Credit Suisse (UK) Limited

2022 Pillar 3 Disclosures

Index

Introduction

This document comprises the Pillar 3 disclosures for Credit Suisse (UK) Limited ('CSUK' or 'the Bank') as at 31 December 2022. It should be read in conjunction with CSUK's 2022 Annual Report which can be obtained from Companies House, Crown Way, Cardiff, Wales, CF14 3UZ.

These Pillar 3 disclosures are prepared to meet the regulatory requirements of the Basel Capital Framework as set out in Part Eight of the Regulation 575/2013 ('CRR') as amended by EU Regulation 2019/876 ('CRR2') and implemented by the Prudential Regulatory Authority ('PRA') via the PRA Rulebook. Pillar 3 aims to promote market discipline and transparency through the publication of key information on capital adequacy, risk management and remuneration.

CSUK is authorised by the PRA and regulated both by the Financial Conduct Authority ('FCA') and the PRA. The Legal Entity Identifier ('LEI') code is 549300GUAMON5OX2OO54.

Basis and Frequency of Disclosures

Where disclosures have been withheld, as permitted, on the basis of confidentiality, materiality, or being proprietary in nature, this is indicated. Pillar 3 disclosures are published annually and concurrently with the Annual Report.

The Annual Report is prepared under International Financial Reporting Standards ('IFRS') and accordingly, certain information in the Pillar 3 disclosures may not be directly comparable. A reconciliation of regulatory 'own funds' with CSUK's 2022 Statement of Financial Position is presented in the Capital Management section.

This Pillar 3 document has been verified and approved in line with internal policy. It has not been audited by CSUK's external auditors. However, it includes information that is contained within the audited Financial Statements as reported in the 2022 Annual Report.

Basis of Consolidation

These Pillar 3 disclosures are prepared on a stand-alone basis, as are CSUK's IFRS Financial Statements.

Remuneration Disclosures

The remuneration disclosures required by CRR Article 450 can be found in a separate document ('Pillar 3 – UK Remuneration Disclosures 2022') on the Credit Suisse website at www.credit-suisse.com.

Economic and Regulatory Environment

CSUK is impacted by a range of political, macroeconomic, social, environmental, regulatory and accounting developments. The operating environment continues to evolve rapidly resulting in the need for CSUK to continue evaluating, assessing and adapting its strategy.

Global economic activity has slowed to the extent that the global economy is close to falling into recession. Higher interest rates, disruptions caused by Russia's invasion of Ukraine, and the after effects of the COVID-19 pandemic all weigh heavily on the global economic outlook. These events have led to a squeeze on real incomes which have adversely affected consumer sentiments and business investment around the world. The consequences of these developments have increased the risk of recession within major economies including the UK and European Union ('EU').

Basel 3 Reforms

The PRA published final rules came into force on 1 January 2022. These rules implemented some of the remaining Basel III standards and restate elements of the CRR and related onshored EU level 2 regulations made under the CRR ('CRR2'). During 2022, CSUK implemented the changes to comply with the new requirements, notably the changes to implement the standardised approach for measuring counterparty risk, amendments to the large exposures rules, the new leverage exposure rules and the implementation of the net stable funding ratio.

CRR2 significantly amended the disclosure requirements under Part Eight of the CRR and provided more comprehensive disclosure requirements aimed to ensure enhanced comparability of disclosures. The Pillar 3 disclosures contained herein are prepared in accordance with the scope applicable to a non-listed, other Institution as set out in CRR2 Article 433c and associated PRA guidelines in the PRA Rulebook.

In November 2022, the PRA published consultation paper CP16/22 setting out its proposed rules and expectations that remain to be implemented in the UK. The PRA refers to them as 'the Basel 3.1 standards'. The PRA proposes that the implementation date for the changes resulting from this, other than those affected by transitional provisions, would be 1 January 2025.

Subsequent Events

Merger of Credit Suisse Group AG with UBS Group AG

On 19 March 2023, Credit Suisse Group AG and UBS Group AG entered into an agreement and plan of merger ('the merger'), to be completed at a date yet to be determined. CSUK is a consolidated subsidiary of Credit Suisse Group AG and the outcome of the plan to merge Credit Suisse Group AG and UBS Group AG could result in a decision to change, liquidate or merge the Company with another UBS subsidiary following completion of the merger.

Based on the merger developments discussed above, the following accounting impacts on the financial statements may occur for periods ending after 19 March 2023:

Deferred Tax Asset

As of 31 December 2022, CSUK had a net deferred tax asset of £3.3m. Based on the proposed merger agreement, CSUK believes an impairment loss on this balance sheet position is possible but is not yet estimable at this time.

Intangible Assets

As of 31 December 2022, CSUK had intangible assets of £13.9m. Based on the proposed merger agreement, CSUK believes an impairment loss on this balance sheet position is possible but is not yet estimable at this time.

Share based compensation liability

As of 31 December 2022, CSUK had a share-based compensation liability of £3m. Due to events in 2023 impacting CSG, CSUK has seen significant reduction in this balance sheet position in line with the reduction in the CSG share price in 2023.

Dividend

In January 2023, CSUK paid a dividend of £30m out of the capital contribution reserve.

Risks and Uncertainties

CSUK has established a risk framework designed to manage the full range of risks inherent in its business strategy. Within that framework, two of the most material risks for the Bank are credit risk and operational (or non-financial) risk and they attract the majority of our regulatory capital requirements. The other material risks for CSUK include business risk, capital risk, group risk, market risk, model risk, pension risk reputational risk, sustainability (including climate risk) and treasury and liquidity risk and are described below. The details on risk monitoring metrics are covered in Appendix 2. As part of the Risk Appetite framework, the Bank manages and monitors its risks though specific risk appetites.

RISK AREA	HOW RISKS ARE MANAGED
Business Risk Business risk is the risk of underperforming against financial objectives as a result of revenue shortfalls and/or cost target overruns. Including the risk that financial targets may be missed due to failures to adapt or adverse outcomes of risk-taking business initiatives.	Business risk is identified initially through the financial and capital planning process, where the Chief Financial Officer ('CFO') reviews and challenges the proposed business strategy and articulates the financial consequences of proposed business activities and volumes. As necessary, the bank's senior management identifies overlays to the outcome of financial planning to ensure a prudent result and to reflect the execution risk associated with the Bank's strategy. Business risk is managed by the CEO and the Executive Committee and monitored as part of regular financial reporting to the Audit Committee and Board. Such reporting includes a number of KPIs that measure the quality of earnings (through the presentation of normalised, underlying results and metrics), trends in performance and progress against budget. Certain strategic metrics are also monitored as part of regular reporting to the Risk Committee.
Capital Risk Capital risk is the risk that the bank does not maintain adequate capital to support its activities while exceeding its regulatory requirements and meeting its internal capital goals. Including the risk of the mismatch between available resources and capital demand.	The Credit Suisse group ('CS group') considers a strong and efficient capital position to be a priority. Consistent with this, CSUK closely monitors its capital position on a continuing basis to ensure ongoing stability and support of its business activities. This monitoring takes account of the requirements of the current regulatory regime and any forthcoming changes to the capital framework. Capital risk is measured and monitored through regular capital adequacy reporting produced by the Basel Measurement & Reporting team ('BMR') and provided to management to ensure the drivers of movements in capital adequacy are identified and understood. CSUK Asset and Liabilities Management Capital Allocation and Risk Management Committee ('ALM CARMC') reviews the current capital adequacy position as well as a forecast position to identify any potential adverse movements in the ratio that could require management action. Annually, the Internal Capital Adequacy Assessment Process ('ICAAP') assesses the adequacy of capital in both benign and during a range of plausible, adverse stress scenarios. The ICAAP is used to support business decision-making and informs management of what reasonable management actions may be necessary to restore the capital position, if required, during times of economic stress. Capital risk is managed through two main levers: management of the lending pipeline to reduce credit risk capital requirements; and via capital injection requests to the shareholders to increase capital resources.
Credit Risk Credit Risk refers to potential financial loss as a result of a borrower or counterparty failing to meet its financial obligations or as a result of a deterioration in the credit quality of the borrower or counterparty.	Credit risk arises principally from the Bank's lending business, comprising residential and commercial mortgage products and loans secured against diversified portfolios of securities and lending. The Bank uses a credit risk management framework which provides for the consistent evaluation, measurement, and management of credit risk across the Bank. Credit risk is mitigated by conservative lending criteria, including strict affordability tests, low Loan-to-Value ('LTV') ratios and collateral held as security.

Group Risk The risk that the financial position of a firm may be adversely affected by its relationships (financial or non-financial) with other entities in the same group or by risk which may affect the financial position of the whole group, including reputational contagion. These may manifest themselves as other material risks.	The main sources of Group risk for the Bank are: Capital: CSUK is a 100% owned subsidiary of CS group but is not reliant on group for its capital requirements over the timeframe of its 3 year financial plan. The Board retains full discretion over any repayment of capital back to group. Unsecured Funding: CS group provides funding typically in GBP on short to medium-terms to ensure that CSUK manages its interest rate risk exposure and maintains sufficient liquid assets. Intra-group unsecured funding is managed as part of a group-wide treasury governance framework. A CSUK ALM CARMC convenes on a quarterly basis to assess the ongoing adequacy of financial resources and to ensure that potential funding issues are assessed and escalated appropriately. Reputation: The Bank is branded as a CS legal entity and could be impacted by reputational issues affecting other group legal entities. Reputational issues could cause a decline in the customer base, litigation or revenue reductions. For example, a credit rating downgrade of the parent legal entity could result in a higher cost of funding as depositors could view CSUK as a less favourable bank with which to place deposits and CSUK may be required to pay higher deposit rates to retain deposits to fund its balance sheet. The CS group has a global approach to identify, assess and manage reputational risks. The Group Reputational Risk Committee is where reputational risk matters from a CS group and regional perspective are reviewed and assessed and escalated as required. Infrastructure: CSUK is dependent on a variety of CS group services (Corporate Functions) to carry out its core activities of financial advisory, management services and credit solutions. These include, but are not limited to, IT, HR, Compliance, Finance and Risk. Corporate Functions are governed through appropriate service-level agreements ('SLAs') and have senior accountable executives directly responsible in respect of CSUK. Such functions operate from other legal entities to ensure operational continuity. Failures of the people, processes and systems operating on behalf of CSUK within the Corporate Functions are considered as part of the Operational Risk assessment.
Market Risk Potential financial losses arising from adverse changes in market factors such as equity, commodity, foreign exchange prices, interest rates, credit spreads, volatilities, correlations, cross market risks, basis and spreads risks or other relevant market factors (including concentration and illiquidity) on positions held.	CSUK's exposure to market risk typically arises from the following sources: Structural interest rate and structural FX risk arise primarily from the loan and deposit books (a core value proposition and service offering). CSUK manage this by avoiding carrying material open interest or FX rate positions; FX risk arising from trades undertaken on behalf of clients. CSUK manage this risk by ensure net FX risks are 'flat' or matched currency positions resulting in minimal net daily profit and loss; Exposure to settlement risk arising from trades executed on behalf of clients on a Delivery Versus Payment ('DVP') basis. CSUK's aggregate risk appetite for market risk arising from DVP services is subject to gross notional (oneway) and VaR thresholds, which are quantified in the Risk Appetite and monitored when failed trade levels breach appetite.
Model Risk Model risk is the potential for financial loss, negative reputational impact and/or adverse regulatory action from decisions made based on model outputs that may be incorrect or used inappropriately.	CSUK is supported by the Model Risk Management ('MoRM') function within group CRO who is responsible for reviewing all models used firm-wide (and therefore within CSUK), setting and enforcing model governance standards, performing independent technical validation, measuring and managing the model risk, and reporting on model risk to senior management and supervisors.

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, financial crime risk, regulatory risk, legal risk and conduct risk. Non-financial risk is inherent in most aspects of our business, including the systems and processes that support our activities. It comprises a large number of disparate risks that can manifest in a variety of ways.	Effective management of Non-Financial risk requires a common framework that focuses on the early identification, recording, assessment, monitoring, prevention and mitigation of non-financial risks, as well as timely and meaningful management reporting. The CS Non-Financial Risk Framework ('NFRF') provides a structured approach to managing non-financial risks. It seeks to apply consistent standards and techniques for evaluating risks across the CS group while providing individual businesses with sufficient flexibility to tailor specific components to their own needs. Business areas take responsibility for their non-financial risk management and are supported by non-financial risk teams who are responsible for the implementation of the risk management framework, methodologies and reporting. CS group-wide tools are employed including risk appetite tolerance statements in the main areas of NFR (Rules & Regulations, People, Process, Cyber & Systems, Clients & Markets, Governance and Outsourcing), reporting of 'top' non-financial risks; utilising non-financial risk registers; risk and control indicators; risk and control self-assessments ('RCSAs'); compliance risk assessments ('CRA'), financial crime risk assessments ('FCRA'), analysis of internal non-financial risk incident data; review of external loss data; and non-financial risk scenario development.
Pension Risk Pension obligation risk is the risk to a firm caused by its contractual or other liabilities to or with respect to a pension scheme (whether established for its employees or those of a related company or otherwise). It also means the risk that the firm will make payments or other contribution to or with respect to a pension scheme because of a implicit obligation or because the firm considers that it needs to do so for some other reason.	As part of the CSUK Entities Pension Scheme, Credit Suisse operates a defined benefit pension arrangement. This defined benefit scheme was closed to new members at the start of 2000 and stopped accruing future benefits for existing members as of 31 March 2004. Credit Suisse Securities (Europe) Ltd ('CSSEL') is the Principal Employer for the scheme and recognises the accounting asset and liabilities as part of its balance sheet. However, part of the accrued liability within the scheme relates to staff who worked (or still work) in CSUK. The scheme currently shows both an accounting and a funding surplus. If the scheme were to slip into deficit, however, CSUK would be liable for its share of the deficit. Potential pension risk is assessed using the internal Economic Risk Capital ('ERC') model at the 99.9% confidence interval with the resulting deficit allocated to the relevant legal entities using the Actuary's allocation of liabilities The methodology for calculating the ERC capital requirement for the defined benefit element of the UK pensions schemes is based on two key components: 1) The ERC (at 99.9% confidence level), less 2) The surplus between the value of the assets available to the scheme and the value of the pension liabilities using a technical provisions (funding) basis. The ALM CARMC is responsible for monitoring and managing the pension risks as they arise.
Reputational Risk Reputational risk is the risk arising from negative perception on the part of our stakeholders (clients, counterparties, shareholders, investors, employees, regulators) that can adversely affect our ability to maintain existing, or establish new, business relationships and continued access to sources of funding.	CSUK values its reputation and is committed fully to protecting it through a prudent approach to risk-taking and a responsible approach to its business activities. Reputational risk arising from proposed business transactions and client activity is assessed in the Reputational Risk Review Process ('RRRP'). The Bank'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 RRRP.

Sustainability (Including Climate)	
Potentially adverse impacts on the environment, on people or society, which may be caused by, contributed to or directly linked to financial service providers through the activities of their clients.	CSUK has put in place a framework to manage climate risk: Governance: CSUK's Chief Risk Officer ('CRO') is the Senior Manager responsible for Climate Risk. The Board Risk Committee provide oversight on behalf of the Board for climate-related risks, the PRA's requirements and the Bank's framework to address them. Risk management: Climate-related risks are now included in the Group-wide risk taxonomy. These risks, alongside other environmental and social risks, are considered within the Group-wide Reputational Risk Review process ('RRRP'). Physical risks can arise from climate and weather-related events (e.g., heatwaves, droughts, floods, storms and sea-level rise) and can potentially result in material financial losses, impairing asset values and the creditworthiness of borrowers. CSUK's primary exposure to physical climate risk is through the property collateral for its portfolio of commercial and residential real estate loans. Transitional risks can arise from the process of adjustment towards a low carbon economy through changes in climate policy, technological developments and disruptive business models, and shifting investor and consumer sentiment. CSUK is exposed to climate transition risk through client portfolios on which we charge management and custody fees and, in some cases, against which we issue Lombard loans. CSUK would be able to react swiftly to emerging climate-related risks; mortgage lending is typically on a 5-year basis so decisions to renew loans can be made in the context of latest climate risks. The vast majority of CSUK mortgage properties sit in low or no river flood risk areas, with only a very small proportion in medium risk areas. No properties are located in high river flood risk areas. The risk of flood from surface water is generally higher, but is also more geographically confined and affected by local terrain. Lombard loans secured against companies that are impacted by climate change can be managed by adjusting approved LTVs. As uncommitted facilities they can be withdrawn at relatively short notice. CSUK has set a climate linked risk appetite, leveraging the Group's internal metrics, developed for the Financial Stability Board's "Taskforce on Climate-related Financial Disclosures" ('TCFD') program, and analysis from the Global Climate Risk team. Scenario analysis: CSUK has used both internal tools and those developed by UN Environment Programme Finance Initiative ('UNEP-FI') to assess forward looking flood and surface risk on our portfolio. We have also developed transition risk financial scenarios which assess climate impacts on Lombard lending collateral. Disclosure: In 2018, CS group established a climate change program to address the recommendations of the TCFD. CSUK engages with the TCFD, and other industry initiatives such as the work of the United Nations Environment Program Financial Institutions working group, through the group climate change program but does not need to disclose TCFD metrics until 2023. For more information on CS group approach to climate related financial disclosure, see www.credit-suisse.com/climate.

Treasury and Liquidity Risk The risk that a firm is running large unhedged structural interest rate, FX and other ALM & Treasury Risk positions that impact its earnings and / or capital strength, as well as the firm's ability to efficiently meet both expected and unexpected current and future cash flow and collateral requirements without affecting either daily operations or the financial condition of the firm.	CSUK's Liquidity risk is managed as an integral part of the overall CS group's global liquidity risk management framework, which also includes UK local regulatory compliance requirements. Such compliance requirements are measured as part of the PRA's Individual Liquidity Guidance ('ILG') resulting in requirements for CSUK to hold term-funding and a local liquidity asset buffer of qualifying high quality liquid assets ('HQLA') and cash. Interest rate risk exposures in the non-trading positions (synonymously used to the term "Banking Book") mainly arise from retail banking, and related funding activities, with the majority of interest rate risk managed by Treasury centrally on a portfolio basis within approved limits using appropriate hedging strategies. The risks associated with the non-trading interest rate-sensitive portfolios are measured using a range of tools, including the following key metrics: Interest rate sensitivity ('DV01') and Economic value scenario analysis. CSUK manages mismatch between current loans and deposits through maintaining a low level of interest rate mismatches. In cases where the mismatch is larger, it is offset through intercompany repurchase agreement transactions with Credit Suisse International ('CSi').

Risk Drivers

CSUK is closely monitoring the following key risks and global economic developments and the potential effects on our operations and business.

Liquidity risk

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 stabilised to much lower levels. These outflows led the bank to partially utilise liquidity buffers at the CS group and legal entity level. The regulatory Pillar 1 requirements under the LCR and the NSFR were maintained at all times for CSUK. Remediation plans were prepared, initiated and implemented by CS group to mitigate these outflows, including accessing the public and private markets. The execution of these actions and other deleveraging measures, including but not limited to in the noncore businesses, was also expected to strengthen liquidity ratios and, over time, reduce funding requirements. CSUK was able to rely on intra-group funding to support the legal entity as it experienced outflows from its clients.

However, in March 2023, confidence in CS group had not been restored and deposit outflows resumed at unsustainable levels, leading CSG and UBS to enter into a merger agreement. The SNB also provided a liquidity facility to CS group, which improved CSUK's liquidity position to levels comfortably above all regulatory limits, in excess to those prior to the start of the Q4 2022 stress. CSUK continues to monitor the situation closely and perform regular stress tests under various scenarios covering idiosyncratic and market stresses to monitor and manage the liquidity risk profile.

People Risk

The Bank's employees are one of its most important resources. The risk that employees will decide to leave has become particularly elevated as a result of the planned merger with UBS and management is currently focussed on mitigating and managing this risk as part of its merger integration preparations.

Inflation concerns and recession risk

In the major economies annual inflation rates stayed far above central bank target levels for most of 2022 but started to decrease at the end of 2022. In early 2023, energy prices eased and the improved functioning of supply chains reduced the upward pressure on prices of goods. However, price pressures have transitioned to the services sector while low unemployment rates have pushed wages up. The Federal Reserve ('The Fed') and other major central banks have slowed the pace of monetary policy tightening in late 2022 and early 2023, but central banks have continued to stress that policy interest rates may be further increased. Further significant increases in interest rates carry the risk of triggering a recession. CSUK's clients are relatively immune to recessionary conditions given their asset and wealth profile but CSUK continues to monitor the business for potential impacts.

Russia's invasion of Ukraine

In response to Russia's invasion of Ukraine in late February 2022, the US, EU, UK, Switzerland and other countries across the world imposed severe sanctions against Russia's financial system and on Russian government officials and Russian business leaders. Sanctions imposed since February 2022 included cutting access of certain Russian banks to the SWIFT financial messaging service, freezing foreign exchange reserves and placing restrictions on transactions with the Russian central bank, prohibitions on new investments in Russia, sanctions on Russian financial institutions, sanctions on major state-owned enterprises, sanctions on certain Russian government officials and their family members, sanctions on business elites, capital markets-related restrictions, deposit-related limitations, implementation of a cap on the price of Russian crude oil and petroleum products, and prohibition on the provision of certain professional services to Russia. The Russian government has also imposed certain countermeasures, which include restrictions relating to foreign currency accounts and financial securities transactions. These measures followed earlier sanctions that had already been imposed by the US, EU and UK in 2021 in response to alleged Russian activities related to Syria, Cybersecurity, electoral interference and other matters, including the prohibition of US banks from participating in the primary market for any Russian sovereign bonds or any lending to the Russian sovereign, as well as other restrictions imposed following Russia's annexation of Crimea in 2014 relating to new debt or equity of certain Russian banks and energy companies. CSUK are continuously assessing the impact of sanctions already imposed, Russian government countermeasures and potential future escalations, on our exposures and client relationships but up to now the impact on CSUK has not been material.

Cyber risk

The financial industry continues to be increasingly reliant on technology, faces dynamic cyber threats from a variety of actors and new technology vulnerabilities are being discovered. Credit Suisse continues to invest in its information and cybersecurity programs in order to strengthen its ability to anticipate, detect, defend against and recover from cyber attacks. CSUK regularly assesses the effectiveness of its key controls and conduct ongoing employee training and awareness activities, including for key management personnel, in order to seek to strengthen resilience of our systems and promote a strong cyber risk culture.

Climate change

The relevance of climate-related risks, both transitional risks and physical risks, continues to grow. Credit Suisse has continued to expand its Group-wide climate approach, which is anchored in its overarching sustainability strategy, and has made significant progress in analysing and integrating climate-related considerations into its risk management approach. Among our key initiatives, frameworks have been enhanced to address evolving regulatory initiatives at both group and legal entity level, including the expansion of our quantitative analysis and review of our risk appetite. As CS Group aim to contribute our part to limit the impacts of climate-related transitional and physical risks, CSUK continues to undertake efforts to address climate change and build a climate-resilient business model, with our climate efforts being centered around our ambition to reach net zero emissions by 2050 in line with a 1.5°C trajectory across its financing activities as well as its own operations and supply chain. CS Group also committed to developing interim science-based 2030 goals for key sectors and to defining the corresponding transition strategies that are required to enable achievement of these goals. CSUK will align its strategy to support CS Group in meeting these targets where appropriate.

Risk Management

Overview

The Bank's risk management framework is based on transparency, management accountability and independent oversight. Risk management plays an important role in the Bank's business planning process and is strongly supported by senior management and the Board. The primary objective of risk management is to protect the Bank's financial strength and reputation and the interests of clients, stakeholders and employees, while ensuring that capital and liquidity are well deployed to support business activities in a regulatory compliant manner and grow shareholder value.

The overall risk management arrangements are deemed appropriate by the Board given the size and complexity of CSUK.

Governance Arrangements

Board of Directors

The Board of Directors is responsible for reviewing the effectiveness of CSUK's risk management and systems of financial and internal control. These are designed to manage rather than eliminate the risks of not achieving business objectives, and, as such, offer reasonable but not absolute assurance against fraud, material misstatement and loss. The Board of Directors considers that adequate systems and controls are in place with regard to CSUK's risk profile and strategy and an appropriate array of assurance mechanisms, properly resourced and skilled, is in place to avoid or minimise loss.

The Board is also responsible for ensuring the business is managed within the agreed Risk Appetite, which is formally reviewed and approved at least once a year by the Board. Key risks are also formally reviewed and assessed on a quarterly basis by the Board Risk Committee and the Board as required. In addition, key business risks are identified, evaluated and managed by executive management on an ongoing basis by means of policies and processes such as credit and market risk limits and other non-financial risk metrics, including authorisation limits, and segregation of duties. The Board receives regular reports on any risk matters that need to be brought to its attention. Significant risks identified in connection with the development of new activities are subject to consideration by the Board. There are well-established business planning procedures in place and reports are presented regularly to the Board detailing the performance of CSUK, variances against budget, prior year and other performance data.

Recruitment to CSUK's Board of Directors is governed by a nominations policy that is applied consistently to all subsidiaries within CS group. At a local level, this policy is implemented by a Nominations Committee which evaluate the balance of skills, knowledge and experience of the Board of Directors by reference to the requirements of the Bank, and similarly to consider the skills, knowledge and experience of individual candidates for appointment to the Board. As the Bank is an Equal Opportunities Employer, recruitment at all levels is based on consideration of a diverse range of candidates without discrimination or targets on the basis of any protected category. In addition, the Board has adopted a Diversity Policy, setting out the approach to diversity, including consideration of differences in skills, regional and industry experience, background, race, gender and other distinctions between Directors. The Board in 2022 exceeded its target of at least 25 per cent female representation on the Board and will continue to monitor the composition in 2023 through periodic reviews of structure, size and performance of the Board. Details of the number of directorships held by Board Members are shown in Appendix 3.

The Board supports the Whistleblowing Champion to review and assess the integrity, independence, effectiveness and autonomy of the Bank's policies and procedures on whistleblowing.

Risk Governance

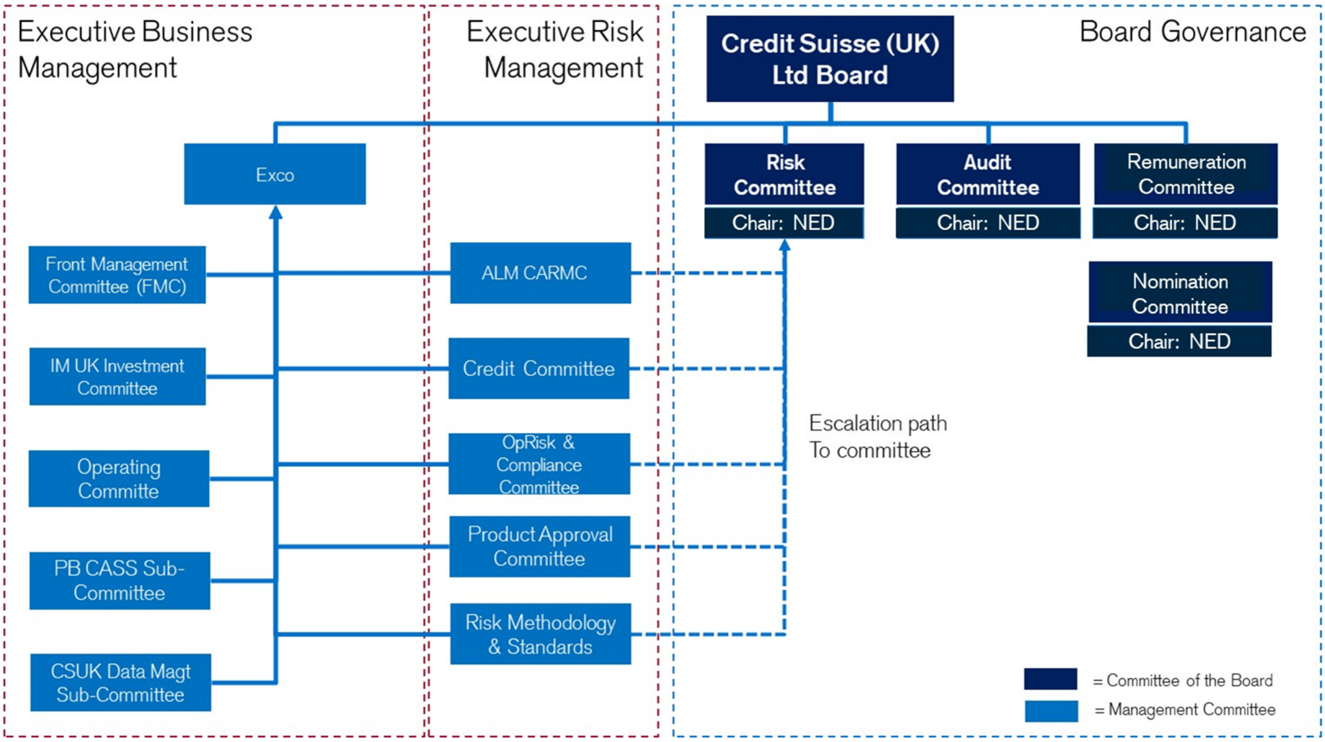
Effective risk governance sets a solid foundation for comprehensive risk management discipline. The Bank's risk governance framework is based on a “three lines of defence” governance model, where each line has a specific role with defined responsibilities and works in close collaboration to identify, assess and mitigate risks.

- The first line of defence is the front office and business units, who are responsible for pursuing suitable business opportunities within the strategic risk objectives and compliance requirements of CSUK. Its primary responsibilities are to ensure compliance with relevant legal and regulatory requirements, to maintain effective internal controls and to manage risk within the agreed risk appetites. First Line of Defence Support (‘FLDS’) reports to the CSUK

Chief Operating Officer ('COO'). Its objectives are to ensure that existing and emerging risks in CSUK's business are identified and that controls are established to effectively mitigate and manage these risks.

- The second line of defence includes functions such as Risk, Compliance and Financial Crime Compliance ('FCC'). It articulates standards and expectations for the effective management of risk and controls, including advising on applicable legal and regulatory requirements and publishing related policies, and monitoring and assessing compliance with regulatory and internal standards. The second line of defence is separate from the front office and its independent control functions are also responsible for reviewing, measuring and challenging front office activities and producing independent assessments and risk management reporting for senior management and regulatory authorities.
- The third line of defence is internal audit, which monitors the effectiveness of controls across various functions and operations, including risk management, compliance and governance practices.

The Board of Directors is responsible for the overall risk management framework and is advised by the CSUK RC, which is chaired by a non-Executive Director. The CSUK governance and management structure is outlined in the following chart:



The roles of the key CSUK's committees are outlined below.

Board Committees Overview

Certain responsibilities are delegated to Board Committees, which assist the Board in carrying out its functions and ensure that there is independent oversight of internal control and risk management. Each Board Committee has a Terms of Reference, recording the scope of delegated authority and the committee's responsibilities. The Chair of each Board Committee reports to the Board on the matters discussed at Committee meetings.

- The Risk Committee assists the Board in fulfilling the Board's oversight responsibilities as defined by applicable law, articles of association and internal regulations by ensuring that proper standards for risk oversight and management are established; defining and implementing a risk appetite framework covering, inter alia, credit, operational and market risks and making recommendations to the Board of Directors on risk appetite; reviewing, and recommending to the Board for approval, the Risk Appetite Statement (including specific risk thresholds for each risk metric, monitoring and escalation process / authority), reviewing the ICAAP and ILAAP, establishing risk thresholds for individual businesses within authorities delegated by the Board of Directors, and reviewing the risk portfolio, recommend and approve risk thresholds and other appropriate controls to monitor and manage the risk portfolio for the Bank.

- The Audit Committee assists the Board in fulfilling the Board's oversight responsibilities defined by applicable law, articles of association and internal regulations by monitoring the integrity, adequacy and effectiveness of the financial reporting process; the internal audit process; internal controls, accounting developments processes and risk management systems; tax processes and controls; regulatory reporting; and recovery and resolution plans. The Audit Committee is responsible for contributing to the group process of the selection and recommendation of the appointment of the External Auditors, including monitoring their qualifications, independence, performance and the suitability of the provision (if any) of non-audit services to the Bank. The Audit Committee also reviews and assesses the independence, integrity, adequacy of resourcing and performance, of CSUK Internal Audit. The Audit Committee is authorised to have direct access to, and receives regular reports from CFO, the External and Internal Auditors, Client Assets Sourcebook ('CASS'), Tax, General Counsel Litigation as well as CSUK's management and employees.
- The Advisory Remuneration Committee advises and makes recommendations to the Group Compensation Committee on matters relating to remuneration for employees of CSUK including members of the CSUK Executive Committee (‘CSUK ExCo’), senior officers in Risk and Compliance and other Code Staff, as well as on the compliance of the Group Compensation Policy with all relevant UK compensation regulations.
- The Nominations Committee is responsible for the identification and recommendation for approval, by CSG, candidates to fill vacancies on the Board of CSUK, making recommendations to the Board concerning the role of Chair and membership of the Board Committees, in consultation with the Chairs of those committees, and leading a Board evaluation process.

Executive Risk Management Committees Overview

Management Committees support the Chief Executive Officer (‘CEO’) and Executive Directors in the implementation of strategy as set by the Board. The principal Management Committee is the CSUK Executive Committee (‘CSUK ExCo’), chaired by the CEO of CSUK, and is ultimately responsible for the management of the CSUK business and the execution of the strategy set by the Board. As a decision making forum, it may receive proposals escalated from other executive committees or from business unit managers.

- Credit Committee: The Credit Committee is chaired by the CRO and members consist of senior management. It meets to discuss issues and risks relating to the credit exposures arising from the Bank’s business activities. The Committee is responsible for approving, monitoring and controlling all credit exposures of CSUK and managing the risks associated with the loan portfolio, including reviewing, and monitoring adherence to, CSUK’s Credit Policies and Credit Risk Appetite Framework.
- ALM Capital Allocation and Risk Management Committee (‘ALM CARMC’): The CSUK ALM CARMC is chaired by the CSUK Chief Financial Officer (‘CFO’). It is responsible for the management of Asset and Liability Management (‘ALM’) risks, including: the CSUK capital and liquidity position vs. internal and external limits; current, future and stressed liquidity and capital positions of CSUK; and, the impact of current and future regulatory changes on the capital and liquidity position. ALM CARMC advises the CSUK Board RC in respect of capital and liquidity stress testing, capital and liquidity buffers and the setting of risk thresholds, and has oversight of the ICAAP and ILAAP processes. In addition, the CSUK Funding Execution Committee is formed on activation of the CSUK crisis management plans and is responsible for ensuring that the CSUK adopts an appropriate response to significant liquidity and funding issues impacting the UK entities during periods of stress.
- Operational Risk and Compliance Committee: Co-chaired by the CRO and the Chief Compliance Officer ('CCO') is responsible for maintaining sound and robust operational risk management across CSUK by acting as a central business governance committee to discuss, understand, measure, and access key operational and compliance risks to the Bank.
- Product Approval Committee (‘PAC’): Chaired by the Head of A&S UK, is responsible for the review and approval of relevant products and services (including service propositions) that are developed, offered for sale and/or made available by the Bank to clients or prospective clients. In addition, the PAC is responsible for monitoring compliance with all relevant market requirements.
- Risk Methodology Standard Committee (‘RMSC’): The purpose of RMSC, chaired by the CRO, is to review and approve stress testing model design, scenarios, methodology and results as per the entity’s stress testing model. The committee also reviews independent model validations for CSUK stress testing.

Risk Culture

The Bank bases its business operations on conscious and disciplined risk-taking. We believe that independent risk management, compliance and audit processes with proper management accountability are critical to the interests and concerns of our stakeholders. Our risk culture is supported by the following principles:

- We establish a clear risk appetite that sets out the types and levels of risk we are prepared to take;
- Our risk management and compliance policies set out authorities and regulatory responsibilities for taking and managing risks;
- We actively monitor risks and take mitigating actions where they fall outside accepted levels;
- Breaches of risk limits are identified, analysed and escalated, and large, repeated or unauthorized exceptions may lead to terminations, adverse adjustments to compensation or other disciplinary action; and
- We seek to establish resilient risk constraints that promote multiple perspectives on risk and reduce the reliance on single risk measures.

The Bank actively promotes a strong risk culture where employees are encouraged to take accountability for identifying and escalating risks and for challenging inappropriate actions. The businesses are held accountable for managing all of the risks they generate, including those relating to employee behaviour and conduct, in line with our risk appetite. Expectations on risk culture are regularly communicated by senior management, reinforced through policies and training, and considered in the performance assessment and compensation processes and, with respect to employee conduct, assessed by formal disciplinary review committees.

The Bank seeks to promote responsible behaviour through the Group's Code of Conduct, which provides a clear statement on the conduct standards and ethical values that we expect of our employees and members of the Board, so that we maintain and strengthen our reputation for integrity, fair dealing and measured risk-taking. In addition, our six conduct and ethics standards are a key part of our effort to embed our core ethical values into our business strategy and the fabric of our organisation.

The conduct and ethics standards are designed to encourage employees to act with responsibility, respect, honesty and compliance to secure the trust of our stakeholders. Initiatives in this area have provided employees with practical guidance on careful and considered behaviour and the importance of acting ethically and learning from mistakes and promoting positive culture. Our employee performance assessment and compensation processes are linked to the conduct and ethics standards and the Group's Code of Conduct.

Risk Management Framework

Risks arise in all of CSUK's business activities and cannot be completely eliminated, but they are monitored and managed through its limits, policies and internal control environment to the Bank's agreed risk appetite. CSUK's risk management organisation is aligned to the specific nature of the various risks to ensure that risks are taken within risk appetite and set in a transparent and timely manner.

Risk Appetite

CSUK's risk appetite establishes a direct link between its strategy and performance management, its risk management and its capital structure. This approach ensures that CSUK incorporates risk factors in decision making, so that actions are compatible with an agreed appetite for risk.

- Risk thresholds are identified for all key risks identified by the risk management process. This will determine the specific maximum or residual risk, as appropriate, that CSUK is willing to accept for each risk category;
- Risk thresholds may be established to monitor the actual risk against limits or guidelines, with any breaches triggering appropriate review and corrective actions, if required.

Within the bounds of the overall risk appetite of CSUK, as defined by the limits set by the Board, the CSUK Risk Committee ('RC') and CRO are responsible for setting specific risk thresholds deemed necessary to manage the concentration of risk within individual lines of business and across counterparties.

CSUK defines its appetite for risk through its risk appetite process. Risk constraints are established by key risk category and reported to the CSUK RC and to the Board of Directors. These risk categories are constantly reviewed as part of CSUK's ongoing risk assessment process.

Key risk categories, their mitigation and associated metrics are discussed further in Appendix 2, with additional disclosures on CSUK's risk management framework detailed in its 2022 Annual Report.

Risk Organisation

The prudent taking of risk in line with the Bank's strategic priorities is fundamental to its business as part of a leading global banking group. To meet the challenges in a fast changing industry with new market players and innovative and complex products, the Bank seeks to continuously strengthen the risk function, which is independent of but closely interacts with the businesses.

Risk Functions

The Bank's second line of defence is led by the CRO and the Chief Compliance Officer ('CCO'), who report to the Bank's CEO and, respectively, to CS Group Wealth Management Chief Risk Officer ('WM CRO') and Chief Compliance Officer ('WM CCO') management.

The CCO is responsible for monitoring and setting risk appetite for conduct risk and regulatory risk. In addition the CCO has responsibility for financial crime risk via the Money Laundering Reporting Officer ('MLRO'). The CRO is responsible for overseeing the Bank's risk profile across all other risk types. In combination, the CRO and CCO are responsible for providing oversight and establishing a framework and policies to monitor and manage all risk matters.

<u>Chief Risk Officer</u>

To manage the material risks, the CRO function comprises of:

- <u>Credit Risk Management</u> is responsible for approving credit limits, monitoring, and managing individual exposures, and assessing and managing the quality of credit portfolios;
- <u>Market Risk Management</u> is responsible for managing FX and interest rate exposures to specific risk thresholds;
- <u>Non-Financial Risk Management</u> ('NFRM') is responsible for the identification, assessment and monitoring of operational risks relating to systems, people and processes and external events;
- <u>Reputational Risk Management</u> is key to identifying both internal and external incidents which may result in damage to the Bank's reputation; and
- <u>Treasury & Liquidity Risk Management</u> is responsible for assessing and monitoring the non-traded market and liquidity risk profiles of the Bank and recommending corrective action, where necessary.

These areas form part of a matrix management structure with reporting lines into both the CRO and the relevant CS Group Risk Head.

Furthermore, an Enterprise Risk Management ('ERM') function is responsible for covering cross-business and cross-functional approaches towards identifying and measuring risks as well as defining and managing risk appetite levels. The ERM function is also responsible for coverage of material risks without a dedicated risk management function such as Business Risk, Capital Risk, Model Risk and Sustainability (incl Climate Risk) .

The CRO, on behalf of the Board, is responsible for providing risk management oversight and establishing an organisational basis to manage all risk management matters through its primary risk functions. In addition, the Bank's CRO Function leverages support from central Group Risk functions to assist with the management of model risk (relating primarily to the use of models in the ICAAP, ILAAP and the estimation of Expected Credit Loss), cyber and technology risk.

<u>Chief Compliance Officer</u>

The Bank's Compliance function, headed by the CSUK Chief CCO, is responsible for providing compliance advice, monitoring and support in respect of all activities of CSUK and for providing effective and robust challenge as it assists senior management in effectively managing compliance and conduct risks. It advises on Compliance rules and regulations, including informing management and employees of relevant developments to enable them to comply with their regulatory obligations.

The CSUK Compliance function fulfills its responsibilities by establishing relevant policies and procedures, delivering training and education programmes, providing day to day compliance advice, overseeing the implementation of monitoring, surveillance and testing programmes, and escalating potential compliance and/or control issues to the CSUK Executive Committee and the CSUK Board Risk Committee. The Compliance coverage team provides advice and support to senior management in managing and mitigating compliance related risks faced by CSUK.

Compliance responsibility encompasses, amongst other items, the following:

- Conduct matters including: i) investor protection (suitability and appropriateness); ii) markets rules (i.e. Market Abuse, Inside information, best execution and conflicts of interest) and Employee compliance matters (outside interests, personal account trading)
- Cross-border
- Regulatory Compliance in relation to Markets in Financial Instruments Directive ('MiFID'); Conduct of Business Rules ('CBOs'), Mortgage Conduct Rules ('MCOBs'), Consumer Duty rules amongst others
- Marketing materials and financial promotions
- Fraud and data theft

In relation to its responsibilities to oversee and report on conduct risks, the CCO function chairs the Conduct Review Panel, attended by representatives from CRO, FLDS and Human Resources ('HR'). CCO is responsible for ensuring matters are progressed through the internal conduct review process where appropriate and where necessary refers to the UK Conduct and Ethics Review Panel for further determination. The CCO function will determine when it is necessary to refer matters to the Compliance Investigations team for formal investigation. The CCO function monitors key risk indicators contained within the CSUK Conduct Risk Appetite and reports any breaches of agreed tolerances to the CSUK Board Risk Committee.

The CSUK compliance function is supported by other Compliance functions including but not limited to Compliance Core Services (including monitoring, testing, trade surveillance and anti-fraud) and CCO Investigations.

Money Laundering Reporting Officer ("MLRO")

CCO is supported by the Money Laundering Reporting Officer whose responsibilities include (but are not limited to) oversight and implementation of the UK legislation with regards to financial crime, Proceeds of Crime Act ('POCA'), UK Bribery Act, etc, researching and providing advice in relation to high risk client types including Politically Exposed Persons ('PEP') relationships and those with heightened financial crime related reputational risks.

FCC fulfills its responsibilities by ensuring that there are appropriate and proportionate risk management systems and controls in place to counter the risk that the entity might be used to further financial crime, overseeing the implementation of an adequate monitoring, surveillance and testing programme, specific to Anti-Money Laundering ('AML') , Sanctions, Anti-Bribery and Corruption ('ABC') and Financial Crime prevention, and providing guidance and training to CSUK employees in relation to financial crime matters. FCC receive disclosures under the UK legislation with regards to suspicions and assessing whether they need to be reported to the appropriate external authorities.

CS group Committee Support

While local committees are implemented at a senior management level to support risk management for the entity, CSUK get further support from CS group committees. For example, CS group's Reputational Risk and Sustainability Committee ('RRSC') sets policies and reviews processes and significant cases relating to reputational risks. CS group Risk Processes and Standards Committee ('RPSC') is responsible for establishing and approving standards regarding risk management and risk measurement, including methodology and parameters across CS group. Finally, CS group Credit Portfolio and Provisions Review Committee review the quality of the credit portfolio with a focus on the development of impaired assets and the assessment of related provisions and valuation allowances.

Capital Risk

Overview

Capital Risk is the risk that the Bank does not maintain adequate capital to support its activities and maintain the minimum capital requirements, including the risk of the mismatch between available resources and capital demand. The CS group considers a strong and efficient capital position to be a priority. Consistent with this, Capital Risk is measured and monitored by CSUK through regular capital adequacy reporting produced by the Basel Measurement & Reporting team ('BMR'). Internal Capital Reports are distributed to management including period-on-period variance analysis to ensure the drivers of movements in capital adequacy are identified and understood. This monitoring takes account of the requirements of the current regulatory regime and any forthcoming changes to the capital framework.

Multi-year business forecasts and capital plans are prepared by CSUK, taking into account the business strategy and the impact of known regulatory changes. These plans are subjected to various stress tests reflecting both macroeconomic and specific risk scenarios as part of the ICAAP. Within these stress tests, potential management actions are identified. The results of these stress tests and associated management actions are updated regularly, as part of the ICAAP, with results documented and reviewed by the Board of Directors. The ICAAP then forms an input into the Supervisory Review and Evaluation Process ('SREP') conducted by the PRA when assessing the Bank's minimum level of regulatory capital.

Each quarter, the Asset and Liability Management Capital Allocation and Risk Management Committee ('ALM CARMC') reviews the current capital adequacy position as well as a financial plan to identify any potential adverse movements in the CET1 and Total Capital ratios that could require management action. The CRO has established a risk appetite for capital risk and this is monitored quarterly by the ALM CARMC and Risk Committee. Annually, the ICAAP assesses the adequacy of capital in both benign and during a range of plausible, adverse stress scenarios. The ICAAP informs management of what reasonable actions may be necessary to restore the capital position, if required, during times of economic stress.

Capital risk exposures are managed through two main levers: management of the lending pipeline to reduce credit risk capital requirements; and via capital injection requests to the shareholders to increase capital resources. Management of the lending pipeline would involve curtailment of new lending or amendments to underwriting standards, however, such actions would need to consider the potentially damaging consequences on the franchise. Capital injections would follow the CS group policy on the Capitalisation of Branches and Subsidiaries and would require a business plan, a strong rationale for the injection and an assessment of the required types of capital.

Capital Resources

Article 437 of the CRR requires disclosure of the main features of any Common Equity Tier 1 ('CET1'), Additional Tier 1 ('AT1') and Tier 2 instruments that make up an institution's regulatory own funds (or capital resources).

CSUK's CET1 capital comprises ordinary shares. These shares carry voting rights and the right to receive dividends. CSUK has not issued any AT1 instruments and details of its Tier 2 subordinated loan capital can be found in Appendix 1. CSUK's capital composition and principal capital ratios are presented in the following tables, together with a reconciliation to CSUK's 2022 IFRS Statement of Financial Position. No amount shown under own funds is subject to CRD V transitional provisions. CSUK did not apply the transitional arrangements specified in Article 473a for IFRS 9 and the own funds, capital and leverage ratios already reflect the full impact of IFRS 9.

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

KM1 - Key metrics

Amounts in GBP '000

end of		2022	2021
	Available own funds (amounts)		
1	Common Equity Tier 1 (CET1) capital	330,376	336,173
2	Tier 1 capital	330,376	336,173
3	Total capital	385,376	391,173
	Risk-weighted exposure amounts		

4	Total risk-weighted exposure amount	1,123,970	1,335,858
	Capital ratios (as a percentage of risk-weighted exposure amount)		
5	Common Equity Tier 1 ratio (%)	29.39%	25.17%
6	Tier 1 ratio (%)	29.39%	25.17%
7	Total capital ratio (%)	34.29%	29.28%
	Additional own funds requirements based on Supervisory Review and Evaluation Process ('SREP') (as a percentage of risk-weighted exposure amount)		
UK 7a	Additional CET1 SREP requirements (%)	1.77%	3.51%
UK 7b	Additional AT1 SREP requirements (%)(1)	0.59%	1.17%
UK 7c	Additional T2 SREP requirements (%)	0.79%	1.56%
UK 7d	Total SREP own funds requirements (%)	11.15%	14.24%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)		
8	Capital conservation buffer (%)	2.50%	2.50%
9	Institution specific countercyclical capital buffer (%)	0.49%	0.04%
11	Combined buffer requirement (%)	2.99%	2.54%
UK 11a	Overall capital requirements (%)	14.14%	16.78%
12	CET1 available after meeting the total SREP own funds requirements (%)	23.12%	17.16%
	Leverage ratio		
13	Leverage ratio total exposure measure excluding claims on central banks(2)	2,899,039	3,616,433
14	Leverage ratio excluding claims on central banks (%)	11.40%	9.30%
	Liquidity Coverage Ratio(2)		
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	884,980	1,084,683
UK 16a	Cash outflows - Total weighted value	640,811	734,039
UK 16b	Cash inflows - Total weighted value	244,370	255,399
16	Total net cash outflows (adjusted value)	396,440	478,638
17	Liquidity coverage ratio (%)(3)	229.60%	230.07%
	Net Stable Funding Ratio(4)		
18	Total available stable funding	1,773,117	
19	Total required stable funding	1,328,489	
20	NSFR ratio (%)	133.33%	

Notes:

(1) CSUK has no AT1 capital. The additional SREP requirement of 3.15% is entirely satisfied by CSUK's CET1 capital.

(2) Leverage ratio total exposure measure for CSUK includes total balance sheet assets, off-balance sheet credit equivalent post credit conversion factor ('CCF') and potential future exposure on derivatives. CSUK not being a LREQ firm, is not subject to minimum leverage ratio capital requirement.

(3) Liquidity coverage ratio computed as an average of 12 month-end observations to the reporting date.

(4) Net Stable Funding Ratio is computed as an average of the last four spot quarter end positions. This is new disclosure effective 2022, thus comparative figures for 2021 not shown.

Own Funds

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

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

CC1 - Composition of regulatory own funds

Amounts in GBP '000

end of 2022		**Amounts**	**Source based on reference numbers of the balance sheet under the regulatory scope of consolidation[1]**
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	256,430	Note 21
	of which: Share Capital	*245,230*	*Note 21*
	of which: Share Premium	*11,200*	*Note 21*
2	Retained earnings	89,256	Page 39
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	345,686	Page 39
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)[2]	(37)	
8	Intangible assets (net of related tax liability) (negative amount)[3]	(13,933)	Note 15
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)[4]	(1,340)	Note 14
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	(15,310)	
29	**Common Equity Tier 1 (CET1) capital**	330,376	
45	**Tier 1 capital (T1 = CET1 + AT1)**	330,376	
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	55,000	Note 20
51	Tier 2 (T2) capital before regulatory adjustments	55,000	Note 20
58	**Tier 2 (T2) capital**	55,000	Note 20
59	**Total capital (TC = T1 + T2)**	385,376	
60	**Total risk exposure amount**	1,123,970	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	29.39%	
62	Tier 1 (as a percentage of total risk exposure amount)	29.39%	
63	Total capital (as a percentage of total risk exposure amount)	34.29%	
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	9.26%	
65	*of which: capital conservation buffer requirement*	*2.50%*	
66	*of which: countercyclical buffer requirement*	*0.49%*	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	23.12%	
Amounts below the thresholds for deduction (before risk weighting)			
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	1,964	

Applicable caps on the inclusion of provisions in Tier 2		
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	11,410

Notes:

(1) 2022 Statement of Financial Position for (i) Total Equity and (ii) Subordinated Debt values are prepared under IFRS.

(2) A prudent valuation adjustment is applied in respect of fair valued instruments as required under CRD V regulatory capital rules [CRR Articles 34, 105].

(3) Intangible assets do not qualify as capital for regulatory purposes under CRD V [CRR Article(s) 36(1)(b), 37].

(4) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities are to be reduced from regulatory capital under Articles 36(1) point (c) and 38 of CRR.

Own Funds Requirement

The Pillar 1 capital requirements of the CSUK are summarised below, along with the relevant RWA values. Credit risk capital requirements and RWA are further broken down by risk-weight methodology.

OV1 – Overview of risk weighted exposure amounts

Amounts in GBP '000

		Risk weighted exposure amounts		**Total own funds requirements**
end of		**2022**	**2021**	**2022**
1	Credit risk (excluding CCR)[1]	884,443	1,088,324	70,755
2	*of which the standardised approach*	*884,443*	*1,088,324*	*70,755*
6	Counterparty credit risk - CCR[2]	30,213	29,475	2,417
7	*of which the standardised approach*	*28,319*		*2,266*
UK 8b	*of which credit valuation adjustment - CVA*	*1,894*	*2,167*	*152*
9	*of which other CCR*	-	*27,308*	-
15	Settlement risk	3	56	-
23	Operational risk[3][4]	209,312	218,003	16,745
UK 23a	*of which basic indicator approach*	*209,312*	*218,003*	*16,745*
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	4,910	10,115	393
29	**Total**	**1,123,970**	**1,335,858**	**89,918**

Notes:

(1) Credit risk RWA decreased due to repayments in exposures secured by mortgages, Lombard credit and overdrafts.

(2) Change in counterparty credit risk exposure calculation methodology from Counterparty Credit Risk Mark to Market ('CCRMTM') to Standardised Approach to Counterparty Credit Risk ('SA-CCR') in 2022.

(3) Operational risk RWA calculated using the Basic Indicator Approach ('BIA') considers the average of last three years (2020, 2021 and 2022) audited revenues. The decrease is due to lower audited revenues in 2022.

(4) Operational risk RWA for 2021 is restated to include audited revenues for year 2021.

The CSUK Total Capital Requirement (the sum of Pillar 1 and Pillar 2A) is 11.15% as set out in PRA notification relating to Policy Statement PS15/20 Pillar 2A: Reconciling capital requirements and macro-prudential buffers ('PS15/20').

Scope of application of the Regulatory Framework

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

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

Amounts in GBP '000

	end of	Balance sheet as in published financial statements Dec-2022	Reference
Assets - Breakdown by asset class according to the balance sheet in the published financial statements			
1	Cash and due from banks	475,664	
2	Interest-bearing deposits with banks	48,748	
3	Securities purchased under resale agreements	562,004	
4	Trading financial assets mandatorily at fair value through profit or loss	18,813	
	of which positive market value from derivative instruments	*18,813*	
5	Loans and advances	1,706,528	
6	Other assets	56,795	
7	Deferred tax assets	3,304	Note 14
	of which Deferred tax assets that rely on future profitability excluding those	1,340	
8	Intangible assets	13,933	Note 15
	Total assets	**2,885,789**	

Liabilities - Breakdown by liability class according to the balance sheet in the published financial statements			
1	Deposits	1,094,750	
2	Trading financial liabilities mandatorily at fair value through profit or loss	18,613	
	of which negative market value from derivative instruments	*18,613*	
3	Current income tax liability	7,676	
4	Other liabilities	34,128	
5	Provisions	713	
6	Short-term borrowings	827,333	
7	Long term debt	556,890	
	of which : Subordinated debt	*55,000*	*Note 20*
	Total liabilities	**2,540,103**	

Shareholders' Equity			
1	Share capital	245,230	Note 21
2	Share premium	11,200	Note 21
3	Capital contribution	57,500	
4	Retained earnings	31,756	
	Total shareholders' equity	**345,686**	

Notes:
(1) As of 2022 there is no difference between the carrying values reported in financial statements and those under the scope of regulatory consolidation. For this reason, only balances under financial statements are disclosed.

Countercyclical Capital Buffer ('CCyB')

The Financial Policy Committee ('FPC') of the Bank of England is responsible for setting the UK Countercyclical Capital Buffer ('CCyB') rate, i.e. the CCyB rate that applies to the UK exposures of banks, building societies and large investment firms incorporated in the UK. In setting the CCyB, the FPC considers a number of core indicators such as credit to GDP ratios and enables FPC to adjust the resilience of the UK banking system to the changing risks it faces over time. CRD IV, as implemented in the UK, includes a transitional period, during which the FPC is responsible for deciding whether CCyB rates set by EEA States should be recognised and for taking certain decisions about third country rates, including whether a higher rate should be set for the purposes of UK institutions calculating their CCyBs. CCyBs can be applied at a CS group, sub-consolidated or legal entity basis.

The UK CCyB rate increased from 0% to 1% in December 2022. CCyB rates have also been set by Denmark, Hong Kong, Luxembourg, Iceland and Sweden and apply to exposures to those countries. All other EEA member states had their CCyB rate set at 0%. No further disclosures are made on CCyB on the basis of materiality.

Leverage Ratio

In conjunction with other regulatory and capital metrics such as RWA levels, leverage ratios are actively monitored and managed within CSUK's capital and risk management governance processes. Similar to CS group level, internal targets (including the setting of internal management buffers where required) are developed and monitored and this process is flexible, reflecting changing regulatory expectations.

Longer-term strategies will consider the leveraging or deleveraging impacts resulting from both business development and the impact of future regulatory change to ensure CSUK continues to meet external and internal expectations. CSUK's stress testing framework will consider the impact on leverage ratios of both internal and regulator-prescribed stress tests.

CSUK's leverage ratio increased to 11.40% as at 31 December 2022 from 9.30% as at 31 December 2021, mainly driven by a reduction in the bank's loan book. A reconciliation of accounting assets and leverage ratio exposure is provided in the table below.

LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

Amounts in GBP '000

end of 2022		**Applicable amount**
1	Total assets as per published financial statements	2,885,789
8	Adjustment for derivative financial instruments	4,692
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	23,752
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced tier 1 capital (leverage))	(37)
12	Other adjustments	(15,157)
13	**Total exposure measure**	**2,899,039**

Internal Capital Adequacy Assessment Process ('ICAAP')

Approach to assessing the Adequacy of Internal Capital

The purpose of the ICAAP is to provide the CSUK Board with an assessment of the Bank's risks and the capital necessary to hold against these risks, having considered mitigating factors. The ICAAP assessment is conducted using a three-year business and capital plan, taking into account the business strategy, economic environment and the impact of known regulatory changes.

CSUK believes in a strong risk identification framework to identify Internal & External threats, to capture material risks to business strategy and highlight vulnerabilities from our existing processes. Material risks (as set out in the Material Risks section) identified using this framework are subject to capital assessment and the sufficiency of overall capital is based on the aggregate assessment of each risk as follows:

- **Pillar 1:** Calculation of regulatory capital of material risk types captured within the Pillar 1 framework: for CSUK this is primarily Credit Risk (including the Credit Valuation adjustment ('CVA')) and Operational risk.
- **Pillar 2A:** Based on individual risk type analysis across all material risks and designed to cover risks not adequately captured within the Pillar 1 framework.
- **Pillar 2B:** To ensure CSUK remains adequately capitalised on an on-going basis, CSUK management has conducted stress testing to assess the impact on capital of a three-year protracted economic downturn with sudden combined with severe idiosyncratic events. The results of these stress tests have been used to self-assess the need for a PRA Buffer.
- **Reverse Stress Testing**: Reverse stress testing ('RST') is a risk management tool used to increase a firm's awareness of its business model vulnerabilities. The firm is required to conduct scenario analyses that test its business plan to failure.The overall narrative is broken down into nine components, and business impacts for each component are analysed using existing stressed capital plan infrastructure. RST provides one potential trigger situation for the recovery and resolution plan ('RRP').

Stress Testing and Scenario Analysis

The firm's financial plans are subjected to various stress tests reflecting both macroeconomic and specific risk scenarios as part of the ICAAP. Within these stress tests, potential management actions are identified. Stress testing is a fundamental element of CSUK's risk control framework, with results used in risk appetite discussions and strategic business planning, and to support the CSUK's internal capital adequacy assessment. The results of these stress tests and associated management actions are updated regularly, as part of the ICAAP, with results documented and reviewed by the Board of Directors. The ICAAP then forms the basis for the Supervisory Review and Evaluation Process ('SREP') conducted by the PRA when assessing the Bank's minimum level of regulatory capital.

This stress testing complements other risk measures by capturing CSUK's exposure to unlikely but plausible events, which can be expressed through a range of significant moves across multiple financial markets, impacting CSUK's overall capital position. The majority of scenario analysis calculations performed are specifically tailored toward the risk profile of the business, and limits may be established if they are considered the most appropriate control. Additionally, to identify areas of risk concentration and potential vulnerability to stress events at CSUK level, a set of scenarios are used which assess the impact of significant, simultaneous movements across a broad range of markets and asset classes.

Stress testing is a fundamental element of CSUK's risk control framework, with results also used in risk appetite discussions and strategic business planning, and to support the CSUK's internal capital adequacy assessment. Stress test scenarios are conducted on a regular basis and the results are reported to the Board of Directors and senior management.

ICAAP Governance Process

CSUK's stress testing framework is governed through a dedicated steering committee: the CSUK Risk Methodology and Standards Committee ('RMSC'). Scenarios can be defined with reference to historic events or based on forward-looking, hypothetical events that could impact CSUK's capital, liquidity or profitability. The scenarios are reviewed and updated as markets and business strategies evolve, and new scenarios are designed by CS group Global CRO in collaboration with Global Research and business divisions.

ICAAP Governance at Board Level

The ultimate owners of the ICAAP assessment and results are the CSUK Board. They are responsible for:

- Ensuring that a clear process and adequate controls are in place for the ICAAP assessment and results.
- Discussion and final approval of the ICAAP results.

Board Risk Committee ('CSUK RC')

The Risk Committee provides advice to the Board in fulfilling its role as the ultimate owners of the CSUK ICAAP by:

- Reviewing the ICAAP and providing input into the range of scenarios and analyses that management have used.
- Review and challenge the adequacy of the ICAAP control landscape
- Review and challenge of ICAAP results at the Risk Committee meetings before Board discussions.

Chief Risk Officer ('CRO') & Chief Financial Officer ('CFO')

The CRO and CFO, as joint owners of the ICAAP, are responsible for ensuring that proper standards as well as practices and controls for the ICAAP are established and that these are followed.

Risk Methodology and Standards Committee

RMSC has delegated authority from the CSUK Executive Committee ('ExCo') regarding the ICAAP primarily for:

- Review and assessment of the Scenario analysis framework in relation to capital specific stresses
- Review and challenge of scenario methodology, outcome of stress test results including key management actions scenarios design, model assumptions and overlays.
- Review and approval of the macro economic and financial validity of the scenarios based on prevailing economic conditions, political and regulatory development.

CSUK ALM CARMC

ALM CARMC is responsible for the review and challenge of the ICAAP results and make recommendations regarding capital adequacy to the CSUK Board and Risk Committee.

CSUK Operational Risk and Compliance Committee ('ORCC')

UK ORCC has delegated authority from the CSUK ExCo to review the operational risk assessment approach within the ICAAP and input into the capital assessment for operational risk for Pillar 2A.

Credit Risk

Overview

Credit Risk refers to potential financial loss as a result of a borrower or counterparty failing to meet its financial obligations or as a result of a deterioration in the credit quality of the borrower or counterparty.

In the event of a default, a bank generally incurs a loss equal to the amount owed by the debtor, less any recoveries resulting from foreclosure, liquidation of collateral or the restructuring of the debtor. Credit risk exists within lending products, commitments, and results from counterparty exposure arising from foreign exchange derivative and other transactions.

CSUK primarily undertakes secured lending activity to a client base that comprises individuals, trusts and small corporates, as well as Operating Companies in approved jurisdictions. Collateral is pledged via effective security agreements and charges over assets to support the two categories of lending:

- Lombard, which is primarily uncommitted lending collateralised by cash, marketable securities, or guarantees; and
- Real estate finance for commercial and residential properties, including buy-to-let and development finance.

Concentration risk is managed via limits setting and sub-participation to CSAG via its Guernsey Branch.

Credit Risk Management Approach

Effective credit risk management requires a structured process to assess, monitor and manage risk on a consistent basis. Accordingly, CSUK gives careful consideration of any proposed granting of credit, the setting of specific risk thresholds, diligent ongoing monitoring during the life of the exposure and a disciplined approach to recognising credit impairment and pursuing recoveries.

The CSUK credit risk management framework is regularly refined and covers all banking business areas that are exposed to credit risk. The framework is designed to cover all of the credit exposures in the banking business and comprises seven core components:

- an individual client rating system;
- a transaction rating system;
- a client credit limit system;
- country, regional, sector and client rating concentration limits;
- a risk-based pricing methodology;
- active credit portfolio management; and
- a credit risk provisioning methodology.

Credit risk is evaluated through a credit request and approval process, ongoing credit and counterparty monitoring and a credit quality review process. Experienced credit officers analyse credit requests and assign internal ratings based on their analysis and evaluation of the client's creditworthiness and the type of credit transaction.

CS group has developed a set of credit rating models tailored for different client segments (e.g. international corporates, financial institutions, asset finance, small and medium enterprises, commodity traders and residential mortgages) for the purpose of internally rating counterparties to whom CS group is exposed to credit risk as the contractual party to a loan, loan commitment or exchange-traded/over-the-counter derivative contract. The models are built from statistical data and then subject to a thorough business review before implementation. Each credit rating model is validated independently prior to implementation and on a regular basis. At the time of initial credit approval and review, relevant quantitative data (e.g. financial statements and financial projections) as well as qualitative factors relating to the counterparty are used in the models and result in the assignment of a credit rating or probability of default ('PD'), which measures the counterparty's risk of default over a one-year period.

To ensure that ratings are consistent and comparable across all businesses, CS group has used an internal rating scale which is benchmarked to the external rating agencies, using the historical PD associated with external ratings. The relationship between the PD and external agency ratings is reviewed on a regular basis and adjustments are made to calibrate the internal rating classification to the assumed PD in the external ratings.

Additionally, an estimate of expected loss in the event of a counterparty default is assigned based on the structure of each transaction. The counterparty credit rating is used in combination with credit (or credit equivalent) exposure and the loss given default ('LGD') assumption to estimate the potential credit loss. LGD represents the expected loss on a transaction should default occur and takes into account structure, collateral, seniority of the claim and, in certain areas, the type of counterparty.

CSUK Credit approval process and provisioning

Senior credit managers make credit decisions on a transaction-by-transaction basis, at authority levels reflecting the size and complexity of the transactions and the overall exposures to counterparties and their related entities. These approval authority levels are set both at a group functional and a legal entity level.

A system of credit limits is used to manage individual counterparty credit risk. Other limits are also established to address concentration issues in the portfolio and limits for certain products. Credit exposures to individual counterparties or product groupings and adherence to the related limits are monitored by credit officers and other relevant specialists.

In addition, credit risk is regularly reviewed by the Credit Risk Committee taking current market conditions and trend analysis into consideration. The committee regularly analyses diversification and concentrations in selected areas as well as emerging risks in lending sectors.

A credit quality review process provides an early identification of possible changes in the creditworthiness of clients and includes asset and collateral quality reviews, business and financial statement analysis and relevant economic and industry studies. Other key factors considered in the review process include current and projected business and economic conditions, historical experience, regulatory requirements and concentrations of credit by product and counterparty rating. Regularly updated watch-lists and review meetings are used for the identification of counterparties where adverse changes in creditworthiness could occur.

Regular watch-list meetings are used to determine whether certain positions should be transferred to, and managed by Recovery Management International ('RMI'), an independent function that is responsible for setting the strategy and determining provision levels for impaired facilities. A systematic provisioning methodology is used to identify potential credit risk-related losses and impaired transactions are classified as potential problem exposure, non-performing exposure, or non-interest earning exposure. Such provision levels are reviewed on an ongoing basis by RMI with any proposed changes advised to CSUK.

Credit Risk Mitigation and Collateral

The Bank regularly agrees upon collateral in the lending contracts to be received from borrowers. Collateral is security in the form of an asset or third-party obligation that serves to mitigate the inherent risk of credit loss in an exposure, by either substituting the borrower default risk or improving recoveries in the event of a default.

Collateral is pledged via effective security agreements and charges over properties to support both mortgage and Lombard lending activities. CSUK has a very limited appetite for unsecured credit facilities.

The policies and processes for collateral valuation and management are defined by:

- a legal document framework that is bilaterally agreed with our clients; and
- a collateral management risk framework enforcing transparency through self-assessment and management reporting.

Collateral securing loan transactions primarily includes:

- Physical collateral in the form of real estate for mortgages – mainly residential, but also multi-family buildings, and commercial properties (office, retail units, serviced apartments and student housing); and
- Financial collateral pledged against loans collateralised by securities (mostly cash and marketable securities), and bank guarantees from other Credit Suisse legal entities.

Physical Real Estate Collateral

Legal charge over and periodic re-valuation of the real estate collateral is a key risk management tool for financing transactions through mortgage lending. Subject to a satisfactory valuation report, Credit Risk Management ('CRM') will issue a facility letter ('FL') to the client, incorporating the information set out in the term sheet/key facts illustration, including the estimated costs incurred for the mortgage contract. Formal documentation may include:

- Facility Agreement
- Legal Charge (issued by Solicitors)
- Personal Guarantee of the beneficial owner, when lending to a Special Purpose Vehicle ('SPV')
- Security Agreement
- Board Resolution
- Charge over shares of the direct property holding company (if owned by a SPV)
- Deed of confirmation (This document confirms that the Legal Charge is still in place and is only issued for renewed facilities in certain scenarios.)

For residential mortgages exceeding EUR 3m, the Bank must obtain a valuation of the property from an independent valuer every three years. For all other mortgages, an annual review and trend analysis of the UK real estate market is undertaken by Credit Risk Management to assess whether a revaluation is necessary.

The criteria used for the analysis includes the following:

- The level of activity in the market;
- Price trends;
- The impact of interest rate levels on the property market; and
- The spread of geographic locations within the portfolio and the requisite comfort level.

Lombard Collateral

Collection of financial collateral is a key risk management tool for securities financing transactions through Lombard lending. Subject to legally enforceable agreements, collateral may be accepted in many different currencies and jurisdictions, and the collateral process creates potentially significant legal, tax, credit, regulatory and operational issues for the business, in addition to the liquidity issues involved in managing a large portfolio of collateral assets and liabilities. CSUK's strategy with respect to collateral is subject to a robust collateral policy, which details standards of acceptable collateral (including collateral type, liquidity, quality, and jurisdiction), valuation frequency, haircuts and agreement type. Utilisation under the facility is restricted to the lower of the credit limit or the collateral value held. Additionally, thresholds are established for the management of collateral concentrations, in line with CSUK's business strategy and risk appetite.

For portfolios collateralised by marketable securities, the valuation is performed daily. Exceptions are governed by the calculation frequency described in the legal documentation. The mark-to-market prices used for valuing collateral are a combination of internally calculated and market prices sourced from trading platforms and service providers, where appropriate. The management of collateral is standardised and centralised to ensure complete coverage of traded products.

Collateral held against financial guarantees and loan commitments typically includes securities and inward guarantees (almost exclusively from other parts of CS group).

Netting

CSUK only applies on-balance sheet netting to financial assets and liabilities where it:

- has a legally enforceable right to set off the recognised amounts; and
- intends to settle on a net basis, or to realise the asset and liability simultaneously.

For intra-group transactions, CSUK's net position on multiple transactions with the same counterparty is legally protected by 'master netting agreements'. Such agreements ensure that the net position is settled in the event of default of either counterparty or effectively limit credit risk on gross exposures.

Regulatory Risk Weighting Approach

CSUK applies the Standardised Approach in determining the risk weights applied for the calculation of regulatory capital requirements for credit and counterparty risk under Pillar 1. Under this approach, ratings published by External Credit Assessment Institutions ('ECAIs') are mapped to Credit Quality Steps ('CQS') according to mapping tables laid down by the PRA. The CQS value is then mapped to a risk weight percentage. The ECAI used by CSUK for all types of exposures is Standard & Poor's.

Impaired and Past Due Exposures, Credit Risk Adjustments and Specific and General Credit Risk Adjustments

CSUK's accounting policies relating to impairment can be found in the 2022 Annual Report, Notes 'j' to Financial Accounts, along with the definition for accounting purposes of 'impaired'. Information on impairment losses can be found in Note 18.

Effect of a Credit Rating Downgrade

CSUK itself is not a rated entity. CSUK relies on other companies in CS group for funding and capital, and therefore would be affected by any change to the ratings of those companies. The impact of downgrades of CS group long-term debt ratings is considered in the stress assumptions used to determine the conservative funding profile of the balance sheet and would not be material to the CSUK's liquidity and funding needs.

Counterparty Credit Risk

Counterparty credit risk ('CCR') arises from OTC and exchange-traded derivatives, repurchase agreements, securities lending and borrowing and other similar products and activities. The related credit risk exposures depend on the value of underlying market factors (e.g. interest rates and foreign exchange rates), which can be volatile and uncertain in nature. CSUK enters into derivative contracts primarily in connection with managing its liquidity requirements and hedging residual market risk.

CSUK uses the Standardised Approach to Counterparty Credit Risk ('SA-CCR') to calculate the counterparty credit risk EAD on the derivative trades.

Market Risk

Overview

Market risk arises from potential adverse changes in interest rates, foreign currency exchange rates, equity prices, commodity prices and other relevant parameters, such as market volatilities. CS group defines its market risk as the risk to earnings or capital due to adverse changes in market factors, including equity, credit spreads, commodity prices, FX, interest rates and other factors. A typical transaction may be exposed to a number of different market risks.

CS group has policies and processes in place to ensure that market risk is captured, accurately modelled and reported, and effectively managed. Furthermore, CSUK adopts these policies from a legal entity perspective. Trading and non-trading portfolios are managed at various organisational levels, from the overall risk positions at CS group level down to specific portfolios. CS group uses market risk measurement and management methods in line with industry standards. Measurement tools are used for internal market risk management, internal market risk reporting and external disclosure purposes. The principal measurement methodologies are Value at risk ('VaR') and scenario analysis. The risk management techniques and policies are regularly reviewed to ensure they remain appropriate.

CS group's VaR model is subject to internal governance including model validation independent from model developers. Validation includes identifying and testing the model's assumptions and limitations, investigating its performance through historical and potential future stress events, and testing that the live implementation of the model behaves as intended.

Criteria for Inclusion in the Trading Book Policy

CSUK falls within the scope of CS group's Trading Book Policy. The policy sets out the principles for the classification of products between the Trading Book and Banking Book for the purpose of regulatory capital and market risk measurement. Specifically, it sets out the criteria that must be met in order to allocate positions to the Trading Book. The policy is common to all entities within CS group and adherence to its requirements is mandatory.

The criteria for Trading Book classification are, broadly, that the position must be a transferable or hedgeable financial instrument; that there must be trading intent or a hedging relationship with another Trading Book item; and that daily fair value methodology must be applied for regulatory and risk management purposes.

Exposure to Market Risk

The Bank has a policy of not taking proprietary market risk positions. Trading transactions are generally entered into on either an agency or back-to-back basis with other CS group entities. Therefore CSUK's exposure to market risk typically arises from three sources:

- Structural interest rate and structural FX risk arise primarily from the loan and deposit books (a core value proposition and service offering). CSUK will avoid carrying material open interest or FX rate positions;
- FX risk arising from trades undertaken on behalf of clients. CSUK will aim to ensure net FX risks are neutral or matched currency positions resulting in minimal net daily profit and loss; and
- Exposure to settlement risk arising from trades executed on behalf of clients on a Delivery Versus Payment ('DVP') basis. CSUK's aggregate risk appetite for market risk arising from DVP services is subject to gross notional (oneway) and VaR thresholds, which are quantified in the Risk Appetite and monitored when failed trade levels breach appetite.

Typically CSUK's loan book is GBP denominated, whilst the deposit book is spread across a number of currencies. FX risk arising from this currency mismatch in the Banking Book is managed for CSUK by CS Global Treasury. The mandate given to CS Global Treasury is to run a matched currency book. Currency positions for CSUK are aggregated with currency positions of other CS group entities and, where possible, internally matched before any hedging with external counterparties are undertaken.

Currency risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

Foreign exchange risk related to accrued net income and net assets is centrally and systematically managed on a group basis with a focus on risk reduction and diversification. Risk is monitored and managed at an entity level through the levelling of accrued profit and losses that are incurred in a currency other than the entity's functional currency. Where there is active market risk taking due to a client order, the Bank will aim to eliminate any open non-GBP FX exposure as soon as possible, thus reducing currency risk.

Treasury and Liquidity Risk

Treasury Risk:

Interest Rate Risk in the Banking Book

The interest rate risk exposures in the non-trading positions (interchangeably called “Banking Book”) mainly arise from retail banking, and related funding activities, with the majority of interest rate risk managed by Treasury centrally on a portfolio basis within approved limits using appropriate hedging strategies.

CSUK monitors and manages interest rate risk in the Banking Book by established systems, processes and controls. Risk sensitivity figures are provided to estimate the impact of changes in interest rates, which is one of the primary ways in which these risks are assessed for risk management purposes. In addition, CSUK confirms that the economic impacts of adverse shifts in interest rates, including a 200 basis points parallel shift in the yield curve and non parallel shifts, are significantly below the regulatory capital threshold used by regulators to identify excessive levels of non-trading interest rate risk.

CS group’s Board of Directors defines interest rate risk appetite for the Group and its subsidiaries, including CSUK, on an annual basis. Within those limits, the ALM CARMC and CSUK Board of Directors define a risk control cascade.

Risk Measurement

The risks associated with the non-trading interest rate-sensitive portfolios are measured using a range of tools, including the following key metrics:

- Interest rate sensitivity (DV01): expresses the linear approximation of the impact on a portfolio’s present value resulting from a one basis point (0.01%) parallel shift in yield curves, where the approximation tends to be closer to the true change in the portfolio’s present value for smaller parallel shifts in the yield curve. The DV01 is a transparent and intuitive indicator of linear directional interest rate risk exposure, which does not rely on statistical inference.
- Economic value scenario analysis: expresses the impact of several pre-defined scenarios (e.g. instantaneous changes in interest rates) on a portfolio’s fair value. This metric does not rely on statistical inference.

The impacts of adverse shifts in interest rates on the economic value and net interest income of the Bank are significantly below the regulatory capital threshold used by regulators to identify excessive levels of non-trading interest rate risk. Therefore this risk is not capitalised within the Pillar 1 regime rather, it is analysed within the ICAAP and addressed in the PRA’s determination of the CSUK’s Pillar 2 capital requirements.

Monitoring and Review

The limits and flags defined by books, collections of books, businesses or legal entities relating to interest rate risk in the Banking Book are monitored by at least on a monthly basis (if deemed necessary or suitable, the monitoring may be as frequent as daily), by using the metrics and methodologies outlined above. In case of breaches, this is escalated to the limit-setting body. The CS group assesses compliance with regulatory requirements regarding appropriate levels of non-trading interest rate risk by estimating the economic impact of a range of adverse shifts in yield curves and then relating those impacts to the total eligible regulatory capital. Consistent with regulatory requirements, CRO ensures that the economic value impact of this analysis is below the regulatory threshold to ensure there are no requirements to hold additional capital. This analysis is performed for the CSUK on a monthly basis.

Liquidity Risk:

The risk refers to the Bank's ability to efficiently meet both expected and unexpected current and future cash flow and collateral requirements without affecting either daily operations or the financial condition of the Bank.

CS group-wide Management of Liquidity Risk

CSUK's liquidity is monitored and managed within the CS group wide liquidity management framework which applies these general principles:

CS adopts the Bank for International Settlements ('BIS') Principles of Sound Liquidity Risk Management ('LRM') in compliance with all regulatory liquidity risk regulations at Group and entities level. CS uses a centralised funding model, ensuring that the CS group and its local entities remain appropriately funded, both under business as usual and in the event of a liquidity stress period – as defined by both the CS and the regulatory stress testing frameworks.

The Group liquidity and funding strategy is approved by the Group Capital Allocation and Risk Management Committee ('CARMC') and overseen by the Group Board of Directors. The implementation and execution of the funding and liquidity strategy is managed by Treasury. Treasury ensures adherence to the funding policy and the efficient coordination of the secured funding desks.

This approach enhances the ability to manage potential liquidity and funding risks and to promptly adjust the liquidity and funding levels to meet stress situations. The Group liquidity and funding profile is regularly reported to Group CARMC and the Group Board of Directors. There is also an independent risk management function that proposes the risk threshold, and monitors the liquidity risk of our businesses, that reports directly to the Group Risk Management Committee. The Group Board of Directors is responsible for defining the overall threshold for risk in the form of a risk appetite statement.

The liquidity and funding profile reflects the strategy and risk appetite and is driven by business activity levels and the overall operating environment. The liquidity and funding profile has been adapted to reflect lessons learned from the financial crisis and more recent market stresses, the subsequent changes in the business strategy and regulatory developments. Credit Suisse has been an active participant in regulatory and industry forums to promote best practice standards on quantitative and qualitative liquidity management.

The funding sourced by CS group is part of an Asset-Liability Management ('ALM') strategy aimed at maintaining a funding structure with long term stable funding sources being in excess of illiquid assets. CS primarily funds the balance sheet through core customer deposits, long-term debt and shareholders' equity.

To address short-term liquidity needs, a portfolio of highly-liquid securities and cash is maintained. This liquidity buffer is managed to sustain operations for an extended period of time in the event of a crisis.

The targeted funding profile is designed to enable CS to continue to pursue activities for an extended period of time without changing business plans during times of stress. The principal measures used to monitor the liquidity position of the Bank are the regulatory metric Liquidity Coverage Ratio ('LCR') and internal liquidity metric ('Barometer') both 30-day short-term stress metrics. The Barometer requires CS to manage the liquidity position over a pre-defined time horizon over which the adjusted market value of unencumbered assets (including cash) exceeds the aggregate value of contractual outflows of unsecured liabilities plus a conservative forecast of anticipated contingent commitments. This framework is supplemented by the modelling of additional stress events and additional liquidity risk measurement tools.

In the event of a liquidity crisis, CS activates its Contingency Funding Plan ('CFP'), which focuses on the specific actions that can be taken in the event of a crisis, including a detailed communication plan for creditors, investors and customers.

The CFP is activated by the Funding Execution Committee, which includes senior business line, funding and finance department management adapted to include the relevant stakeholders depending upon the degree and nature of stress. This committee would meet frequently throughout the crisis to ensure that the plan is executed.

The Basel Committee on Banking Supervision ('BCBS') issued the Basel III international framework for liquidity risk measurement, standards and monitoring. The framework includes a LCR and Net Stable Funding Ratio ('NSFR'). Both metrics are incorporated into the overall LRM framework of CS as mentioned above. The BCBS has stated that it will review the effect of these liquidity standards on financial markets, credit extension and economic growth to address unintended consequences.

The LCR aims to ensure that banks have a stock of unencumbered HQLA available to meet liquidity needs for a 30-day time horizon under a severe stress scenario. The LCR is comprised of two components: the value of the stock of high quality liquid assets in stressed conditions and the total net cash outflows calculated according to specified scenario parameters. The ratio of liquid assets over net cash outflows is subject to an ongoing PRA minimum requirement of 100%.

The NSFR establishes criteria for a minimum amount of stable funding based on the liquidity of a bank's assets and activities over a one-year horizon. The NSFR is intended to ensure banks maintain a structurally sound long-term funding profile beyond one year and is a complementary measure to the LCR. The standard is defined as the ratio of available stable funding over the amount of required stable funding. From January 2022, the NSFR became a PRA regulatory requirement, set at a level of 100%.

Legal Entity Management of Liquidity Risk

The liquidity risk of the Bank is managed as part of the overall CS group global liquidity risk management framework.The Bank manages a series of regulatory legal entity liquidity metrics including LCR and NSFR. Such compliance requirements are measured as part of the Prudential Regulation Authority's Individual Liquidity Guidance ('ILG') which results in the Bank holding a local liquid asset buffer of qualifying securities and cash.

The Bank has implemented a liquidity risk management framework including legal entity governance, systems and controls and frequent management information to effectively measure, monitor and manage liquidity risk.

Key characteristics determining the Bank's liquidity risk management approach include, but are not limited to:

- Board approved legal entity risk thresholds; Compliance with local regulatory requirements;
- Funding of illiquid assets on a term basis;
- Holding a liquid asset portfolio composed of highly liquid unencumbered assets;
- Internal stress testing of the liquidity profile Independent risk management function Liquidity limits and monitoring; and
- The liquidity value of assets, liabilities and calibration of contingent liabilities being aligned with the CS global liquidity risk methodologies.

The legal entity risk tolerance and assumptions underlying the relevant stress tests, which form part of the Bank's liquidity risk management framework, are proposed via the CSUK ALM CARMC by LRM and CRO and are approved by the Board Risk Committee, on at least an annual basis or as market conditions dictate.

Treasury is responsible for maintaining a CFP that details specific dealing strategies, actions and responsibilities required under distinct stages of increasing severity. Treasury supports the plan with key liquidity tools, including early warning indicators. The CFP gives consideration to the impact of operational constraints in terms of time and ability to monetise assets, trapped liquidity and daylight collateral requirements.

Most of the cash held by the Bank is placed with related parties within the CS group. This concentration risk is managed through appropriate limit setting and daily monitoring of the net cash exposure to the CS group. Treasury monitors the cash balances with CS group at a maturity and currency level to ensure the optimal balance to meet internal and external liquidity requirements at the lowest cost to the Bank.

In addition, auxiliary metrics are risk managed, such as currency coverage ratios – measuring liquidity risk on a single currency level – as well as the reliance CSUK places on other legal entities within CS group. Liquidity risks are assessed annually as part of the ILAAP. This includes analysis of the internal liquidity stress model over a 30 day and 90 days time horizon to ensure that the legal entity can fund expected cash withdrawals independent of additional Group funding support. The Net Stable Funding Ratio (NSFR) is used to monitor liquidity and funding requirements over a 365 day horizon.

CSUK also complies with the regulatory LCR requirements by maintaining an adequate stock of unencumbered HQLA that can be converted easily and immediately into cash to meet its liquidity needs for a 30 calendar day regulatory liquidity stress scenario.

For the purpose of Pillar 3, the LCR values are calculated as the simple average of the month-end observations over the preceding twelve months. The HQLA and LCR reported as at 31 December 2022 in CSUK Annual Report represents the spot value as of the reporting date. CSUK remained complaint with regulatory minimums for LCR, Internal Stress and NSFR throughout 2022.

Non-Financial Risk

Overview

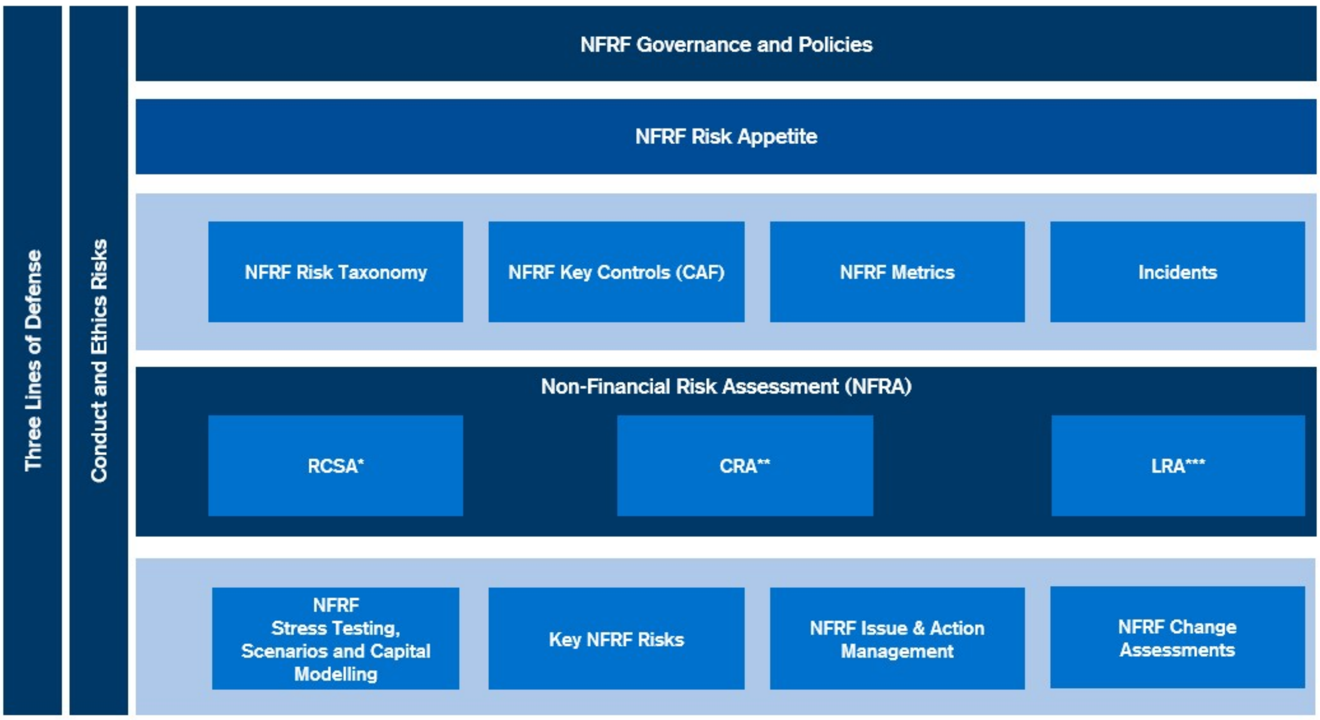
Basel 3 defines Operational Risk as “the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events”. This definition includes legal risk, which is the risk of loss resulting from failure to comply with laws and regulations as well as prudent ethical standards and contractual obligations. It also includes the exposure to litigation from all aspects of the Bank's activities.

CSUK defines Non-Financial Risk as 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. It’s inherent in most aspects of our business, including the systems and processes that support our activities, and comprises a large number of disparate risks that can manifest in a variety of ways.

Operational Risk and Non-Financial Risk are used interchangeably.

Operational Risk Management

At CSUK operational risk management is a continual cyclical process which includes risk assessment, risk decision making and implementation of risk controls, which results in acceptance, mitigation or avoidance of risk. The Non-Financial Risk Framework (NFRF) provides the framework for identifying, measuring and managing operational risk within CSUK. The NFRF utilises both a top down approach, by setting governance, polices and a risk appetite, as well as a bottom up approach to identify risks, controls, metrics, incident data and assessments. These responsibilities are complementary and mutually supporting within the NFRF:



* Risk and Control Self-Assessment ** Compliance Risk Assessment *** Legal Risk Assessment

Governance and Policies

CSUK aligns to the Group's NFRF to ensure robust and sustainable framework at a granular level and set common standards across the Group for each key component which would allow for:

- Unified approach regarding risk and control identification and assessment

- Standardised process framework
- Clear and effective policy framework

The Group Control Practices Oversight Group ('CPOG') is accountable for the development and implementation of the NFRF including its application to support strategic business priorities and fulfil regulatory commitments. The CPOG is overseen by the Group Capital Allocation and Risk Management Committee for Internal Control System ('CARMC ICS') as well as Group CRCO ExCo/RPSC. Furthermore, CPOG reviews, prioritises and approves NFRF tools, methodology, Book of Work, budget and resourcing as well owning the Group's NFRF Policies and Procedures.

In CSUK, Non-Financial risk is governed by the Operational Risk & Compliance Committee ('ORCC') at an executive level and the Board Risk Committee.

Risk Appetite

The CSUK Legal Entity Risk Appetite Framework provides the overarching framework to formalise a consistent approach to risk appetite for CSUK. This is consistent with the Group Risk Appetite Framework, which incorporates the NFRF Risk Appetite as a sub-framework within this. Quantitative thresholds have been set against operational risk incidents on an aggregated and individual basis for any economic impact (loss or gain, measured on an absolute basis). These thresholds are set at both the overall entity level and for each of the NFRF Risk Appetite categories, and these are measured based on an accumulated twelve month rolling basis. The approach for qualitative NFRF risk appetite is based on the same NFRF risk categories. For each category, a set of risk and control indicators has been identified and is reported within the ORCC to inform a more qualitative assessment of where the risk profile has exceeded risk appetite. Within CSUK, the risk appetite, which is set annually, approved by the various governance forums and monitored monthly, fulfills the objective of providing the general risk principles, the key responsibilities, as well as the risk framework in order to manage risk.

NFRF Risk Taxonomy

The CS group risk taxonomy defines over 90 operational and compliance risks inherent in business divisions and corporate functions. This comprehensive standard taxonomy allows for a holistic and consistent risk definition for conducting Risk & Control Self-Assessment (RCSA)s, Compliance Risk Assessments ('CRAs') and for the identification of Key Non-Financial Risks. The taxonomy is categorised and structured along the Basel 2 event categorisation tree and under seven Qualitative Risk Appetite Tolerance Statements (Rules & Regulations, People, Process, Cyber & Systems, Clients & Markets, Governance and Outsourcing) and links back to the Risk Appetite.

The roles and responsibilities for the maintenance and update of the risk register are as follows:

Function	Roles and Responsibilities
Business (1LoD)	Requesting amendments to the Risk Register as part of annual Risk Register review or when triggered by exceptional events
	Reviewing Risk Register change request raised as part of the annual Risk Register review
2LoD Independent Risk Oversight Ownership Functions	Ensuring new risks impacting their area of responsibility are analysed for inclusion in the Risk Register
	Supporting Business Divisions / Corporate Functions / legal entities in the identification of required amendments to the Risk Register
	Reviewing Risk Register change request raised as part of the annual Risk Register review.
	Owning the descriptions of their respective Risk Register items
Control Practices Oversight Group	The Control Practices Oversight Group is the final approval authority for amendments to the Risk Register.

NFR Monitoring

A number of NFR metrics re monitored to provide information on the level of exposure to a risk at a particular point in time. Specific approval, documentation, monitoring, and escalation standards are required for metrics linked to:

- Capital Allocation (including for ICAAP purposes)
- Risk Appetite

- Key NFR risks which are reported to ORCC / Risk Committee. This architecture of metrics is designed to provide warning of potentially escalating threat levels. In the event that any risk threshold is breached, it is the responsibility of the CRO to escalate to the various ExCo and Board level committees

Incidents

As part of the monitoring framework, Non-Financial Risk incidents are monitored and investigated to provide insights into the evolving risk profile of the business.

A non-financial risk incident refers to incidents driven by operational risk events which can result in a variety of impacts including financial, regulatory, reputational, client, market & competition, internal system disruption, employee or physical damage and can either be triggered by external or internal events. All internal incidents are required to be captured in MyIncidents as soon as detected and an initial booking of the P&L impact must be performed within the subsequent thirty calendar days. Internal incidents always constitute one of the three following incident types:

- Operational risk losses
- Operational risk gains
- Internal operational risk incidents with zero P&L impact including near misses

MyIncidents is the bank's primary system for capturing and managing operational risk events and Legal and Compliance matters, and serves as a platform for line managers and FLDS to document concerns brought to their attention. MyIncidents is an integrated solution featuring a variety of functionalities, including front-to-back Operational Risk ('OpRisk') record and case management, general ledger interface, as well as sensitive Legal and Compliance capture and reporting.

Non-Financial Risk Assessments

In order to assess the operational, compliance and legal risk within the entity, CSUK focuses on three assessments:

- Risk and Control Self-Assessment Report ('RCSA')
- Compliance Risk Assessment ('CRA')
- Legal Risk Assessment ('LRA')

RCSAs are defined as a systematic and regular business process aimed at reviewing specific inherent operational risks that CSUK is exposed to, as well as an assessment of the control landscape that is in place to mitigate these risks. Moreover, it comprises an assessment of the residual risks that persist once the mitigating effect of the control landscape to reduce the inherent risks is taken into account.

The RCSA approach comprises the following five steps:

- **Risk profiling:** This involves the determination of which risks from the NFRF Risk Taxonomy are applicable to the RCSA unit. Applicability is based on whether the risk is inherent to the unit's business or functional processes, people, systems or from external events.
- **Inherent risk assessment:** Inherent risk is defined as the risk of a loss that the RCSA unit is exposed to before taking into account the effectiveness of the control landscape. It is assessed using the inherent Risk Rating Matrix across two dimensions of financial and / or non-financial impact and likelihood
- **Control landscape assessment** - The RCSA process requires a control landscape assessment for Very High / High and selected Medium risks based on Inherent Risk Appetite.
- **Residual risk assessment** - Residual risk rating is derived by applying the inherent risk assessment rating and the control landscape assessment rating.
- **Mitigating actions** - Actions must be documented in detail to provide for a reduction in risk and tracked through MICOS, which is a bank-wide platform built for the Management of Control Activities as well as Issue/ Action Management.

Operational Risk Own Funds Requirement

Pillar 1

Operational risk is capitalised under Pillar 1 and the regulatory method applied is the Basic Indicator Approach ('BIA'), which is calibrated to CSUK net income. As at 31 December 2022, the BIA calculation for CSUK resulted in a Pillar 1 capital charge of £16.8m. This is calculated using the average of audited revenues of the last three years (year-ended 2020, 2021 and 2022).

Operational risk - Basic Indicator Approach

OR1 - Operational risk own funds requirements and risk-weighted exposure amounts

Amounts in GBP '000

Banking activities	Relevant indicator			Own funds requirements	Risk weighted exposure amount
	2020	2021	2022		
Banking activities subject to basic indicator approach (BIA)	115,360	105,302	114,237	16,745	209,312

Pillar 2

CSUK management acknowledge that the BIA calculation does not fully capture the risks for the entity and have considered this in the approach to assessing the amount of OpRisk Pillar 2A capital required.

CSUK's assessment of the operational risk capital requirement is derived by assessing a series of four benchmarks, looking at the historical loss data (since 2005) and overlaying those with a forward looking view incorporating business and control environment change to build a picture of the operational risk loss landscape. CSUK has referred to the PRA's Statement of Policy, 'The PRA's methodologies for setting Pillar 2 capital,' and has implemented two distinct approaches to assessing the OpRisk Pillar 2A capital charge.

A. **Benchmarking:** CSUK has used CS Group derived benchmarking methodologies that use historical data to estimate potential operational losses. Operational risk events and losses are recorded in the Operational Risk incidents database (MyIncidents) in each Basel loss categories, and these form the starting point for assessing the expected operational losses over the next 12 months.

B. **Scenarios:** CSUK has also considered forward-looking tail risk scenarios to assess potential OpRisk Losses and calibrate Pillar 2A requirements. 2020 CSUK Key Risks were taken as a starting point and scenarios were then developed in conjunction with business subject matter experts to ensure plausibility.

The Pillar 2A assessment is the higher of the average of the benchmarks (Approach A) and the scenario analysis (Approach B).

The above analysis is used for the self assessment of Operational Risks that is an input into the PRA's view of capital requirements for the firm which is currently 1.52% of RWA as at 31 December 2022. This is considerably reduced from the previous year's 4.20% of RWA as at 31 December 2021.

Appendix 1: CCA – Capital Instruments' Main Features

Issuer	Credit Suisse (UK) Limited	Credit Suisse (UK) Limited	Credit Suisse (UK) Limited
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	N/A	N/A
Governing law(s) of the instrument	English	English	English
Regulatory treatment			
Transitional CRR rules	Common Equity Tier 1	Tier 2	Tier 2
Post-transitional CRR rules	Common Equity Tier 1	Tier 2	Tier 2
Eligible at solo / (sub-)consolidated / solo & (sub-) consolidated	Solo	Solo	Solo
Instrument type (types to be specified by each jurisdiction)	Common Shares	Subordinated Debt	Subordinated Debt
Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	£245.23	£25.00	£30.00
Nominal amount of instrument	£245.23	£25.00	£30.00
Issue price	Par	Par	Par
Redemption price	Par	Par	Par
Accounting classification	Shareholders Equity	Liability -amortised cost	Liability -amortised cost
Original date of issuance	26-Mar-97	07-Jan-11	27-Sep-18
Perpetual or dated	Perpetual	Dated	Dated
Original maturity date	No Maturity	31-May-31	27-Sep-28
Issuer call subject to prior supervisory approval	N/A	Yes	Yes
Optional call date, contingent call dates, and redemption amount	N/A	Optional, not before 7 January 2016, subject to prior PRA approval	Optional, not before 27 September 2023, subject to prior PRA approval
Fixed or floating dividend/coupon	N/A	Floating	Floating
Coupon rate and any related index	N/A	ARR Sonia rate	ARR Sonia rate
Existence of a dividend stopper	No	No	No
Fully discretionary, partially discretionary or mandatory	Fully Discretionary	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory	Fully Discretionary	Mandatory	Mandatory
Existence of step up or other incentive to redeem	N/A	No	No
Noncumulative or cumulative	Non-Cumulative	Cumulative	Cumulative
Convertible or non-convertible	N/A	Non-convertible	Non-convertible
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Tier 1	Unsecured and subordinated to the claims of unsubordinated creditors	Unsecured and subordinated to the claims of unsubordinated creditors
Non-compliant transitioned features	No	No	No
If yes, specify non-compliant features	N/A	N/A	N/A
		https://www.credit-suisse.com/corporate/en/investor-relations/financial-and-regulatory-disclosures/regulatory-disclosures/capital-instruments.html	https://www.credit-suisse.com/corporate/en/investor-relations/financial-and-regulatory-disclosures/regulatory-disclosures/capital-instruments.html

RISKS, MITIGANTS AND CORE METRICS

RISK AREA	HOW RISKS ARE MANAGED	INDICATIVE CORE METRICS MONITORED
Business Risk Business risk is the risk of underperforming against financial objectives as a result of revenue shortfalls and/or cost target overruns. Including the risk that financial targets may be missed due to failures to adapt or adverse outcomes of risk-taking business initiatives.	Business risk is identified initially through the financial and capital planning process, where the Chief Financial Officer ('CFO') reviews and challenges the proposed business strategy and articulates the financial consequences of proposed business activities and volumes. As necessary, the bank's senior management identifies overlays to the outcome of financial planning to ensure a prudent result and to reflect the execution risk associated with the Bank's strategy. Business risk is managed by the CEO and the Executive Committee and monitored as part of regular financial reporting to the Audit Committee and Board. Such reporting includes a number of KPIs that measure the quality of earnings (through the presentation of normalised, underlying results and metrics), trends in performance and progress against budget. Certain strategic metrics are also monitored as part of regular reporting to the Risk Committee.	• Earnings at risk ratio • Cost to income ratio • Assets at Risk • Target Return on AuM • Loan interest margin
Capital Risk Capital risk is the risk that the bank does not maintain adequate capital to support its activities while exceeding its regulatory requirements and meeting its internal capital goals. Including the risk of the mismatch between available resources and capital demand.	The Credit Suisse group ('CS group') considers a strong and efficient capital position to be a priority. Consistent with this, CSUK closely monitors its capital position on a continuing basis to ensure ongoing stability and support of its business activities. This monitoring takes account of the requirements of the current regulatory regime and any forthcoming changes to the capital framework. Capital risk is measured and monitored through regular capital adequacy reporting produced by the Basel Measurement & Reporting team ('BMR') and provided to management to ensure the drivers of movements in capital adequacy are identified and understood. CSUK Asset and Liabilities Management Capital Allocation and Risk Management Committee ('ALM CARMC') reviews the current capital adequacy position as well as a forecast position to identify any potential adverse movements in the ratio that could require management action. Annually, the Internal Capital Adequacy Assessment Process ('ICAAP') assesses the adequacy of capital in both benign and during a range of plausible, adverse stress scenarios. The ICAAP is used to support business decision-making and informs management of what reasonable management actions may be necessary to restore the capital position, if required, during times of economic stress. Capital risk is managed through two main levers: management of the lending pipeline to reduce credit risk capital requirements; and via capital injection requests to the shareholders to increase capital resources.	• CET1 Ratio • Total Capital Ratio • Capital Surplus over Management Buffer • Leverage Ratio
Credit Risk Credit Risk refers to potential financial loss as a result of a borrower or counterparty failing to meet its financial obligations or as a result of a deterioration in the credit quality of the borrower or counterparty.	Credit risk arises principally from the Bank's lending business, comprising residential and commercial mortgage products and loans secured against diversified portfolios of securities and lending. The Bank uses a credit risk management framework which provides for the consistent evaluation, measurement, and management of credit risk across the Bank. Credit risk is mitigated by conservative lending criteria, including strict affordability tests, low Loan-to-Value ('LTV') ratios and collateral held as security.	• Credit Risk Capital • Risk Rated Assets in Commercial Real Estate and Development Finance • Counterparty concentration • Average Portfolio Loan to Value (LTV) • Impaired Loans • Credit Stress Loss

Group Risk The risk that the financial position of a firm may be adversely affected by its relationships (financial or non-financial) with other entities in the same group or by risk which may affect the financial position of the whole group, including reputational contagion. These may manifest themselves as other material risks.	The main sources of Group risk for the Bank are: Capital: CSUK is a 100% owned subsidiary of CS group but is not reliant on group for its capital requirements over the timeframe of its 3 year financial plan. The Board retains full discretion over any repayment of capital back to group. Unsecured Funding: CS group provides funding typically in GBP on short to medium-terms to ensure that CSUK manages its interest rate risk exposure and maintains sufficient liquid assets. Intra-group unsecured funding is managed as part of a group-wide treasury governance framework. A CSUK ALM CARMC convenes on a quarterly basis to assess the ongoing adequacy of financial resources and to ensure that potential funding issues are assessed and escalated appropriately. Reputation: The Bank is branded as a CS legal entity and could be impacted by reputational issues affecting other group legal entities. Reputational issues could cause a decline in the customer base, litigation or revenue reductions. For example, a credit rating downgrade of the parent legal entity could result in a higher cost of funding as depositors could view CSUK as a less favourable bank with which to place deposits and CSUK may be required to pay higher deposit rates to retain deposits to fund its balance sheet. The CS group has a global approach to identify, assess and manage reputational risks. The Group Reputational Risk Committee is where reputational risk matters from a CS group and regional perspective are reviewed and assessed and escalated as required. Infrastructure: CSUK is dependent on a variety of CS group services (Corporate Functions) to carry out its core activities of financial advisory, management services and credit solutions. These include, but are not limited to, IT, HR, Compliance, Finance and Risk. Corporate Functions are governed through appropriate service-level agreements ('SLAs') and have senior accountable executives directly responsible in respect of CSUK. Such functions operate from other legal entities to ensure operational continuity. Failures of the people, processes and systems operating on behalf of CSUK within the Corporate Functions are considered as part of the Operational Risk assessment.	• A range of KRIs are used to monitor the risks under capital (see capital risk), Funding (see liquidity risk), reputational (see reputational risk). For infrastructure there are a range of KRIs including Performance of Internal Outsourcing and IT systems and Cyber performance

<table>
<tr><td>Market Risk

Potential financial losses arising from adverse changes in market factors such as equity, commodity, foreign exchange prices, interest rates, credit spreads, volatilities, correlations, cross market risks, basis and spreads risks or other relevant market factors (including concentration and illiquidity) on positions held.</td><td>CSUK’s exposure to market risk typically arises from the following sources:

Structural interest rate and structural FX risk arise primarily from the loan and deposit books (a core value proposition and service offering). CSUK manage this by avoiding carrying material open interest or FX rate positions;

FX risk arising from trades undertaken on behalf of clients. CSUK manage this risk by ensure net FX risks are ‘flat’ or matched currency positions resulting in minimal net daily profit and loss;

Exposure to settlement risk arising from trades executed on behalf of clients on a Delivery Versus Payment (‘DVP’) basis. CSUK’s aggregate risk appetite for market risk arising from DVP services is subject to gross notional (oneway) and VaR thresholds, which are quantified in the Risk Appetite and monitored when failed trade levels breach appetite.</td><td>• Net open FX positions (overnight, intraday)
• Net interest sensitivity (DV01)
• Economic Value Scenario impact (EBA & PRA/BCBS scenarios)
• Settlement Risk VaR
• Notional Failed Trades on Balance Sheet</td></tr>
<tr><td>Model Risk

Model risk is the potential for financial loss, negative reputational impact and/or adverse regulatory action from decisions made based on model outputs that may be incorrect or used inappropriately.</td><td>CSUK is supported by the Model Risk Management ('MoRM') function within group CRO who is responsible for reviewing all models used firm-wide (and therefore within CSUK), setting and enforcing model governance standards, performing independent technical validation, measuring and managing the model risk, and reporting on model risk to senior management and supervisors.</td><td>• A range of KRIs tracking the use of models within CSUK including validation results, validation issues remediation and model development</td></tr>
</table>

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, financial crime risk, regulatory risk, legal risk and conduct risk. Non-financial risk is inherent in most aspects of our business, including the systems and processes that support our activities. It comprises a large number of disparate risks that can manifest in a variety of ways.	Effective management of Non-Financial risk requires a common framework that focuses on the early identification, recording, assessment, monitoring, prevention and mitigation of non-financial risks, as well as timely and meaningful management reporting. The CS Non-Financial Risk Framework ('NFRF') provides a structured approach to managing non-financial risks. It seeks to apply consistent standards and techniques for evaluating risks across the CS group while providing individual businesses with sufficient flexibility to tailor specific components to their own needs. Business areas take responsibility for their non-financial risk management and are supported by non-financial risk teams who are responsible for the implementation of the risk management framework, methodologies and reporting. CS group-wide tools are employed including risk appetite tolerance statements in the main areas of NFR (Rules & Regulations, People, Process, Cyber & Systems, Clients & Markets, Governance and Outsourcing), reporting of 'top' non-financial risks; utilising non-financial risk registers; risk and control indicators; risk and control self-assessments ('RCSAs'); compliance risk assessments ('CRA'), financial crime risk assessments ('FCRA'), analysis of internal non-financial risk incident data; review of external loss data; and non-financial risk scenario development.	• 12 month rolling value of economic incidents above £20k overall • 12 month value of losses above £20k by tolerance statement (Rules & Regulations, People, Process, Systems & Cyber, Clients & Markets, Governance and Outsourcing) • A range of KRIs are used to provide an aggregate index level of Non-Financial risks by Tolerance Statement. Example KRIs include: number of regulatory reporting issues, incidents relating to AML issues, cross border regulatory breaches, trade monitoring issues, complaints, CASS breaches and control deficiencies
Pension Risk Pension obligation risk is the risk to a firm caused by its contractual or other liabilities to or with respect to a pension scheme (whether established for its employees or those of a related company or otherwise). It also means the risk that the firm will make payments or other contribution to or with respect to a pension scheme because of a implicit obligation or because the firm considers that it needs to do so for some other reason.	As part of the CSUK Entities Pension Scheme, Credit Suisse operates a defined benefit pension arrangement. This defined benefit scheme was closed to new members at the start of 2000 and stopped accruing future benefits for existing members as of 31 March 2004. Credit Suisse Securities (Europe) Ltd ('CSSEL') is the Principal Employer for the scheme and recognises the accounting asset and liabilities as part of its balance sheet. However, part of the accrued liability within the scheme relates to staff who worked (or still work) in CSUK. The scheme currently shows both an accounting and a funding surplus. If the scheme were to slip into deficit, however, CSUK would be liable for its share of the deficit. Potential pension risk is assessed using the internal Economic Risk Capital ('ERC') model at the 99.9% confidence interval with the resulting deficit allocated to the relevant legal entities using the Actuary's allocation of liabilities The methodology for calculating the ERC capital requirement for the defined benefit element of the UK pensions schemes is based on two key components: 1) The ERC (at 99.9% confidence level), less 2) The surplus between the value of the assets available to the scheme and the value of the pension liabilities using a technical provisions (funding) basis. The ALM CARMC is responsible for monitoring and managing the pension risks as they arise	• ERC Loss metric

Reputational Risk Reputational risk is the risk arising from negative perception on the part of our stakeholders (clients, counterparties, shareholders, investors, employees, regulators) that can adversely affect our ability to maintain existing, or establish new, business relationships and continued access to sources of funding.	CSUK values its reputation and is committed fully to protecting it through a prudent approach to risk-taking and a responsible approach to its business activities. Reputational risk arising from proposed business transactions and client activity is assessed in the Reputational Risk Review Process ('RRRP'). The Bank'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 RRRP.	• A range of KRIs are used to provide a aggregate index level of reputational risks. Example KRIs include Product Governance, Conflicts management, Reputational Risk Review approvals and Complaints

<table>
<tr><td>Sustainability (Including Climate)

Potentially adverse impacts on the environment, on people or society, which may be caused by, contributed to or directly linked to financial service providers through the activities of their clients.</td>
<td>CSUK has put in place a framework to manage climate risk:
Governance: CSUK's Chief Risk Officer ('CRO') is the Senior Manager responsible for Climate Risk. The Board Risk Committee provide oversight on behalf of the Board for climate-related risks, the PRA's requirements and the Bank's framework to address them.

Risk management: Climate-related risks are now included in the Group-wide risk taxonomy. These risks, alongside other environmental and social risks, are considered within the Group-wide Reputational Risk Review process ('RRRP').

Physical risks can arise from climate and weather-related events (e.g., heatwaves, droughts, floods, storms and sea-level rise) and can potentially result in material financial losses, impairing asset values and the creditworthiness of borrowers. CSUK's primary exposure to physical climate risk is through the property collateral for its portfolio of commercial and residential real estate loans.

Transitional risks can arise from the process of adjustment towards a low carbon economy through changes in climate policy, technological developments and disruptive business models, and shifting investor and consumer sentiment. CSUK is exposed to climate transition risk through client portfolios on which we charge management and custody fees and, in some cases, against which we issue Lombard loans.

CSUK would be able to react swiftly to emerging climate-related risks; mortgage lending is typically on a 5-year basis so decisions to renew loans can be made in the context of latest climate risks. The vast majority of CSUK mortgage properties sit in low or no river flood risk areas, with only a very small proportion in medium risk areas. No properties are located in high river flood risk areas. The risk of flood from surface water is generally higher, but is also more geographically confined and affected by local terrain. Lombard loans secured against companies that are impacted by climate change can be managed by adjusting approved LTVs. As uncommitted facilities they can be withdrawn at relatively short notice.

CSUK has set a climate linked risk appetite, leveraging the Group's internal metrics, developed for the Financial Stability Board's "Taskforce on Climate-related Financial Disclosures" ('TCFD') program, and analysis from the Global Climate Risk team.

Scenario analysis: CSUK has used both internal tools and those developed by UN Environment Programme Finance Initiative ('UNEP-FI') to assess forward looking flood and surface risk on our portfolio. We have also developed transition risk financial scenarios which assess climate impacts on Lombard lending collateral.

Disclosure: In 2018, CS group established a climate change program to address the recommendations of the TCFD. CSUK engages with the TCFD, and other industry initiatives such as the work of the United Nations Environment Program Financial Institutions working group, through the group climate change program but does not need to disclose TCFD metrics until 2023.

For more information on CS group approach to climate related financial disclosure, see www.credit-suisse.com/climate.</td>
<td>• % of properties in high current flood risk locations
• % of properties with EPC Energy Efficiency rating band F or worse
• % of properties with EPC CO2 rating Band F or worse
• Physical scenario: total incremental loss from flooding at 99.9% confidence - mortgage lifetime
• Physical scenario: total property valuation decline from flooding at 99.9% confidence - mortgage lifetime
• Overall ESG score on all client assets
• Overall LCT score on all client assets
• Client financed carbon emissions
• Fossil Fuel and Extractive sectors concentration
• Transition scenario: AUM/AUC volume decline over one year horizon under disorderly/delayed transition scenario</td></tr>
</table>

Treasury and Liquidity Risk The risk that a firm is running large unhedged structural interest rate, FX and other ALM & Treasury Risk positions that impact its earnings and / or capital strength, as well as the firm's ability to efficiently meet both expected and unexpected current and future cash flow and collateral requirements without affecting either daily operations or the financial condition of the firm.	CSUK's Liquidity risk is managed as an integral part of the overall CS group's global liquidity risk management framework, which also includes UK local regulatory compliance requirements. Such compliance requirements are measured as part of the PRA's Individual Liquidity Guidance ('ILG') resulting in requirements for CSUK to hold term-funding and a local liquidity asset buffer of qualifying high quality liquid assets ('HQLA') and cash. Interest rate risk exposures in the non-trading positions (synonymously used to the term "Banking Book") mainly arise from retail banking, and related funding activities, with the majority of interest rate risk managed by Treasury centrally on a portfolio basis within approved limits using appropriate hedging strategies. The risks associated with the non-trading interest rate-sensitive portfolios are measured using a range of tools, including the following key metrics: Interest rate sensitivity ('DV01') and Economic value scenario analysis. CSUK manages mismatch between current loans and deposits through maintaining a low level of interest rate mismatches. In cases where the mismatch is larger, it is offset through intercompany repurchase agreement transactions with Credit Suisse International ('CSi').	• Liquidity Coverage Ratio (LCR) • Net Stable Funding Ratio (NSFR) • Internal Liquidity Barometer (30day and 90day) • Currency Coverage Ratios (GBP, USD, EUR) • Stressed Asset Encumbrance Ratio

Appendix 3: Directorships

CSUK's Board Members hold the following number of directorships as at 21 April 2023:

Name	Gender	Independent	Appointment Date*	Total Number of Directorships
Christian Berchem	M		12/09/2017	1
Stefanie Blaettler	F		02/12/2020	1
Maureen Erasmus	F	Independent	24/10/2017	4
Ian Hale	M		08/12/2014	1
Alexandra Kinney	F	Independent	29/11/2017	2
Richard Metcalf	M	Independent	09/09/2020	1
David Spiteri	M		15/03/2023	1
Philippe Theytaz	M		14/10/2020	1

*Non-executive Directors are typically appointed for a two-year term, and the non-executive Chair a three-year term. The Board may invite a Director to serve additional periods. All terms are subject to review by the Nomination Committee. The Board and Board Committees are subject to an annual Board Evaluation.

Note:

The following management and governance changes have been effected since 1 January 2022:

- Simon Politzer resigned as Chief Operating Officer ('COO') and Executive Director in October 2022
- Caroline Waddington was appointed as Chief Financial Officer ('CFO') in July 2022
- Caroline Waddington resigned as Chief Financial Officer ('CFO') in November 2022
- David Spiteri was appointed as CFO in November 2022 and as Executive Director in March 2023

Appendix 4: List of Abbreviations and Glossary

Term	Definition
B	
Banking Book	Classification of assets outside the definition of Trading Book (also referred to as the 'Non-Trading Book').
Back-testing	A technique (typically applied to trading strategies) where a specific strategy is applied to historical data to assess the effectiveness of that strategy.
Basel II	The capital adequacy framework issued by the Basel Committee on Banking Supervision (June 2006). From 1 January 2007, The European Union's Capital Requirements Directive ('CRD') was effective. The CRD was derived from the Basel II Accord ('Basel II').
Basel III	Basel II was subsequently replaced in the EU, from 1 January 2014, by the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (collectively 'CRD IV'). Basel III requirements will be fully implemented by 1 January 2019.
C	
CCyB	*Countercyclical Capital Buffer*: prescribed under Basel III and CRD IV and aims to ensure that capital requirements mitigate potential future losses arising from excess credit growth and hence increased system-wide risk.
CCRMTM	*Counterparty Credit Risk Mark to Market method.* A regulatory prescribed method for calculating exposure values in respect of counterparty credit risk.
CET1	*Common Equity Tier 1:* the highest quality level of regulatory capital prescribed under Basel III (and by CRD V in the EU).
CET1 ratio	CET1 expressed as a percentage of RWA.
CRD	*Capital Requirements Directive*: EU legislation implementing Basel III (and previously Basel II) in the EU.
CRR	*Capital Requirements Regulation*: EU legislation implementing Basel III in the EU.
CVA	*Credit Valuation Adjustment:* a capital charge under Basel III (and CRD V) covering the risk of mark-to-market losses on expected counterparty risk on derivative exposure arising from deterioration in a counterparty's credit worthiness.
D	
DVP	A securities industry settlement procedure in which the buyer's payment for securities is due at the time of delivery. Delivery versus payment (DVP) is a settlement system that stipulates that cash payment must be made prior to or simultaneously with the delivery of the security. This form of settlement applies where the client custodies cash / securities external to CSUK, but executes market trades via CSUK.
E	
EaR	Earnings at Risk. A measure of the potential change in Net Interest Income (NII) due to an adverse interest rate movement over a predefined time horizon.
Exposure value	The maximum loss that a financial institution might suffer if a borrower, counterparty or group fails to meet their obligations or if assets and off-balance sheet positions have to be realised.
EBITDA	*Earnings before interest, taxation, depreciation and amortisation*.
F	
FCA	*Financial Conduct Authority* - The UK regulator responsible for conduct of business regulation and supervision.
H	
Haircut	A discount applied to reflect the amount at which an asset can be realised.
HQLA	*High Quality Liquid Assets:* consists of cash or assets that can be easily converted into cash at little or no loss of value in private markets.
I	
ICAAP	*Internal Capital Adequacy Assessment Process*: a risk-based assessment of the level of regulatory capital to be held by a bank or firm. This may exceed the Pillar 1 capital requirements.
IFRS	*International Financial Reporting Standards*.
ILAAP	*Internal Liquidity Adequacy Assessment Process:* involves identification, measurement, management and monitoring of liquidity required to be implemented in accordance with the provisions in Article 86 of CRD IV.
ISDA	*International Swaps and Derivatives Association*.
ISDA master agreement	Standardised contract developed by ISDA to facilitate bilateral derivatives trading.

L	
LCR	*Liquidity coverage ratio:* refers to the proportion of highly liquid assets held by financial institutions, to ensure their ongoing ability to meet short-term obligations.
Leverage ratio	A calculation prescribed under Basel III (and CRD IV) to measure the ratio of total exposures to available Tier 1 capital.
LGD	*Loss given Default:* the estimated ratio of loss to the amount outstanding at default (EAD) as a result of any counterparty default.
K	
KYC	*Know Your Client*. The information that a bank collects to correctly identify clients and their source of wealth to prevent criminals and terrorists from using financial products or services to store or move the proceeds of crime.
M	
Master netting agreement	An agreement between two counterparties who have multiple contracts with each other that provides for the net settlement of all contracts in the event of default on, or termination of any one contract.
MiFID II	*Markets in Financial Instruments Directive.* MiFID II directive together with Markets in Financial Instruments Regulation (MiFIR) and commonly referred to as MiFID II is EU legislative framework to regulate financial markets in the region by creaing a single market for investment services and ensure harmonised protection for investors in financial instruments.
Minimum capital requirements	The minimum amount Pillar 1 requirements to be held for credit, market and operational risk.
N	
Netting	Netting is a means to reduce on- and off- balance sheet credit risk exposures by offsetting the value of any contracts or other positions held with the same counterparty.
O	
OTC	*Over-the-counter*: A security or other financial instrument not traded on a formal exchange.
P	
PD	*Probability of Default:* is the probability of an obligor defaulting within a one-year horizon.
PFE	*Potential Future Credit Exposure:* is the maximum expected credit exposure over a specified period of time.
Pillar 1	Minimum regulatory capital requirements to be held by a bank or investment firm as prescribed by Basel III (and CRD IV).
Pillar 2	Regulator imposed risk-based capital requirements to be held in excess of Pillar 1.
Pillar 3	CRD IV prescribed capital, risk and remuneration disclosure requirements.
PRA	*Prudential Regulation Authority* - The UK regulator responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms
R	
RCSA	*Risk and Control Self Assessment:* is a process through which operational risks and the effectiveness of controls are assessed and examined.
Reverse repurchase agreement	An agreement that allows a borrower to use a financial security as collateral for a cash loan.
RWA	*Risk-weighted asset*: derived by assigning risk weights to an exposure value.
S	
SA-CCR	Standardised approach for measuring counterparty credit risk
SAR	*Suspicious activity report.* An SAR is a piece of information alerting law enforcement agencies (such as the National Crime Agency) that a certain customer activity is in some way suspicious and may indicate money laundering or terrorist financing
SFT	*Securities Financing Transaction*: lending or borrowing of securities (or other financial instruments), a repurchase or reverse repurchase transaction, or a buy-sell back or sell-buy back transaction.
SREP	*Supervisory Review and Evaluation Process*.
Stressed VaR	A market risk capital charge derived from potential market movements applied over a continuous one-year period of stress to a Trading Book portfolio.
T	
Tier 1 capital	A component of regulatory capital, comprising CET1 and Additional Tier 1 capital as defined by Basel III and the CRD IV.

Tier 1 capital ratio	The ratio of Tier 1 capital to total RWA.
Tier 2 capital	A lower quality of capital (with respect to 'loss absorbency') also known as 'gone concern' capital.
TLRM	Treasury and Liquidity Risk Management
Trading Book	Positions held with intent to trade or to hedge other items in the Trading Book.
V	
VaR	*Value-at-risk*: loss estimate from adverse market movements over a specified time horizon and confidence level.

Cautionary Statement Regarding Forward-looking Information

Words This document contains forward looking statements that involve inherent risks and uncertainties, and we might not be able to achieve the predictions, forecasts, projections and other outcomes we describe or imply in forward looking statements. In addition to our ability to successfully implement our strategic objectives, a number of important factors could cause results to differ materially from the plans, targets, goals, expectations, estimates and intentions we express in these forward looking statements.

Words such as “may,” “could,” “achieves,” “believes,” “anticipates,” “expects,” “intends” and “plans” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. We do not intend to update these forward-looking statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. We caution you that a number of important factors could cause results to differ materially from the plans, targets, goals, expectations, estimates and intentions expressed in such forward-looking statements. Additionally, many of these factors are beyond our control. These factors include, but are not limited to:

a. the ability to maintain sufficient liquidity and access capital markets;
b. market and interest rate fluctuations and interest rate levels;
c. the strength of the global economy in general and the strength of the economies of the countries in which Credit Suisse conducts operations, in particular but not limited to, the risk of negative impacts of COVID-19 on the global economy and financial markets, Russia’s invasion of Ukraine, the resulting sanctions from the US, EU, UK, Switzerland and other countries and the risk of continued slow economic recovery or downturn in the EU, the US or other developed countries or in emerging markets in 2023 and beyond;
d. the emergence of widespread health emergencies, infectious diseases or pandemics, such as COVID-19, and the actions that may be taken by governmental authorities to contain the outbreak or to counter its impact;
e. potential risks and uncertainties relating to the severity of impacts from the COVID-19 pandemic, including potential material adverse effects on our business, financial condition and results of operations;
f. the direct and indirect impacts of deterioration or slow recovery in residential and commercial real estate markets;
g. adverse rating actions by credit rating agencies in respect of us, sovereign issuers, structured credit products or other credit-related exposures;
h. adverse rating actions by credit rating agencies in respect of sovereign issuers, structured credit products or other credit-related exposures;
i. the ability to achieve strategic objectives, including improved performance, reduced risks, lower costs and more efficient use of capital;
j. the ability of counterparties to meet their obligations to Credit Suisse;
k. the effects of, and changes in, fiscal, monetary, trade and tax policies, and currency fluctuations; political and social developments, including war, civil unrest or terrorist activity;
l. the possibility of foreign exchange controls, expropriation, nationalisation or confiscation of assets in countries in which Credit Suisse conducts operations;
m. operational factors such as systems failure, human error, or the failure to implement procedures properly;
n. actions taken by regulators with respect to business and practices in one or more of the countries in which Credit Suisse conducts operations;
o. the effects of changes in laws, regulations or accounting policies or practices;
p. competition in geographic and business areas in which Credit Suisse conducts operations;
q. the ability to retain and recruit qualified personnel;
r. the ability to maintain Credit Suisse’s reputation and promote its brand;
s. the ability to increase market share and control expenses;
t. technological changes;
u. the timely development and acceptance of new products and services and the perceived overall value of these products and services by users;
v. acquisitions, including the ability to integrate acquired businesses successfully, and divestitures, including the ability to sell non-core assets;
w. the adverse resolution of litigation and other contingencies;
x. the ability to achieve cost efficiency goals and cost targets; and
y. Credit Suisse’s success at managing the risks involved in the foregoing.

The foregoing list of important factors is not exclusive. When evaluating forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, including the information set forth in our Annual Report 2022.

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