | 151 |
| Other | 41 | 0 | 41 | 0 | 41 |
| Mortgage loans | 5,051 | 0 | 5,051 | 13 | 5,064 |
| Gross amount | 5,696 | 87,188 | 92,884 | 67,720 | 160,604 |
| Allowance for credit losses | (28) | (604) ³ | (632) | (1,073) ³ | (1,705) |
| Net amount | 5,668 | 86,584 | 92,252 | 66,647 | 158,899 |
| of which due from customers | 643 | 86,584 ³ | 87,227 | 66,647 ³ | 153,874 |
| of which mortgage loans | 5,025 | 0 | 5,025 | 0 | 5,025 |

¹ Includes the market value of collateral up to the amount of the outstanding related loans and receivables. For mortgage loans, the market value of collateral is determined at the time of granting the loan and thereafter regularly reviewed according to the Bank parent company's risk management policies and directives, with maximum review periods determined by property type, market liquidity and market transparency. For impaired mortgage loans, the market value of collateral is determined annually or more frequently by credit risk management within the impairment review process.

² Other collateral includes various types of eligible collateral, e.g., securities, cash deposits, financial receivables related to factoring, certain real assets such as ownership titles in ship and aircraft, inventories and commodities, as well as certain non-tangible securities such as licensing agreements or guarantees.

³ Prior period has been revised. Refer to "Prior period information" in Note 2 – Accounting and valuation principles for further information.

Collateralization of off-balance sheet transactions

| end of | | | Secured ¹ | Unsecured | Total |
|---|------------|------------------|----------------------|---------------------|----------------|
| | Mortgages | Other collateral | Total | | |
| 2022 (CHF million) | | | | | |
| Contingent liabilities | 13 | 5,699 | 5,712 | 7,088 ² | 12,800 |
| Irrevocable commitments | 718 | 44,406 | 45,124 | 38,459 | 83,583 |
| Obligations for calls on shares and additional payments | 0 | 2 | 2 | 0 | 2 |
| Off-balance sheet transactions | 731 | 50,107 | 50,838 | 45,547 | 96,385 |
| 2021 (CHF million) | | | | | |
| Contingent liabilities | 10 | 3,454 | 3,464 | 10,854 ² | 14,318 |
| Irrevocable commitments | 576 | 49,782 | 50,358 | 41,570 | 91,928 |
| Obligations for calls on shares and additional payments | 0 | 8 | 8 | 1 | 9 |
| Off-balance sheet transactions | 586 | 53,244 | 53,830 | 52,425 | 106,255 |

¹ Includes the market value of collateral up to the notional amount of the related off-balance sheet transaction. For mortgage-backed off-balance sheet exposures, the market value of collateral is determined at the time of granting the credit facility and thereafter regularly reviewed according to the Bank parent company's risk management policies and directives, with maximum review periods determined by property type, market liquidity and market transparency. For impaired exposures, the market value of collateral is determined annually or more frequently by credit risk management within the impairment review process.

² A majority of contingent liabilities are related to guarantees issued in favor of Group companies.

Impaired loans and receivables

| end of | Gross amount outstanding | Estimated realizable collateral value ¹ | Net amount outstanding | Specific allowance |
|--------------------------------|--------------------------|--|------------------------|--------------------|
| 2022 (CHF million) | | | | |
| Impaired loans and receivables | 3,709 | 2,213 | 1,496 | 1,661 |
| 2021 (CHF million) | | | | |
| Impaired loans and receivables | 2,984 | 1,697 | 1,287 | 1,299 |

¹ Represents the estimated realizable collateral value up to the related gross amount outstanding.

Changes in impaired loans and receivables

| | 2022 | | | 2021 | | |
|---|--------------------|----------------|--------------|--------------------|----------------|--------------|
| | Due from customers | Mortgage loans | Total | Due from customers | Mortgage loans | Total |
| CHF million | | | | | | |
| Balance at beginning of period | 2,745 | 239 | 2,984 | 2,934 | 228 | 3,162 |
| Change in organization ¹ | – | – | – | (6) | 0 | (6) |
| New impaired balances | 1,649 | 35 | 1,684 | 566 | 64 | 630 |
| Increase of existing impaired balances | 256 | 17 | 273 | 229 | 1 | 230 |
| Reclassifications to non-impaired status | (171) | (16) | (187) | (142) | (1) | (143) |
| Repayments | (642) | (50) | (692) | (472) | (49) | (521) |
| Liquidation of collateral, insurance and guarantee payments | 0 | (4) | (4) | (27) | (2) | (29) |
| Write-offs | (195) | (5) | (200) | (285) | (1) | (286) |
| Sales | (67) | 0 | (67) | (102) | 0 | (102) |
| Foreign exchange translation impact | (68) | (14) | (82) | 50 | (1) | 49 |
| Balance at end of period | 3,507 | 202 | 3,709 | 2,745 | 239 | 2,984 |

Changes in impaired loan and receivable classification during the year are reflected on a gross basis.

¹ Includes impacts such as from mergers, spin-offs and other organizational changes.

→ Refer to "Note 20 – Provisions and allowance for credit losses" and "Note 21 – Expected credit losses and credit quality" for further information.

12 Trading assets and liabilities and other financial instruments held at fair value

Trading assets

| end of | 2022 | 2021 |
|---|---------------|---------------|
| CHF million | | |
| Debt securities, money market instruments and money market transactions | 23,010 | 36,077 |
| of which exchange-traded | 1,518 | 1,859 |
| Equity securities | 2,682 | 2,966 |
| Precious metals and commodities | 380 | 367 |
| Trading assets | 26,072 | 39,410 |
| of which carrying value determined based on a valuation model | 16,955 | 28,382 |
| of which securities eligible for repurchase transactions in accordance with liquidity regulations | 272 | 152 |

Trading liabilities and liabilities from other financial instruments held at fair value

| end of | 2022 | 2021 |
|--|---------------|---------------|
| CHF million | | |
| Debt securities, money market instruments and money market transactions | 2,436 | 2,407 |
| of which exchange-traded | 297 | 206 |
| Equity securities | 421 | 2,379 |
| Trading liabilities | 2,857 | 4,786 |
| Structured products | 43,725 | 50,262 |
| Liabilities from other financial instruments held at fair value | 43,725 | 50,262 |
| Trading liabilities and liabilities from other financial instruments held at fair value | 46,582 | 55,048 |
| of which carrying value determined based on a valuation model | 44,067 | 50,859 |

13 Derivative financial instruments

| end of 2022 | Trading | | | Hedging ¹ | | |
|--|------------------|----------------------------------|----------------------------------|----------------------|----------------------------------|----------------------------------|
| | Notional amount | Positive replacement value (PRV) | Negative replacement value (NRV) | Notional amount | Positive replacement value (PRV) | Negative replacement value (NRV) |
| CHF million | | | | | | |
| Forwards and forward rate agreements | 301,014 | 1,569 | 1,459 | 0 | 0 | 0 |
| Swaps | 1,369,881 | 20,716 | 19,361 | 96,563 | 102 | 1,676 |
| Options bought and sold (OTC) | 266,250 | 2,012 | 1,805 | 0 | 0 | 0 |
| Futures | 12,976 | 0 | 0 | 0 | 0 | 0 |
| Options bought and sold (exchange-traded) | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest rate products | 1,950,121 | 24,297 | 22,625 | 96,563 | 102 | 1,676 |
| Forwards and forward rate agreements | 788,702 | 10,050 | 10,687 | 0 | 0 | 0 |
| Swaps | 97,117 | 2,581 | 3,043 | 0 | 0 | 0 |
| Options bought and sold (OTC) | 152,289 | 1,637 | 1,544 | 0 | 0 | 0 |
| Foreign exchange products | 1,038,108 | 14,268 | 15,274 | 0 | 0 | 0 |
| Forwards and forward rate agreements | 9,158 | 148 | 94 | 0 | 0 | 0 |
| Swaps | 1,464 | 16 | 9 | 0 | 0 | 0 |
| Options bought and sold (OTC) | 9,125 | 143 | 124 | 0 | 0 | 0 |
| Futures | 38 | 0 | 0 | 0 | 0 | 0 |
| Options bought and sold (exchange-traded) | 324 | 0 | 0 | 0 | 0 | 0 |
| Precious metal products | 20,109 | 307 | 227 | 0 | 0 | 0 |
| Forwards and forward rate agreements | 11 | 1 | 0 | 0 | 0 | 0 |
| Swaps | 31,102 | 1,077 | 3,694 | 0 | 0 | 0 |
| Options bought and sold (OTC) | 32,670 | 1,556 | 990 | 0 | 0 | 0 |
| Futures | 251 | 0 | 0 | 0 | 0 | 0 |
| Options bought and sold (exchange-traded) | 9,439 | 842 | 235 | 0 | 0 | 0 |
| Equity/index-related products | 73,473 | 3,476 | 4,919 | 0 | 0 | 0 |
| Credit default swaps | 44,938 | 417 | 531 | 0 | 0 | 0 |
| Total return swaps | 7,048 | 1,216 | 626 | 0 | 0 | 0 |
| Other credit derivatives | 1,736 | 22 | 24 | 0 | 0 | 0 |
| Credit derivatives | 53,722 | 1,655 | 1,181 | 0 | 0 | 0 |
| Swaps | 6,191 | 834 | 118 | 0 | 0 | 0 |
| Options bought and sold (OTC) | 0 | 0 | 0 | 0 | 0 | 0 |
| Other derivative products | 6,191 | 834 | 118 | 0 | 0 | 0 |
| Derivative financial instruments² | 3,141,724 | 44,837 | 44,344 | 96,563 | 102 | 1,676 |
| of which replacement value determined based on a valuation model | – | 42,642 | 42,772 | – | 102 | 1,676 |

¹ Relates to derivative financial instruments that qualify for hedge accounting.

² Before impact of master netting agreements.

Derivative financial instruments (continued)

| end of 2021 | Trading | | | Hedging ¹ | | |
|--|----------------------|----------------------------------|----------------------------------|----------------------|----------------------------------|----------------------------------|
| | Notional amount | Positive replacement value (PRV) | Negative replacement value (NRV) | Notional amount | Positive replacement value (PRV) | Negative replacement value (NRV) |
| CHF million | | | | | | |
| Forwards and forward rate agreements | 704,320 | 684 | 657 | 0 | 0 | 0 |
| Swaps | 1,856,129 | 11,833 | 10,291 | 109,098 | 448 | 240 |
| Options bought and sold (OTC) | 311,386 | 1,211 | 1,438 | 0 | 0 | 0 |
| Futures | 9,983 | 0 | 0 | 0 | 0 | 0 |
| Options bought and sold (exchange-traded) | 17,437 | 1 | 0 | 0 | 0 | 0 |
| Interest rate products | 2,899,255 | 13,729 | 12,386 | 109,098 | 448 | 240 |
| Forwards and forward rate agreements | 1,085,569 | 7,662 | 7,831 | 0 | 0 | 0 |
| Swaps | 99,330 | 1,878 | 2,195 | 0 | 0 | 0 |
| Options bought and sold (OTC) | 214,558 ² | 1,736 ² | 1,545 ² | 0 | 0 | 0 |
| Foreign exchange products | 1,399,457 | 11,276 | 11,571 | 0 | 0 | 0 |
| Forwards and forward rate agreements | 11,924 | 161 | 97 | 0 | 0 | 0 |
| Swaps | 1,669 | 23 | 10 | 0 | 0 | 0 |
| Options bought and sold (OTC) | 11,442 ² | 238 | 77 | 0 | 0 | 0 |
| Futures | 372 | 0 | 0 | 0 | 0 | 0 |
| Options bought and sold (exchange-traded) | 7,944 | 29 | 38 | 0 | 0 | 0 |
| Precious metal products | 33,351 | 451 | 222 | 0 | 0 | 0 |
| Forwards and forward rate agreements | 9 | 0 | 3 | 0 | 0 | 0 |
| Swaps | 87,672 | 2,622 | 2,685 | 0 | 0 | 0 |
| Options bought and sold (OTC) | 32,087 | 1,914 | 1,477 | 0 | 0 | 0 |
| Futures | 754 | 0 | 0 | 0 | 0 | 0 |
| Options bought and sold (exchange-traded) | 12,707 | 378 | 275 | 0 | 0 | 0 |
| Equity/index-related products | 133,229 | 4,914 | 4,440 | 0 | 0 | 0 |
| Credit default swaps | 43,225 | 420 | 669 | 0 | 0 | 0 |
| Total return swaps | 8,877 | 195 | 775 | 0 | 0 | 0 |
| Other credit derivatives | 470 | 67 | 0 | 0 | 0 | 0 |
| Credit derivatives | 52,572 | 682 | 1,444 | 0 | 0 | 0 |
| Swaps | 6,403 | 927 | 118 | 0 | 0 | 0 |
| Options bought and sold (OTC) | 208 | 10 | 10 | 0 | 0 | 0 |
| Other derivative products | 6,611 | 937 | 128 | 0 | 0 | 0 |
| Derivative financial instruments ³ | 4,524,475 | 31,989 | 30,191 | 109,098 | 448 | 240 |
| of which replacement value determined based on a valuation model | – | 30,931 ² | 29,166 ² | – | 448 | 240 |

¹ Relates to derivative financial instruments that qualify for hedge accounting.

² Prior period has been revised. Refer to "Prior period information" in Note 2 – Accounting and valuation principles for further information.

³ Before impact of master netting agreements.

Positive and negative replacement values before and after consideration of master netting agreements

| end of | 2022 | 2021 |
|--|--------|---------------------|
| Before consideration of master netting agreements (CHF million) | | |
| Positive replacement values – trading and hedging | 44,939 | 32,437 ¹ |
| Negative replacement values – trading and hedging | 46,020 | 30,431 ¹ |
| After consideration of master netting agreements | | |
| Positive replacement values – trading and hedging ² | 7,390 | 6,432 |
| Negative replacement values – trading and hedging ² | 4,994 | 5,065 |

¹ Prior period has been revised. Refer to "Prior period information" in Note 2 – Accounting and valuation principles for further information.

² Netting includes counterparty exposure and cash collateral netting.

Net positive replacement values by counterparty type

| end of | 2022 | 2021 |
|--|--------------|--------------|
| CHF million | | |
| Central counterparties | 371 | 799 |
| Banks and securities dealers | 5,269 | 4,325 |
| Other counterparties ¹ | 1,750 | 1,308 |
| Net positive replacement values | 7,390 | 6,432 |

¹ Primarily related to bilateral OTC derivative contracts with clients.

Gains/(losses) on fair value hedges

| in | 2022 | | 2021 | |
|---|------------------------------|------------------|------------------------------|------------------|
| | Interest and discount income | Interest expense | Interest and discount income | Interest expense |
| Interest rate products (CHF million) | | | | |
| Hedged items | (41) | 6,628 | (19) | 1,915 |
| Derivatives designated as hedging instruments | 40 | (6,253) | 18 | (1,833) |

Gains/(losses) on interest rate risk hedges, both from the hedged items and the derivatives designated as hedging instruments, are included in interest and discount income and interest expense for 2022 and 2021. The accrued interest on fair value hedges is recorded in interest and discount income and interest expense, respectively, and is excluded from this table.

Hedged items in fair value hedges

| end of | 2022 | | | | | | 2021 |
|----------------------------------|----------------|----------------------------------|----------------------------------|----------------|----------------------------------|----------------------------------|------|
| | Hedged items | | | Hedged items | | | |
| | Carrying value | Hedging adjustments ¹ | Discontinued hedges ² | Carrying value | Hedging adjustments ¹ | Discontinued hedges ² | |
| Assets (CHF million) | | | | | | | |
| Due from customers | 35 | 0 | 0 | 111 | 1 | 0 | |
| Mortgage loans | 0 | 0 | 3 | 0 | 0 | 4 | |
| Financial investments | 934 | (131) | 0 | 857 | (18) | 0 | |
| Liabilities (CHF million) | | | | | | | |
| Bonds and mortgage-backed bonds | 70,816 | (913) | (4,434) | 64,514 | (52) | 677 | |

¹ Relates to the cumulative amount of fair value hedging adjustments included in the compensation account within other assets or other liabilities.

² Relates to the cumulative amount of fair value hedging adjustments remaining for any hedged items for which hedge accounting has been discontinued which is included in the compensation account within other assets or other liabilities.

Cash flow hedges

| in | 2022 | 2021 |
|---|----------------|-------------|
| Deferred gains and losses on derivative financial instruments related to cash flow hedges (CHF million) ¹ | | |
| Deferred gains/(losses) at beginning of period | (88) | 213 |
| Interest rate products | | |
| Gains/(losses) on derivatives deferred in the compensation account | (395) | (288) |
| Interest and discount income | (966) | (13) |
| (Gains)/losses reclassified from the compensation account into income or expense | (966) | (13) |
| Deferred gains/(losses) at end of period | (1,449) | (88) |

¹ Included in the compensation account within other assets or other liabilities.

As of December 31, 2022, the net loss associated with cash flow hedges expected to be reclassified from other assets and other liabilities to the statement of income within the next 12 months was CHF 486 million.

As of December 31, 2022, the Bank parent company had no cash flow hedges that hedged any exposure to the variability in

future cash flows for forecasted transactions, excluding those forecasted transactions related to the payment of variable interest on existing financial instruments.

→ Refer to "Use of derivative financial instruments and hedge accounting" in Note 3 – Risk management, derivatives and hedging activities for further information.

14 Financial investments

| end of | 2022 | | 2021 | |
|---|----------------|---------------|----------------|---------------|
| | Carrying value | Fair value | Carrying value | Fair value |
| CHF million | | | | |
| Debt securities | 26,870 | 24,361 | 25,538 | 25,683 |
| of which held-to-maturity | 24,030 | 21,521 | 24,466 | 24,611 |
| of which available-for-sale | 2,840 | 2,840 | 1,072 | 1,072 |
| Equity securities | 1,526 | 1,526 | 1,677 | 1,677 |
| of which qualified participations ¹ | 7 | 7 | 7 | 7 |
| Real estate ² | 0 | 0 | 4 | 4 |
| Financial investments | 28,396 | 25,887 | 27,219 | 27,364 |
| of which securities eligible for repurchase transactions in accordance with liquidity regulations | 0 | – | 0 | – |

¹ Includes participations held in financial investments with at least 10% in capital or voting rights.

² Real estate acquired from the lending business (repossessed assets) and classified as held-for-sale is carried at lower of cost and liquidation value.

Debt securities by counterparty rating

| end of | 2022 | 2021 |
|------------------------|---------------|---------------|
| CHF million | | |
| AAA to AA- | 2,971 | 227 |
| A+ to A- | 23,076 | 24,124 |
| BBB+ to BBB- | 106 | 8 |
| BB+ to B- | 27 | 0 |
| No rating | 690 | 1,179 |
| Debt securities | 26,870 | 25,538 |

Ratings are based on external data from Standard & Poor's.

15 Other assets and other liabilities

| end of | 2022 | 2021 |
|---|--------------|--------------|
| CHF million | | |
| Compensation account ¹ | 4,822 | 696 |
| Indirect taxes and duties | 452 | 667 |
| Coupons | 5 | 0 |
| Other ² | 245 | 345 |
| Other assets | 5,524 | 1,708 |
| Indirect taxes and duties | 45 | 22 |
| Accounts payable for goods and services purchased | 20 | 34 |
| Settlement accounts | 125 | 292 |
| Other ³ | 335 | 304 |
| Other liabilities | 525 | 652 |

¹ Includes changes in the book value of assets and liabilities that are not recognized in the statement of income, such as impacts from hedge accounting, impacts from changes in own credit spreads and deferred gains or losses from the sale of debt securities held-to-maturity.

² Includes receivables from settlement accounts, security deposits and guarantee funds, coupons, internal clearing accounts and other miscellaneous assets.

³ Includes payables from internal clearing accounts, accounts payable for goods and services purchased and other miscellaneous liabilities.

16 Assets pledged

| end of | 2022 | | 2021 | |
|---------------------------------|----------------|--------------------|----------------|--------------------|
| | Carrying value | Actual liabilities | Carrying value | Actual liabilities |
| CHF million ¹ | | | | |
| Due from banks | 0 | 0 | 32 | 32 |
| Due from customers | 103 | 103 | 0 | 0 |
| Trading assets | 965 | 883 | 1,276 | 706 |
| Assets pledged | 1,068 | 986 | 1,308 | 738 |

¹ Excludes assets pledged in connection with securities lending and borrowing, repurchase agreements and reverse repurchase agreements.

17 Pension plans

As of December 31, 2022 and 2021, the Bank parent company did not have any liabilities due to own pension plans.

→ Refer to "Note 31 – Pension and other post-retirement benefits" in VIII – Consolidated financial statements – Credit Suisse (Bank) for further information.

Swiss pension plans

The Bank parent company's employees are covered by the pension plan of the "Pensionskasse der Credit Suisse Group (Schweiz)" and "Pensionskasse 2 der Credit Suisse Group (Schweiz)" (the Swiss pension plans). Most of the Group's Swiss subsidiaries and a few companies that have close business and financial ties with the Group participate in both plans. The Swiss pension plans are independent self-insured pension plans set up as trusts and qualify as defined contribution plans (savings plans) under Swiss law.

The Swiss pension plans' annual financial statements are prepared in accordance with Swiss GAAP FER 26 based on the full population of covered employees. Individual annual financial statements for each participating company are not prepared. As multi-employer plans with unrestricted joint liability for all participating companies, the economic interest in the Swiss pension plans' over- or underfunding is allocated to each participating company based on allocation keys determined by the plans.

International pension plans

The Bank parent company's international employees are covered by mandatory and supplementary pension plans in various locations. These are defined benefit and defined contribution plans, which cover benefits such as disability, old age and death, termination and sickness.

Employer contribution reserves

| end of / in | Employer contribution reserves – notional | | Amount subject to waiver | | Employer contribution reserves – net ¹ | | Increase/(Release) of employer contribution reserves included in personnel expenses | |
|---------------------|---|-----------|--------------------------|----------|---|-----------|---|----------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| CHF million | | | | | | | | |
| Swiss pension plans | 27 | 25 | 0 | 0 | 27 | 25 | 0 | 0 |
| Total | 27 | 25 | 0 | 0 | 27 | 25 | 0 | 0 |

¹ In line with Swiss GAAP statutory accounting guidance, contributions to the employer contribution reserves are not recorded in the Bank parent company's statutory balance sheet.

Pension plan economic benefit/(obligation), pension contributions and pension expenses

| end of / in | Over/(Under)-funding | | Economic benefit/(obligation) recorded by Bank parent company | | | Pension contributions | | Pension expenses included in personnel expenses | |
|--|----------------------|------------------|---|----------------|-----------|-----------------------|------------|---|------------|
| | 2022 | 2021 | 2022 | 2021 | Change | 2022 | 2021 | 2022 | 2021 |
| CHF million | | | | | | | | | |
| Swiss pension plan – status overfunded | 834 ¹ | 858 ¹ | – ² | – ² | – | 92 | 107 | 90 | 103 |
| Swiss pension plan – without over-/underfunding | – | – | – | – | – | 42 | 50 | 37 | 46 |
| International pension plans – overfunded | 22 | – | – ² | – | – | 2 | 0 | 2 | 0 |
| International pension plans – underfunded | (5) | (20) | (5) | (20) | 15 | 0 | 2 | (15) | (15) |
| International pension plans – without over-/underfunding | – | – | – | – | – | 21 | 21 | 21 | 21 |
| Total | 851 | 838 | (5) | (20) | 15 | 157 | 180 | 135 | 155 |

1 Represented the Bank parent company's share of 34.75% and 34.59% in the reserve for the fluctuation in asset value of the Swiss pension plan of CHF 2,400 million and CHF 2,480 million as of December 31, 2022 and 2021, respectively.

2 In line with Swiss GAAP statutory accounting guidance, the Bank parent company's economic benefit from its share in the overfunding of pension plans is not recorded in the Bank parent company's statutory balance sheet.

18 Issued structured products

| end of | 2022 | | | 2021 | | |
|---|--|--------------------------------|----------------------------------|--|--------------------------------|----------------------------------|
| | Not bifurcated ¹ | Bifurcated | Total | Not bifurcated ¹ | Bifurcated | Total |
| | Liabilities from other financial instruments held at fair value ² | Value of underlying instrument | Value of derivative ¹ | Liabilities from other financial instruments held at fair value ² | Value of underlying instrument | Value of derivative ¹ |
| Carrying value of issued structured products by underlying risk of the embedded derivative (CHF million) | | | | | | |
| Interest rates | | | | | | |
| Structured products with own debt | 16,728 | 0 | 0 | 16,728 | 14,624 | 0 |
| Structured products without own debt | 373 | 0 | 0 | 373 | 491 | 0 |
| Equity | | | | | | |
| Structured products with own debt | 22,797 | 0 | 0 | 22,797 | 31,655 | 0 |
| Foreign exchange | | | | | | |
| Structured products with own debt | 615 | 0 | 0 | 615 | 628 | 0 |
| Structured products without own debt | 0 | 226 | (1) | 225 | 0 | 731 |
| Commodities / precious metals | | | | | | |
| Structured products with own debt | 358 | 0 | 0 | 358 | 582 | 0 |
| Structured products without own debt | 0 | 58 | (1) | 57 | 0 | 168 |
| Credit | | | | | | |
| Structured products with own debt | 2,841 | 55 | (45) | 2,851 | 2,267 | 91 |
| Other³ | | | | | | |
| Structured products with own debt | 13 | 0 | 0 | 13 | 15 | 0 |
| Total | 43,725 | 339 | (47) | 44,017 | 50,262 | 990 |

1 Carried at fair value.

2 Reflects balance sheet classification.

3 Includes structured products where the underlying risk relates to hedge funds or other products with multiple underlying risks.

19 Unsecured senior debt and structured notes

| end of | 2022 | | | 2021 | | |
|--|--------------------------------|---------------------------------------|---------------|--------------------------------|---------------------------------------|---------------|
| | Original maturity up to 1 year | Original maturity greater than 1 year | Total | Original maturity up to 1 year | Original maturity greater than 1 year | Total |
| CHF million | | | | | | |
| Unsecured senior debt^{1, 2} | 1,142 | 30,589 | 31,731 | 2,218 | 33,158 | 35,376 |
| of which recorded in bonds and mortgage-backed bonds | | | 31,731 | | | 35,376 |
| Unsecured structured notes³ | 4,767 | 38,676 | 43,443 | 8,682 | 41,288 | 49,970 |
| of which recorded in liabilities from other financial instruments held at fair value | | | 43,354 | | | 49,772 |
| of which recorded in bonds and mortgage-backed bonds | | | 89 | | | 198 |

1 Includes guaranteed debt and payables related to fully funded swaps.

2 Excludes senior unsecured debt included in due to banks and customer deposits as well as certificates of deposits and bankers acceptances.

3 For structured notes that include a put option, maturity is determined based on the first date at which a noteholder can request repayment. Structured notes with market triggering features are always reflected in accordance with original maturity.

20 Provisions and allowance for credit losses

Provisions

| | Balance at beginning of period | Utilized for purpose | Reclassifications | Foreign exchange translation differences | Recoveries, interest past due | New charges to income statement | Releases to income statement | Balance at end of period |
|--|--------------------------------|----------------------|-------------------|--|-------------------------------|---------------------------------|------------------------------|--------------------------|
| 2022 (CHF million) | | | | | | | | |
| Provisions for pension benefit obligations | 20 | 0 | – | 0 | – | 0 | (15) | 5 ¹ |
| Provisions for off-balance sheet default risks | 199 | 0 | (4) | 30 | 0 | 26 | (66) | 185 ² |
| of which provisions for probable obligations (Art. 28 par. 1 FINMA-AO) | 23 | 0 | (4) | 24 | 0 | 26 | (22) | 47 |
| of which provisions for expected credit losses | 176 | 0 | 0 | 6 | 0 | 0 | (44) ³ | 138 |
| Provisions for other business risks | 23 | 0 | 0 | 0 | 0 | 1 | (1) | 23 ⁴ |
| Restructuring provisions | 0 | (71) | 0 | 0 | 0 | 102 | 0 | 31 ⁴ |
| Other provisions | 302 | (311) | 3 | 0 | 3 | 492 | (170) | 319 ⁵ |
| Provisions | 544 | (382) | (1) | 30 | 3 | 621 | (252) | 563 |

1 Discounted at rates between 2.30% and 8.30%.

2 Provisions are mainly related to irrevocable loan commitments and guarantees. Partially discounted at rates between 1.00% and 15.00%.

3 Changes in provisions for off-balance sheet default risks on non-impaired financial instruments are reflected as a net charge or a net release. The net release included additional expenses of CHF 37 million related to prior year. Refer to "Prior period information" in Note 2 – Accounting and valuation principles for further information.

4 Provisions are not discounted due to their short-term nature.

5 Included litigation provisions of CHF 298 million and CHF 284 million as of December 31, 2022 and 2021, respectively. Partially discounted at rates between 1.80% and 7.93%.

Allowance for credit losses

| | Balance at beginning of period | Utilized for purpose ¹ | Reclassifications | Foreign exchange translation differences | Recoveries, interest past due ² | New charges to income statement ³ | Releases to income statement ³ | Balance at end of period |
|--|--------------------------------|-----------------------------------|-------------------|--|--|--|---|--------------------------|
| 2022 (CHF million) | | | | | | | | |
| Due from banks | 32 | 0 | 0 | 0 | 0 | 0 | (31) | 1 |
| Due from customers | 1,666 | (193) | 4 | (12) | 146 | 638 | (215) | 2,034 |
| Mortgage loans | 39 | (12) | 0 | 0 | 3 | 0 | (12) | 18 |
| Accrued income and prepaid expenses | 3 | 0 | 0 | 1 | 0 | 2 | (1) | 5 |
| Allowance for credit losses | 1,740 | (205) | 4 | (11) | 149 | 640 | (259) | 2,058 |
| of which allowance for credit losses from impaired receivables | 1,302 | (205) | 4 | (9) | 149 | 639 | (217) | 1,663 |
| of which allowance for expected credit losses | 438 | 0 | 0 | (2) | 0 | 1 | (42) | 395 |

1 Reflects write-offs.

2 Includes increases and releases of allowances for interest on non-accrual loans and receivables.

3 Changes in allowance for expected credit losses on non-impaired financial assets are recorded as a net charge or a net release per balance sheet position.

Write-offs

In the Bank parent company's recovery management function covering the Investment Bank and parts of Wealth Management, once the credit provision is greater than 90% of the loan's notional amount, a position may be written down to its net carrying value in the subsequent quarter if all recovery options are exhausted. In the Bank parent company's recovery management functions for the remaining parts of Wealth Management, write-offs are made based on an individual counterparty assessment. An evaluation is performed on the need for write-offs on impaired loans individually and on an ongoing basis, if it is likely that parts of a loan or the entire loan will not be recoverable. Write-offs of residual loan balances are executed once available debt enforcement procedures are exhausted or, in certain cases, upon a restructuring.

Gross write-offs on loans included in the allowance for credit losses year-on-year movements are reflected in the column "Utilized for purpose". Gross write-offs of CHF 205 million in 2022 compared to gross write-offs of CHF 315 million in 2021. In 2022, gross write-offs were mainly related to the sale of coal mining facilities and to individual positions in the consulting services sector, European mortgages and ship finance. In 2021, gross write-offs mainly resulted from the sale of corporate & institutional loans related to a conglomerate in the Asia Pacific region and a real estate company. Write-offs also included positions in ship finance and corporate lending.

Uncollectible accrued interest receivables are written off by reversing net interest income from interest activities.

21 Expected credit losses and credit quality

This disclosure provides an overview of the Bank parent company's balance sheet positions that include financial assets subject to the CECL accounting guidance. It includes the following main subjects:

- A tabular overview of financial assets subject to the expected credit loss approach and related purchases and sales with counterparties that are not part of Credit Suisse Group;
- A description of the main classes of financial assets subject to the expected credit loss approach, including the main risk characteristics (including the methodology for estimating expected credit losses on non-impaired and impaired financial assets and current-period estimates);
- A description of the methodology for estimating expected credit losses, including disclosures relevant for the Bank

parent company's current-period estimate of expected credit losses;

- Credit quality information (including monitoring of credit quality and internal ratings); and
- Past due financial assets.

As of December 31, 2022, the Bank parent company had no purchased financial assets with more than insignificant credit deterioration since origination.

Financial receivables and debt securities held with entities under common control are not subject to the CECL accounting guidance and related disclosures.

Financial assets subject to the expected credit loss approach

| end of | 2022 | | | | | 2021 |
|--|---------------------------|--|--------------------|-----------------------------------|--|--------------------|
| | Gross amount ¹ | Allowance for credit losses ² | Net carrying value | Amortized cost basis ¹ | Allowance for credit losses ² | Net carrying value |
| CHF million | | | | | | |
| Cash and other liquid assets | 38,566 | 0 | 38,566 | 89,636 | 0 | 89,636 |
| Due from banks | 4,270 ³ | (1) | 4,269 | 5,867 ⁴ | (32) | 5,835 |
| Securities borrowing and reverse repurchase agreements | 35,824 ³ | 0 | 35,824 | 69,242 ⁴ | 0 | 69,242 |
| Due from customers | 95,121 ³ | (2,034) | 93,087 | 105,467 ⁴ | (1,666) | 103,801 |
| Mortgage loans | 5,051 ³ | (18) | 5,033 | 5,064 ⁴ | (39) | 5,025 |
| Financial investments ⁵ | 921 | 0 | 921 | 305 | 0 | 305 |
| Accrued income and prepaid expenses | 845 | (5) | 840 | 754 | (3) | 751 |
| Other assets ⁶ | 3,732 | 0 | 3,732 | 1,213 | 0 | 1,213 |
| Total | 184,330 | (2,058) | 182,272 | 277,548 | (1,740) | 275,808 |

¹ Excludes balances with entities under common control which are not subject to the CECL accounting guidance and related disclosures. Reflects the nominal value except where indicated.

² Includes allowances for credit losses on impaired receivables (specific allowances for credit losses) and allowances for expected credit losses (non-specific allowances for credit losses).

³ Excluded accrued interest before allowance for credit losses in the total amount of CHF 399 million and a related allowance for credit losses of CHF 1 million. These accrued interest balances are reported in the balance sheet in accrued income and prepaid expenses in accordance with Swiss GAAP statutory guidance.

⁴ Excluded accrued interest before allowance for credit losses in the total amount of CHF 254 million and a related allowance for credit losses of CHF 1 million. These accrued interest balances are reported in the balance sheet in accrued income and prepaid expenses in accordance with Swiss GAAP statutory guidance.

⁵ Includes only debt securities held-to-maturity. The gross amount reflects the amortized cost base.

⁶ The gross amount reflects the nominal value or cost base.

In 2022 and 2021, the following purchases and sales of financial assets subject to the CECL accounting guidance were carried out by the Bank parent company and affected the asset base subject to the estimate of the allowances for expected credit losses.

Purchases and sales

| in | 2022 | | 2021 | |
|------------------------------------|-----------|--------------------|------------------|--------------------|
| | Purchases | Sales ¹ | Purchases | Sales ¹ |
| CHF million | | | | |
| Due from customers | 0 | 2,391 | 282 ² | 4,591 |
| Mortgage loans | 0 | 7 | 0 | 180 |
| Financial investments ³ | 971 | 0 | 0 | 0 |

¹ Excludes the sub-participation of loans in syndication-like financings where the Bank parent company is the originator of the loan.

² Includes drawdowns under purchased loan commitments.

³ Includes only debt securities held-to-maturity.

Main classes of financial assets subject to expected credit loss measurement and risk characteristics

Loans

The Bank parent company's loan portfolios, the main class of financial assets subject to the CECL accounting guidance, are reflected in the balance sheet in due from customers, due from banks and mortgage loans. For the US GAAP CECL accounting guidance applied by the Group and its subsidiaries, loans, which include sales-type and direct financing leases, are classified into two broad categories, consumer loans and corporate & institutional loans. Consumer loans include mortgages, loans collateralized by securities and consumer finance. Corporate & institutional loans include real estate loans, commercial and industrial loans, loans to financial institutions and loans to governments and public

institutions. The main risk characteristics of each of these sub-categories and the line items of the Bank parent company's balance sheet, which include these portfolios, are described below:

- Mortgages includes lending instruments secured by residential real estate; such credit exposure is sensitive to the level of interest rates and unemployment as well as real estate valuation. Mortgages are reported in mortgage loans, except for building loans, which are reported in due from customers.
- Loans collateralized by securities primarily includes lending secured by marketable financial collateral (e.g., equities, bonds, investment funds and precious metals); such credit exposure is sensitive to market prices for securities which impact the value of financial collateral. All loans collateralized by securities are reported in due from customers.
- Consumer finance includes lending to private individuals such as personal loans; such credit exposure is sensitive to MEFs, including economic growth, unemployment and interest rates. All consumer finance loans are reported in due from customers.
- Real estate includes lending backed by commercial or income-producing real estate; such credit exposure is sensitive to MEFs, including economic growth, unemployment, interest rates and industrial production as well as real estate valuation. A majority of real estate loans are reported in due from customers, with the remaining balance in mortgage loans.
- Commercial and industrial loans includes lending to corporate clients including small and medium-sized enterprises, large corporates and multinational clients; such credit exposure is sensitive to MEFs, including economic growth, unemployment and industrial production. Most of the commercial and industrial loans are reported in due from customers, with the remaining balance in mortgage loans.
- Financial institutions includes lending to financial institutions such as banks and insurance companies; such credit exposure

is sensitive to MEFs, including economic growth. Most of the loans to financial institutions are reported in due from customers, with the remaining balances in due from banks and mortgage loans.

- Governments and public institutions includes lending to central government and state-owned enterprises; such credit exposure is sensitive to MEFs, including economic growth. All loans to governments and public institutions are reported in due from customers.

As of December 31, 2022, loans collateralized by securities, commercial and industrial loans and loans to financial institutions were the largest sub-categories within the loan portfolio of the Bank parent company.

Financial investments – debt securities held-to-maturity

In 2022, the Bank parent company purchased US Treasury securities amounting to CHF 971 million. As of December 31, 2022, these US Treasury securities held-to-maturity had a carrying value of CHF 921 million and were rated “AAA” based on the Bank parent company’s internal counterparty rating. US Treasury securities have a history of no credit losses and market price movements mainly reflect changes in market interest rates. Based on this history of no credit losses and the Bank parent company’s view of the current and forecasted economic environment, the Bank parent company expects the risk of non-payment for US Treasuries to be zero and does not have an allowance for credit losses for these securities. The credit quality of these securities is monitored on an ongoing basis and the zero-loss expectation is validated on at least a quarterly basis through the Bank parent company’s governance structure involving the Credit Risk and Treasury functions.

As of December 31, 2021, the Bank parent company held a portfolio of debt securities held-to-maturity that represented positions in a commercial paper with a single issuer with original maturities up to three months which are held as collateral in a secured structured credit-linked loan transaction for a client. These commercial papers met the requirement of a cash equivalent under US GAAP, were highly rated and also qualified as high quality liquid assets. As of December 31, 2021, the carrying value of this portfolio of debt securities held-to-maturity was CHF 305 million, with no related allowance for credit losses.

Other classes of financial assets

Other classes of financial assets subject to the CECL accounting guidance, which are not reported as loans or debt securities held-to-maturity described above, include mainly the following balance sheet positions and related risk characteristics:

- Cash and other liquid assets includes primarily cash balances with central banks; such credit exposure is sensitive to the credit rating and profile of the central bank.
- Due from banks includes balances held with banks. In addition to certain loans to financial institutions described further above, due from banks includes primarily nostro accounts as well as settlement accounts and margin accounts with broker

banks; such credit exposure is sensitive to the credit rating and profile of the counterparty bank.

- Due from customers includes balances held with customers. In addition to the non-mortgage loans described further above, due from customers includes primarily settlement accounts and margin accounts with non-bank brokers; such credit exposure is sensitive to the credit rating and profile of the related counterparty.
- Securities borrowing and reverse repurchase agreements includes lending and borrowing of securities against cash or other financial collateral; such credit exposure is sensitive to the credit rating and profile of the counterparty and relative changes in the valuation of securities and financial collateral.

Estimating expected credit losses

The following key elements and processes of estimating expected credit losses apply to the Bank parent company’s major classes of financial assets that are subject to the CECL accounting guidance.

Expected credit losses on non-impaired credit exposures

Expected credit loss models for non-impaired credit exposures have three main inputs: (i) PD, (ii) LGD and (iii) EAD. These parameters are derived from internally developed statistical models which are based on historical data and leverage regulatory models under the advanced internal ratings-based (A-IRB) approach. Expected credit loss models use forward-looking information to derive point-in-time estimates of forward-looking term structures.

PD estimates are based on statistical rating models and tailored to various categories of counterparties and exposures. These statistical rating models are based on internally and externally compiled data comprising both quantitative and qualitative factors. A migration of a counterparty or exposure between rating classes generally leads to a change in the estimate of the associated PD. Lifetime PDs are estimated considering the expected macroeconomic environment and the contractual maturities of exposures, adjusted for estimated prepayment rates where applicable. Internal credit ratings form a significant input to the model derived CECL PDs. For the majority of counterparties, internal credit ratings are determined via statistical rating models, which are developed under the A-IRB approach of the Basel framework. The models are tailored to the specific business of the respective obligor and are intended to reflect the risk of default over a one-year period of each counterparty. The Bank parent company has received approval from its primary regulator to use, and has fully implemented, the A-IRB approach.

LGD estimates the size of the expected loss that may arise on a credit exposure in the event of a default. The Bank parent company estimates LGD based on the history of recovery rates of claims against defaulted counterparties, considering, as appropriate, factors such as differences in product structure, collateral type, seniority of the claim, counterparty industry and recovery

costs of any collateral that is integral to the financial asset. Certain LGD values are also calibrated to reflect the expected macroeconomic environment.

EAD represents the expected amount of credit exposure in the event of a default. It reflects the current drawn exposure with a counterparty and an expectation regarding the future evolution of the credit exposure under the contract or facility, including amortization and prepayments. The EAD of a financial asset is the gross carrying amount at default, which is modeled based on historical data by applying a term structure and considering portfolio-specific factors such as the drawn amount as of the reporting date, the facility limit, amortization schedules, financial collateral and product type. For certain financial assets, the Bank parent company determines EAD by modeling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

Where a relationship to macroeconomic indicators is statistically sound and in line with economic expectations, the parameters are modeled accordingly, incorporating the Bank parent company's forward-looking forecasts and applying regional segmentations where appropriate.

The ability to forecast credit losses over the reasonable and supportable period is based on the ability to forecast economic activity over a reasonable and supportable time window. The Bank parent company's macroeconomic and market variable forecasts for the CECL scenarios cover a five-year time horizon. For periods beyond that reasonable and supportable forecast period, the Bank parent company immediately reverts to average economic environment variables as model input factors. In the downside and upside scenarios, mean reversion to the base case projected paths will commence in year three, with full convergence occurring in years four and five for certain macroeconomic factors.

Alternative qualitative estimation approaches are used for certain products. For lombard loans (including share-backed loans), the PD/LGD approach used does not consider the Bank parent company's forward-looking forecasts as these are not meaningful for the estimate of expected credit losses in light of the short time-frame considered for closing out positions under daily margining arrangements. For international private residential mortgages and securitizations, the Bank parent company applies qualitative approaches where credit specialists follow a structured process and use their expertise and judgment to determine the amounts of expected credit losses.

The Bank parent company measures expected credit losses considering the risk of default over the maximum contractual period (including any borrower's extension options) during which it is exposed to credit risk, even if the Bank parent company considers a longer period for risk management purposes. The maximum contractual period extends to the date at which the Bank parent company has the right to require repayment of an advance or terminate an irrevocable loan commitment or a credit guarantee.

For off-balance sheet credit exposures, methodology, scenarios and MEFs used to estimate the provision for expected credit losses are the same as those used to estimate the allowance for credit losses for financial assets held at amortized cost. For the EAD models, a credit conversion factor or similar methodology is applied to off-balance sheet credit exposures in order to project the additional drawn amount between current utilization and the committed facility amount.

Expected credit losses on impaired credit exposures

Expected credit losses for individually impaired credit exposures are measured by performing an in-depth review and analysis of these exposures, considering factors such as recovery and exit options as well as collateral and the risk profile of the borrower. The individual measurement of expected credit losses for impaired financial assets also considers reasonable and supportable forward-looking information that is relevant to the individual counterparty (idiosyncratic information) and reflective of the macroeconomic environment that the borrower is exposed to, apart from any historical loss information and current conditions. If there are different scenarios relevant for the individual expected credit loss measurement, they are considered on a probability-weighted basis. The related allowance for credit losses is revalued by the recovery management function, at least annually or more frequently, depending on the risk profile of the borrower or credit-relevant events.

For credit-impaired financial assets, the expected credit loss is measured using (i) the present value of estimated future cash flows discounted at the contractual interest rate of the loan, (ii) the fair market value of collateral where the loan is collateral-dependent, (iii) the market price if a loan is traded and/or a market price can be readily determined for a related instrument or (iv) alternative recovery valuation methods such as multiples and liquidation values of assets. The impaired credit exposures and related allowance are revalued to reflect the passage of time.

For all classes of financial assets, the trigger to detect an impaired credit exposure is non-payment of interest, principal amounts or other contractual payment obligations, or when, for example, the Bank parent company may become aware of specific adverse information relating to a counterparty's ability to meet its contractual obligations, despite the current repayment status of its particular credit facility. For credit exposures where repayment is dependent on collateral, a decrease in collateral values can be an additional trigger to detect an impairment.

Restructured loans are considered impaired credit exposures in line with the bank's policies and subject to individual assessment and provisioning for expected credit losses by the recovery management function.

In addition, loans managed on the Swiss platform are reviewed depending on event-driven developments. All corporate and institutional loans are reviewed at least annually based on the borrower's financial statements and any indications of difficulties they may experience. Loans that are not impaired, but which are of

special concern due to changes in covenants, downgrades, negative financial news and other adverse developments, are either transferred to recovery management or included on a watch list. All loans on the watch list are reviewed at least quarterly to determine whether they should be released, remain on the watch list or be moved to recovery management. For loans in recovery management from the Swiss platform, larger positions are reviewed on a quarterly basis for any event-driven changes. Otherwise, these loans are reviewed at least annually. All loans in recovery management on international platforms are reviewed on at least a monthly basis.

Macroeconomic scenarios

The estimation and application of forward-looking information requires quantitative analysis and significant expert judgment. The Bank parent company's estimation of expected credit losses is based on a discounted probability-weighted estimate that considers three future macroeconomic scenarios: a baseline scenario, an upside scenario and a downside scenario. The baseline scenario represents the most likely outcome. The two other scenarios represent more optimistic and more pessimistic outcomes, with the downside scenario being more severe than the upside scenario. The scenarios are probability-weighted according to the Bank parent company's best estimate of their relative likelihood based on historical frequency, an assessment of the current business and credit cycles as well as the macroeconomic factor trends.

The scenario design team within the Group's Enterprise Risk Management (ERM) function determines the macroeconomic factors (MEFs) and market projections that are relevant for the Bank parent company's three scenarios across the overall credit portfolio subject to the CECL accounting guidance. The scenario design team formulates the baseline scenario projections used for the calculation of expected credit losses from the Group's global chief investment office in-house economic research forecasts and, where deemed appropriate, from external sources such as the Bloomberg consensus of economist forecasts (covering the views of other investment banks and external economic consultancies), forecasts from nonpartisan think tanks, major central banks and multilateral institutions, such as the International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development (OECD) and the World Bank. For factors where no in-house or credible external forecasts are available, an internal model is used to calibrate the baseline scenario projections. The downside and upside scenarios are derived from these baseline scenario projections. These three scenario projections are subject to a review and challenge process and any feedback from this process is incorporated into the scenario projections by the ERM scenario design team. The CECL scenario design working group is the governance forum. The working group performs an additional review and challenge and subsequently recommends

approval of the MEFs and related market projections as well as the occurrence probability weights that are allocated to the baseline, downside and upside scenarios. MEFs and related market projections as well as the scenario occurrence probability weights used for the calculation of expected credit losses are approved by the Senior Management Approval Committee.

Current-period estimate of expected credit losses on non-impaired credit exposures

One of the most significant judgments involved in estimating the Bank parent company's allowance for credit losses relates to the macroeconomic forecasts used to estimate credit losses over the forecast period, with modeled credit losses being driven primarily by a set of 34 MEFs. The key MEFs used in each of the macroeconomic scenarios for the calculation of the expected credit losses include, but are not limited to, GDP and industrial production growth rates. These MEFs are used in the portfolio- and region-specific CECL models and have been selected based on statistical criteria and expert judgment to explain expected credit losses. The table "Selected macroeconomic factors" includes the Bank parent company's forecast of selected MEFs for 2023 and 2024, as estimated as of December 31, 2022. The comparative information includes the forecast of MEFs selected and estimated as of December 31, 2021.

As of December 31, 2022, the forecast macroeconomic scenarios were weighted 50% for the baseline, 40% for the downside and 10% for the upside scenario, unchanged compared to the scenario weightings applicable as of December 31, 2021. The MEFs included in the table represent the four-quarter average forecasts for 2023 and 2024 at the end of each reporting period. These MEFs forecasts are recalibrated on a monthly basis and certain CECL models consume data with a time lag or are influenced by statistical base effects from an earlier period. The quarterly series for China real GDP and world industrial production returned to pre-pandemic levels (i.e., the fourth quarter of 2019) in the second and third quarter of 2020, respectively, while the quarterly series for US real GDP returned to pre-pandemic levels in the first quarter of 2021, based on the latest published statistical data available. The macroeconomic and market variable projections incorporate adjustments to reflect the impact of accelerated monetary policy tightening by the world's major central banks in response to high inflation rates, the impact of Russia's invasion of Ukraine on energy and food prices as well as the macroeconomic impact of the property sector slowdown in China. While GDP and industrial production growth rates as well as unemployment rates are significant inputs to the forecast models, a range of other inputs are also incorporated for all three scenarios to provide projections for future economic and market conditions. Given the complex nature of the forecasting process, no single economic variable is viewed in isolation or independently of other inputs.

Selected macroeconomic factors

| | Forecast 2023 | Forecast 2024 |
|--|------------------|------------------|
| end of 2022 | | |
| US real GDP growth rate (%) | | |
| Downside | (1.7) | 0.5 |
| Baseline | 0.9 | 1.5 |
| Upside | 1.2 | 2.0 |
| World industrial production (%) | | |
| Downside | (6.8) | 0.4 |
| Baseline | 1.2 | 1.9 |
| Upside | 3.9 | 3.9 |
| China real GDP growth rate (%) | | |
| Downside | (0.9) | 2.1 |
| Baseline | 4.5 | 4.9 |
| Upside | 6.2 | 5.8 |
| G10 unemployment rate (%) | | |
| Downside | 5.5 | 5.1 |
| Baseline | 4.5 | 4.8 |
| Upside | 4.2 | 4.7 |
| | Forecast 2022 | Forecast 2023 |
| end of 2021 | | |
| Swiss real GDP growth rate (%) | | |
| Downside | (0.4) | 0.3 |
| Baseline | 2.5 | 1.9 |
| Upside | 4.3 | 2.8 |
| Eurozone real GDP growth rate (%) | | |
| Downside | (0.7) | 1.4 |
| Baseline | 3.8 | 2.3 |
| Upside | 4.2 | 2.7 |
| US real GDP growth rate (%) | | |
| Downside | 0.1 | 1.4 |
| Baseline | 3.8 | 1.9 |
| Upside | 4.5 | 2.4 |
| UK real GDP growth rate (%) | | |
| Downside | (0.9) | 1.0 |
| Baseline | 5.0 | 3.3 |
| Upside | 7.8 | 3.9 |
| World industrial production (%) | | |
| Downside | 0.0 | 2.0 |
| Baseline | 3.0 | 3.0 |
| Upside | 4.4 | 3.7 |

Forecasts represent the four-quarter average estimate of the respective macroeconomic factor as determined at the end of each reporting period.

Expected credit losses are not solely derived from MEF projections. Model overlays based on expert judgment are also applied, considering historical loss experience and industry and counterparty reviews, and primarily impacting certain corporate and institutional loans portfolios. Such overlays are designed to address circumstances where in management's judgment the CECL model outputs are overly sensitive to the effect of economic inputs that exhibit significant deviation from their long-term historical averages. Overlays may also be used to capture judgment on the economic uncertainty from global or regional developments with severe impacts on economies. The Bank parent company's non-specific allowance for expected credit losses on balance sheet and off-balance sheet credit exposures as of December 31, 2022 decreased compared to December 31, 2021. Model overlays were recalibrated during the year to take into account updated input elements based on expert judgment which led to a release. Overlays continued to be closely aligned with the macroeconomic forecasts and associated scenario weightings.

Interest income attributable to the passage of time

For financial assets held at amortized cost, for which the Bank parent company measures expected credit losses based on the discounted cash flow methodology, the entire change in present value is reported in the statement of income in (increase)/release of allowance for default risks and losses from interest activities.

Credit quality information

The Bank parent company monitors the credit quality of financial assets held at amortized cost with the application of the Group credit risk management framework, which provides for the consistent evaluation, measurement and management of credit risk across the Bank. Evaluation, measurement and management of credit exposures recorded in the Bank parent company follows the same approach as for the Group and reflects the specific exposure profile of the legal entity. Assessments of credit risk exposures for internal risk estimates and risk-weighted assets are calculated based on PD, LGD and EAD models.

→ Refer to "Expected credit losses on non-impaired credit exposures" for further information on PD, LGD and EAD.

The credit risk management framework incorporates the following core elements:

- Counterparty and transaction assessments: application of internal credit ratings (using PD), assignment of LGD and EAD values in relation to counterparties and transactions;
- Credit limits: establishment of credit limits, including limits based on notional exposure, potential future exposure and stress exposure, subject to approval by delegated authority holders, to serve as primary risk controls on exposures and to prevent undue risk concentrations;
- Credit monitoring, impairments and provisions: processes to support the ongoing monitoring and management of credit exposures, supporting the early identification of deterioration and any subsequent impact; and
- Risk mitigation: active management of risk mitigation provided in relation to credit exposures, including through the use of cash sales, participations, collateral or guarantees or hedging instruments.

In addition to traditional credit exposure measurement, monitoring and management using current and potential future exposure metrics, Credit Risk performs counterparty and portfolio credit risk assessments of the impact of various internal stress test scenarios. Credit Risk assesses the impact to credit risk exposures arising from market movements in accordance with the scenario narrative, which can further support the identification of concentration or tail risks. The scenario suite includes historical scenarios as well as forward-looking scenarios which are used across the Risk function.

Credit Risk evaluates and assesses counterparties and clients to whom the Bank parent company has credit exposures, primarily using internal rating models. Credit Risk uses these models to determine internal credit ratings which are intended to reflect the PD of each counterparty.

For a majority of counterparties and clients, internal ratings are based on internally developed statistical models that have been

backtested against internal experience and validated by a function independent of model development. Findings from backtesting serve as a key input for any future rating model developments. The Bank parent company's internally developed statistical rating models are based on a combination of quantitative factors (e.g., financial fundamentals, such as balance sheet information for corporates and loan-to-value (LTV) ratio and the borrower's income level for mortgage lending, and market data) and qualitative factors (e.g., credit histories from credit reporting bureaus and economic trends).

For the remaining counterparties where statistical rating models are not used, internal credit ratings are assigned on the basis of a structured expert approach using a variety of inputs, such as peer analyses, industry comparisons, external ratings and research as well as the judgment of senior credit officers.

In addition to counterparty ratings, Credit Risk also assesses the risk profile of individual transactions and assigns transaction ratings which reflect specific contractual terms such as seniority, security and collateral.

Internal credit ratings may differ from external credit ratings, where available, and are subject to periodic review depending on exposure type, client segment, collateral or event-driven developments. The Bank parent company's internal ratings are mapped to a PD band associated with each rating which is calibrated to historical default experience using internal data and external data sources. The Bank parent company's internal rating bands are reviewed on an annual basis with reference to extended historical default data and are therefore based on stable long-run averages. Adjustments to PD bands are only made where significant deviations to existing values are detected. The last update was made in 2012 and since then no significant changes to the robust long-run averages have been detected.

The Bank parent company uses internal rating methodologies consistently for the purposes of approval, establishment and monitoring of credit limits and credit portfolio management, credit policy, management reporting, risk-adjusted performance measurement, economic risk capital measurement and allocation and financial accounting.

A credit quality monitoring process is performed to provide for early identification of possible changes in the creditworthiness of clients and includes regular asset and collateral quality reviews, business and financial statement analysis and relevant economic and industry studies. Credit Risk maintains regularly updated watch lists and holds review meetings to re-assess counterparties that could be subject to adverse changes in creditworthiness. The review of the credit quality of clients and counterparties does not depend on the accounting treatment of the asset or commitment.

→ Refer to "Expected credit losses on impaired exposures" for further information on credit monitoring.

Past due financial assets

Generally, a financial asset is deemed past due if the principal and/or interest payment has not been received on its due date.

Past due financial assets

| end of | Current | | | | | Past due | | Total |
|--|---------------|---------------|------------|------------|-------------------|--------------|--|----------------------------|
| | | Up to 30 days | 31-60 days | 61-90 days | More than 90 days | Total | | |
| 2022 (CHF million) ¹ | | | | | | | | |
| Due from banks | 1,013 | 0 | 0 | 0 | 0 | 0 | | 1,013 ² |
| Due from customers | 83,120 | 296 | 2 | 46 | 1,835 | 2,179 | | 85,299 ² |
| Mortgage loans | 4,953 | 0 | 0 | 0 | 98 | 98 | | 5,051 ² |
| Financial investments ³ | 921 | 0 | 0 | 0 | 0 | 0 | | 921 |
| Total | 90,007 | 296 | 2 | 46 | 1,933 | 2,277 | | 92,284 |

2021 (CHF million) ¹

| | | | | | | | | |
|------------------------------------|----------------|------------|------------|-----------|--------------|--------------|--|-----------------------------|
| Due from banks | 1,282 | 0 | 0 | 0 | 0 | 0 | | 1,282 ² |
| Due from customers | 99,014 | 133 | 210 | 45 | 1,664 | 2,052 | | 101,066 ² |
| Mortgage loans | 4,944 | 0 | 27 | 30 | 63 | 120 | | 5,064 ² |
| Financial investments ³ | 305 | 0 | 0 | 0 | 0 | 0 | | 305 |
| Total | 105,545 | 133 | 237 | 75 | 1,727 | 2,172 | | 107,717 |

Excludes balances with entities under common control which are not subject to the CECL accounting guidance and related disclosures. Excludes financing receivables with an original maturity of less than one year which are not subject to disclosure of past due amounts under the CECL accounting guidance.

¹ Reflects gross amounts before allowance for credit losses.

² Excluded accrued interest in the total amount of CHF 395 million and CHF 253 million as of December 31, 2022 and 2021, respectively.

³ Includes only debt securities held-to-maturity.

As of December 31, 2022 and 2021, the Bank parent company did not have any financial assets subject to the CECL accounting guidance that were more than 90 days past due and still accruing interest.

22 Composition of share capital, conversion and reserve capital

| end of | 2022 | | 2021 | |
|--|---------------|-----------------------------------|---------------|-----------------------------------|
| | Quantity | Total nominal value (CHF million) | Quantity | Total nominal value (CHF million) |
| Share capital | | | | |
| Registered shares (at CHF 1 par value per share) | 4,399,680,200 | 4,400 ¹ | 4,399,680,200 | 4,400 ¹ |
| Total share capital | | 4,400 | | 4,400 |
| Conversion and reserve capital | | | | |
| Unlimited conversion capital (at CHF 1 par value per share) ² | unlimited | unlimited | unlimited | unlimited |
| Reserve capital (at CHF 1 par value per share) ³ | 4,399,665,200 | 4,400 | 4,399,665,200 | 4,400 |
| of which used for capital increases | 0 | 0 | 0 | 0 |
| of which reserved for planned capital increases | 0 | 0 | 0 | 0 |

¹ The dividend eligible capital equals the total nominal value. As of December 31, 2022 and 2021, the total nominal value of registered shares was CHF 4,399,680,200 and fully paid.

² For information on principal characteristics of unlimited conversion capital, refer to Article 4d in the Articles of Association of the Bank parent company.

³ For information on principal characteristics of reserve capital, refer to Article 4e in the Articles of Association of the Bank parent company.

Non-distributable reserves

As of December 31, 2022 and 2021, the amount of non-distributable reserves in accordance with the Swiss Code of Obligations and the Bank parent company's articles of association was CHF 2,200 million. Not reflected in this amount are reserves

which the Bank parent company is required to retain in order to meet the regulatory capital requirements as a going concern.

Transactions with shareholders

→ Refer to "Statement of changes in equity" for further information on transactions with shareholders.

23 Significant shareholders and groups of shareholders

| end of | 2022 | | | 2021 | | |
|---|----------------------------|-----------------------------------|-------------------|----------------------------|-----------------------------------|-------------------|
| | Number of shares (million) | Total nominal value (CHF million) | Share-holding (%) | Number of shares (million) | Total nominal value (CHF million) | Share-holding (%) |
| Direct shareholders | | | | | | |
| Credit Suisse Group AG | 4,400 ¹ | 4,400 | 100.00 | 4,400 ¹ | 4,400 | 100.00 |
| Indirect shareholders through Credit Suisse Group AG² | | | | | | |
| Chase Nominees Ltd. ³ | 477 | 477 | 10.83 | 505 | 505 | 11.48 |
| Nortrust Nominees Ltd. ³ | 239 | 239 | 5.43 | 327 | 327 | 7.42 |
| The Bank of New York Mellon ³ | 234 | 234 | 5.31 | 231 | 231 | 5.25 |

¹ All shares with voting rights.

² Pro-forma numbers calculated based on the percentage interest held in Group shares as per the share register of the Group on December 31 of the reporting period. Includes shareholders registered as nominees.

³ Nominee holdings exceeding 2% are registered with a right to vote only if the nominee confirms that no individual shareholder holds more than 0.5% of the outstanding share capital or if the nominee discloses the identity of any beneficial owner holding more than 0.5% of the outstanding capital.

Information received from shareholders of the Group not registered in the share register

In addition to the shareholdings registered in the share register of the Group, the Group has obtained and reported to the SIX Swiss Exchange information from its shareholders in accordance with the notification requirements of the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading. These shareholders may hold their shareholdings in Group shares through a nominee. The following shareholder notifications relate to registered voting rights exceeding 5% of all voting rights, which are subject to disclosure in the notes to the financial statements in accordance with Swiss GAAP statutory. The percentage shareholdings below are presented with two decimal places.

In a disclosure report that the Group published on November 17, 2021, the Group was notified that as of November 12, 2021, Qatar Holding LLC, a wholly-owned subsidiary of Qatar Investment Authority, held 133.2 million shares, or 5.03% of the voting

rights, of the registered Group shares issued as of the date of the notified transaction.

In a disclosure report that the Group published on December 10, 2022, the Group was notified that as of December 9, 2022, the Saudi National Bank held 395.5 million shares, or 9.88% of the voting rights, of the registered Group shares issued as of the date of the notified transaction.

In a disclosure report that the Group published on December 8, 2022, the Group was notified that as of November 29, 2022, Harris Associates L.P.'s holdings of registered Group shares had fallen below the 5% reporting threshold.

Shareholders with a qualified participation

As of December 31, 2022, Credit Suisse Group AG as direct shareholder of Credit Suisse AG is the only shareholder with a qualified participation in accordance with Bank Law.

→ Refer to "Note 25 – Amounts receivable from and amounts payable to related parties" for further information on shareholders with a qualified participation.

24 Shareholdings of the Board of Directors, Executive Board and employees and information on compensation plans

- Refer to "V – Compensation" for a comprehensive disclosure of compensation to the Board of Directors and the Executive Board of Credit Suisse Group AG.
- Refer to "Note 25 – Shareholdings" in VII – Parent company financial statements – Credit Suisse Group for information on shareholdings of the Board of Directors and the Executive Board of the Bank parent company.

In 2022 and 2021, the Bank parent company's total expenses related to deferred compensation plans were CHF 63 million and CHF 129 million, respectively.

For 2022 and 2021, all share-based compensation plans of the Bank parent company were either settled in shares of the Group parent company (Group shares) or in cash on the basis of the fair value of the Group shares.

Share-based awards outstanding

| end of | 2022 | | 2021 | |
|---------------------------------------|---|---------------------------|---|---------------------------|
| | Number of share-based awards outstanding in million | Fair value in CHF million | Number of share-based awards outstanding in million | Fair value in CHF million |
| Share-based awards¹ | | | | |
| Employees | 46.3 | 128 | 37.8 | 336 |
| Share-based awards outstanding | 46.3 | 128 | 37.8 | 336 |

¹ All share-based compensation plans of the Bank parent company are plans based on virtual shares and either settled in shares of the Group or in cash on the basis of the fair value of the Group shares.

All members of the Board of Directors and the Executive Board of the Bank parent company are also members of the Board of Directors and the Executive Board of the Group parent company. Compensation to members of the Executive Board is determined by the Group parent company on the basis of their overall function and responsibilities in the Group and paid by different legal entities of the Group depending on work location, local contracts, laws and regulations. A presentation of deferred share-based compensation awards to members of the Executive Board recorded by the Bank parent company would not appropriately reflect the Executive Board of the Bank parent company, as it would only consider those members for whom compensation is administered by the Bank parent company.

As of December 31, 2022 and 2021, the Bank parent company did not have any option plans with outstanding options.

Compensation plans

In 2022, the Bank parent company granted share awards, performance share awards, strategic delivery plan award and Contingent Capital Awards (CCA) as deferred compensation on February 11, 2022.

Deferred compensation is awarded to employees with total compensation greater than or equal to CHF/USD 250,000 or the local currency equivalent. Employees with total compensation below CHF/USD 250,000 or the local currency equivalent received variable incentive compensation in the form of an immediate cash award. Performance share awards were granted to managing directors and material risk takers and controllers, CCA were granted to managing directors and directors.

Share awards

Share awards granted in February 2022 are similar to those granted in February 2021. Each share award granted entitles the holder of the award to receive one Group share, subject to service conditions. Share awards vest over three years with one third of the share awards vesting on each of the three anniversaries of the grant date (ratable vesting), with the exception of awards granted to individuals classified as material risk takers (MRTs), risk manager material risk takers (MRTs) or senior managers or equivalents under the EU or UK Capital Requirements Directive V-related provisions. Share awards granted to MRTs vest over four years with one quarter of the award vesting on each of the four anniversaries of the grant date. Share awards granted to risk manager MRTs vest over five years with one fifth of the award vesting on each of the five anniversaries of the grant date. Share awards granted to senior managers vest over seven years, with one fifth of the award vesting on each of the third to seventh anniversaries of the grant date. Share awards are expensed over the service period of the awards. The value of the share awards is solely dependent on the Group share price at the time of delivery.

The share awards include other awards, such as blocked shares and special awards, which may be granted to new employees. These awards entitle the holder to receive one Group share and are generally subject to continued employment with the Bank parent company, contain restrictive covenants and cancellation provisions and generally vest between zero and five years.

On February 11, 2022, the Bank parent company granted 4.1 million share awards with a total value of CHF 35 million. The number of share awards granted to employees was generally determined by dividing the deferred component of variable compensation being granted as share awards by the average price of a Group share over the ten consecutive trading days ended February 24, 2022. The fair value of each share award was CHF 8.61, the Group share price on the grant date. The majority of share awards granted include the right to receive dividend equivalents on vested shares.

Performance share awards

Certain employees received a portion of their deferred variable compensation in the form of performance share awards. Performance share awards are similar to share awards, except that the full balance of outstanding performance share awards, including

those awarded in prior years, are subject to performance-based malus provisions.

Outstanding performance share awards are subject to a downward adjustment in the event of a divisional loss by the division in which the employees worked as of December 31, 2022, or a negative return on equity (ROE) of the Group, whichever results in a larger adjustment. For employees in corporate functions and the Asset Resolution Unit, the downward adjustment only applies in the event of a negative ROE of the Group and is not linked to the performance of the divisions. The basis for the ROE calculation may vary from year to year, depending on the Compensation Committee's determination for the year in which the performance shares are granted.

A downward adjustment has been applied to outstanding performance share awards, reflecting the negative RoE of the Group and the divisional loss of the Investment Bank for the year 2022.

On February 11, 2022, the Bank parent company granted 2.4 million performance share awards with a total value of CHF 21 million. The number of performance share awards granted to employees was generally determined by dividing the deferred component of variable compensation being granted as performance share awards by the average price of a Group share over the ten consecutive trading days ended February 24, 2022. The fair value of each performance share award was CHF 8.61, the Group share price on the grant date. The majority of performance share awards granted include the right to receive dividend equivalents on vested shares.

Strategic Delivery Plan

Strategic Delivery Plan (SDP) awards were one-off share-based awards granted in February 2022 to certain employees to incentivize the longer-term delivery of the Group's strategic plan. The SDP awards are subject to service conditions and performance-based metrics over the course of 2022-2024. SDP awards are scheduled to vest on the third anniversary of the grant date, with the exception of awards granted to individuals classified as material risk takers (MRTs), risk manager MRTs or senior managers or equivalents under the EU or UK Capital Requirements Directive V related provisions. SDP awards granted to MRTs vest in equal annual installments over two years, commencing on the third anniversary from the grant date. SDP awards granted to risk manager MRTs vest in equal annual installments over three years, while SDP awards granted to senior managers vest in equal annual installments over five years, both commencing on the third anniversary from the grant date. Prior to settlement, the principal amount of the SDP awards will be written down to zero and forfeited if any of the following triggering events exist at the end of 2023, 2024 or 2025:

- The Group's reported CET1 capital ratio below the FINMA-prescribed minimum + 50 basis points; or
- The Group's reported common equity tier 1 (CET1) leverage ratio falls below 3.7%.

In addition, the Compensation Committee will review and assess the overall success of the delivery of the strategic plan at a Group

level over the three-year period (2022-2024) and may increase the SDP awards up to a maximum of 50% of the initial award amount. Half of the potential uplift would be granted if a pre-determined average Group return on tangible equity threshold is achieved, measured over the key strategic implementation years 2023 and 2024. The other half of the uplift may be awarded based on the Compensation Committee's assessment of risk management and other strategic non-financial achievements.

On February 11, 2022, the Bank parent company granted 16.3 million SDP awards with a total value of CHF 140 million. The number of SDP awards granted to employees was generally determined by dividing the deferred component of variable compensation being granted as SDP awards by the average price of a Group share over the ten consecutive trading days which ended on February 24, 2022. The fair value of each SDP award was CHF 8.61, the Group share price on the grant date.

The majority of SDP awards granted include the right to receive dividend equivalents on vested shares.

Contingent Capital Awards

CCA were granted in February 2022 and 2021 to certain employees as part of the 2021 and 2020 deferred variable compensation and have rights and risks similar to those of certain contingent capital instruments issued by the Group in the market. CCA are scheduled to vest on the third anniversary of the grant date, other than those granted to individuals classified as MRTs, risk manager MRTs or senior managers or equivalents under the EU or UK Capital Requirements Directive V-related provisions. CCA granted to MRTs, risk manager MRTs or senior managers vest on the fifth and seventh anniversaries of the grant date, respectively. CCA will be expensed over the vesting period. CCA generally provide a conditional right to receive semi-annual cash payments of interest equivalents until settled, with rates being dependent upon the vesting period and currency of denomination. CCA granted in 2022 and 2021 that vest four, five or seven years from the date of grant are not eligible for semi-annual cash payments of interest equivalents. CCA granted to certain regulated employees that vest over three years are not eligible for semi-annual cash payments of interest equivalents.

- CCA granted in 2022 and 2021 that are denominated in US dollars and vest three years from the date of grant receive interest equivalents at a rate of 4.18% and 3.60%, respectively, per annum plus the daily compounded (spread exclusive) US dollar Secured Overnight Financing Rate (SOFR); and
- CCA granted in 2022 and 2021 that are denominated in Swiss francs and vest three years from the date of grant receive interest equivalents at a rate of 3.44% and 3.06%, respectively, per annum plus the daily compounded (spread exclusive) Swiss franc Swiss Average Rate Overnight (SARON).

The rates were set in line with market conditions at the time of grant and existing high-trigger and low-trigger contingent capital instruments that the Group has issued.

At settlement, employees will receive either a contingent capital instrument or a cash payment based on the fair value of the CCA. The fair value will be determined by the Group. In the case of a cash settlement, the CCA award will be converted into the local currency of each respective employee.

CCA have loss-absorbing features such that prior to settlement, the principal amount of the CCA would be written down to zero and forfeited if any of the following trigger events were to occur:

- the Group's reported common equity tier 1 (CET1) ratio falls below 7%; or
- FINMA determines that cancellation of the CCA and other similar contingent capital instruments is necessary, or that the Group requires public sector capital support, in either case to prevent it from becoming insolvent or otherwise failing.

On February 11, 2022, the Bank parent company awarded CHF 8 million and USD 7 million of CCA that are expensed over the vesting period from the grant date.

Deferred fixed cash awards

In 2022, the Bank parent company granted CHF 29 million of deferred fixed cash to certain employees. This compensation is expensed over a three-year vesting period from the grant date.

Upfront cash awards

In February 2022, the Bank parent company granted CHF 197 million of upfront cash awards to certain employees as part of the cash component of their 2021 variable compensation. These awards are subject to repayment (clawback) by the employee in the event of voluntary resignation, termination for cause or in connection with other specified events or conditions within three years of the award grant. The amount subject to repayment is reduced in equal monthly instalments during the three-year period following the grant date.

Other cash awards

Other cash awards include special awards, capital opportunity facility awards, voluntary deferred compensation plans, employee investment plans as well as certain share and performance share awards settled in cash.

25 Amounts receivable from and amounts payable to related parties

| end of | 2022 | | 2021 | |
|---|--------------------|-----------------|--------------------|-----------------|
| | Amounts receivable | Amounts payable | Amounts receivable | Amounts payable |
| CHF million | | | | |
| Shareholders with a qualified participation | 1,962 | 66,489 | 1,725 | 55,705 |
| Group companies | 123,796 | 92,066 | 165,179 | 119,732 |
| Affiliated companies | 1,422 | 584 | 1,260 | 476 |
| Members of governing bodies ¹ | 10 | 33 | 23 | 62 |

¹ Includes both the governing bodies of the Bank parent company (Credit Suisse AG) and the governing bodies of the Group holding company (Credit Suisse Group AG). Governing bodies include members of the Board of Directors, the Executive Board and the statutory auditors and companies controlled by members of each of these bodies.

Significant off-balance sheet transactions

As part of the normal course of business, the Bank parent company issues guarantees and loan commitments and enters into other agreements with group companies which are recorded as off-balance sheet transactions by the Bank parent company. As of December 31, 2022 and 2021, the Bank parent company had contingent liabilities of CHF 7,590 million and CHF 9,151 million, respectively, and irrevocable loan commitments of CHF 4,286 million and CHF 6,873 million, respectively, of which substantially all were related to transactions with group companies. As of December 31, 2022 and 2021, the Bank parent company also had liabilities for calls on shares and other equity instruments of CHF 2 million and CHF 6 million, respectively, with a group company.

As shareholder of Credit Suisse International, an unlimited company incorporated in England and Wales, the Bank parent

company has joint and several unlimited obligations to meet any insufficiency in the assets in the event of liquidation.

Additional information on related party transactions

For loans and other banking services, members of the Executive Board, employees and former employees may benefit from preferential terms available to all employees in certain jurisdictions as part of Bank parent company's employee benefit plans. Transactions with related parties are entered into at prevailing market conditions.

→ Refer to "Off-balance sheet transactions" and "CS First Boston" in Note 1 – Company details, business developments and subsequent events – Subsequent events for further information on related party transactions.

→ Refer to "Note 30 – Related parties" in VIII – Consolidated financial statements – Credit Suisse (Bank) for further information on related party transactions and Executive Board and Board of Directors loans.

26 Total assets by country rating

| end of | 2022 | | 2021 | |
|---|--------------------------|---------------|--------------------------|---------------|
| | CHF million ² | % | CHF million ² | % |
| Internal country rating ¹ | | | | |
| AAA | 31,029 | 8.2% | 75,118 | 13.9% |
| AA | 219,333 | 58.0% | 305,345 | 56.7% |
| A | 24,133 | 6.3% | 46,219 | 8.6% |
| BBB | 15,517 | 4.1% | 20,624 | 3.8% |
| Investment grade | 290,012 | 76.6% | 447,306 | 83.0% |
| BB | 7,140 | 1.9% | 8,416 | 1.6% |
| B | 2,083 | 0.6% | 3,961 | 0.7% |
| CCC | 3,188 | 0.8% | 3,048 | 0.6% |
| C | 20 | 0.0% | 0 | 0.0% |
| D | 266 | 0.1% | 157 | 0.0% |
| Non-investment grade | 12,697 | 3.4% | 15,582 | 2.9% |
| No rating ³ | 2,527 | 0.7% | 2,891 | 0.5% |
| Foreign assets | 305,236 | 80.7% | 465,779 | 86.4% |
| Domestic assets | 73,127 | 19.3% | 73,434 | 13.6% |
| Total assets | 378,363 | 100.0% | 539,213 | 100.0% |

¹ Internal ratings are calibrated to the long-term issuer credit ratings of Standard & Poor's for the respective sovereigns. Internal country ratings may differ from Standard & Poor's respective country ratings.

² Balance sheet exposure by country rating of risk domicile.

³ Includes exposures to countries that are not rated internally.

27 Fiduciary transactions

| end of | 2022 | 2021 |
|--|--------------|--------------|
| CHF million | | |
| Fiduciary placements with third-party institutions | 2,754 | 1,834 |
| Fiduciary transactions | 2,754 | 1,834 |

Assets under custody are client assets held mainly for execution-related or safekeeping/custody purposes only and therefore are not considered assets under management since the Bank parent company does not generally provide asset allocation or financial advice.

Assets of corporate clients and public institutions that are used primarily for cash management or transaction executional purposes for which no investment advice is provided are classified as commercial assets or assets under custody and therefore do not qualify as assets under management.

28 Assets under management

Assets under management

Assets under management include assets for which the Bank parent company provides investment advisory or discretionary asset management services, investment fund assets and assets invested in other investment-fund-like pooled investment vehicles managed by the Bank parent company. The classification of assets under management is conditional upon the nature of the services provided by the Bank parent company and the clients' intentions. Assets are individually assessed on the basis of each client's intentions and objectives and the nature of the banking services provided to that client. In order to be classified as assets under management, the Bank parent company must currently or in the foreseeable future expect to provide a service where the involvement of the Bank parent company's banking or investment expertise (e.g., as asset manager or investment advisor) is not purely executional or custodial in nature.

For the purpose of classifying assets under management, clients with multiple accounts are assessed from an overall relationship perspective. Accounts that are clearly separate from the remainder of the client relationship and represent assets held for custody purposes only are not included as assets under management.

The initial classification of the assets may not be permanent as the nature of the client relationship is reassessed on an on-going basis. If changes in client intent or activity warrant reclassification between client asset categories, the required reclassification adjustments are made immediately when the change in intent or activity occurs. Reclassifications between assets under management and assets held for transaction-related or custodial purposes result in corresponding net asset inflows or outflows.

A portion of the Bank parent company's assets under management results from double counting. Double counting arises when assets under management are subject to more than one level of asset management services. Each separate advisory or discretionary service provides additional benefits to the client and

represents additional income for the Bank parent company. Specifically, double counting primarily results from the investment of assets under management in collective investment instruments managed by the Bank parent company. The extent of double counting is disclosed in the following table.

Assets under management

| end of | 2022 | 2021 |
|---|--------------|--------------|
| CHF billion | | |
| Assets in collective investment instruments managed by Credit Suisse AG | 0.1 | 0.2 |
| Assets with discretionary mandates | 90.6 | 108.2 |
| Other assets under management | 274.9 | 396.2 |
| Assets under management | 365.6 | 504.6 |
| of which double counting | 0 | 0 |

Changes in assets under management

| | 2022 | 2021 |
|--|---------------------|--------------------|
| CHF billion | | |
| Balance at beginning of period ¹ | 504.6 | 482.5 |
| Net new assets/(net asset outflows) | (68.2) | 10.6 |
| Market movements, interest, dividends and foreign exchange | (53.6) | 19.2 |
| of which market movements, interest and dividends ² | (52.6) | 8.5 |
| of which foreign exchange | (1.0) | 10.7 |
| Other effects | (17.2) ³ | (7.7) ⁴ |
| Balance at end of period ¹ | 365.6 | 504.6 |

¹ Including double counting.

² Net of commissions and other expenses and net of interest expenses charged.

³ Included mainly structural outflows of CHF 14.6 billion related to sanctions imposed in connection with Russia's invasion of Ukraine and CHF 2.0 billion related to the exit of the Sub-Saharan excluding South Africa market as a result of the Group's strategic review.

⁴ Included mainly structural outflows of CHF 2.7 billion related to the exit of a business and of CHF 2.6 billion related to the liquidation of the supply chain finance funds.

Net new assets

Net new assets measure the degree of success in acquiring assets under management or changes in assets under management through warranted reclassifications. The calculation is based on the direct method, taking into account individual cash payments, security deliveries and cash flows resulting from loan increases or repayments. Interest and dividend income credited to clients and commissions, interest and fees charged for banking services are not taken into account when calculating net new assets, as such charges are not directly related to the Bank parent company's success in acquiring assets under management. Similarly, changes in assets under management due to currency and market volatility as well as asset inflows and outflows due to the acquisition or divestiture of businesses are not part of net new assets.

→ Refer to "Business developments" in Note 1 – Company details, business developments and subsequent events for further information.

Proposed appropriation of accumulated losses and capital distribution

Proposed appropriation of accumulated losses

2022

Accumulated losses (CHF million)

| | |
|---|-----------------|
| Accumulated losses carried forward | (17,870) |
| Net profit/(loss) | (12,565) |
| Accumulated losses to be carried forward | (30,435) |

Proposed appropriation of legal capital reserves

2022

Legal capital reserves – capital contribution reserves (CHF million)

| | |
|---|---------------|
| Balance at end of year | 34,790 |
| Proposed distribution for the financial year 2022 | (200) |
| Proposed transfer of free capital contribution reserves | 7,500 |
| Balance after appropriation | 42,090 |