

Credit Suisse Securities, Sociedad de Valores, S.A.

Financial statements

December 31, 2020

Directors' Report

Year ended December 31, 2020

(Along with the Auditors' Report)

CREDIT SUISSE SECURITIES,
SOCIEDAD DE VALORES, S.A.

Statements of financial position

31 December 2020 and 2019

(Euros)

ASSETS	Nota	2020	2019 (*)
Cash		-	-
Financial assets held for trading	5	1,485,139,508.90	1,441,570,357.02
Equity instruments		16,840,266.85	11,300.92
Trading Derivatives		1,468,299,242.05	1,441,559,056.10
Available-for-sale financial assets	6	600.00	600.00
Equity instruments		600.00	600.00
Loans and receivables	7	3,741,664,938.06	2,988,894,977.83
Loans and receivables from financial intermediaries		3,731,625,723.63	2,988,794,943.72
Loans and receivables from private individuals		10,039,214.43	100,034.11
Tangible assets	8	4,345,626.58	1,291,241.73
For own use		4,345,626.58	1,291,241.73
Intangible assets	9	9,654,696.23	177,754.13
Other intangible assets		9,654,696.23	177,754.13
Tax assets	11	26,150,291.84	3,573,199.49
Current		4,908,474.47	1,193,169.49
Deferred		21,241,817.37	2,380,030.00
Other assets	12	11,776,822.51	396,988.03
TOTAL ASSETS		5,278,732,484.12	4,435,905,118.23

The accompanying notes form an integral part of the Financial Statements as of December 31, 2020.

(*) Data as of December 31, 2019 is presented solely and exclusively for comparison purposes and differs from that included in the 2019 annual accounts. Restated balances, see note 2.b).

CREDIT SUISSE SECURITIES,
SOCIEDAD DE VALORES, S.A.

Statements of financial position

31 December 2020 and 2019

(Euros)

LIABILITIES AND EQUITY	Note	2020	2019 (*)
Financial liabilities held for trading	5	1,273,854,812.11	1,521,521,601.66
Financial liabilities designated at fair value through profit or loss		4,628,117.72	-
Financial liabilities measured at amortised cost	13	3,224,744,954.88	2,228,465,959.86
Debts with financial intermediaries		3,222,315,213.60	2,228,465,959.86
Debts with private individuals		2,429,741.28	-
Tax Liabilities	11	5,605,263.12	533,751.28
Current		5,540,302.08	533,751.28
Deferred		64,961.04	-
Provisions	15	11,132,063.97	-
Other liabilities	14	89,108,923.58	17,017,888.09
TOTAL LIABILITIES		<u>4,609,074,135.38</u>	<u>3,767,539,200.89</u>
SHAREHOLDERS' EQUITY			
Capital	16.a	5,276,344.00	4,808,096.00
Issued Capital		5,276,344.00	4,808,096.00
Share Premium		29,724,383.08	-
Reserves	16.b	634,211,811.55	668,065,118.60
P&L YTD(+/-)	4	<u>445,810.11</u>	<u>(4,507,297.26)</u>
TOTAL EQUITY		<u>669,658,348.74</u>	<u>668,365,917.34</u>
TOTAL LIABILITIES AND EQUITY		<u>5,278,732,484.12</u>	<u>4,435,905,118.23</u>

The accompanying notes form an integral part of the Financial Statements as of December 31, 2020.

(*) Data as of December 31, 2019 is presented solely and exclusively for comparison purposes and differs from that included in the 2019 annual accounts. Restated balances, see note 2.b).

CREDIT SUISSE SECURITIES,
SOCIEDAD DE VALORES, S.A.

Statements of financial position
31 December 2020 and 2019
(Euros)

OFF-BALANCE SHEET	Nota	2020	2019 (*)
Financial guarantees given		4,129,608,717.13	1,387,744,555.71
Forward securities trading commitments		21,345,543.00	-
Financial Derivatives		373,619,871,522.94	267,816,008,288.42
Other risk and commitment accounts		61,873,395.54	-
TOTAL RISK AND COMMITMENT ACCOUNTS	17.a	377,832,699,178.61	269,203,752,844.13
Other memorandum accounts		12,652,728,192.62	5,756,098,974.31
TOTAL OTHER MEMORANDUM ACCOUNTS	17.b	12,652,728,192.62	5,756,098,974.31

The accompanying notes form an integral part of the Financial Statements as of December 31, 2020.

(*) Data as of December 31, 2019 is presented solely and exclusively for comparison purposes and differs from that included in the 2019 annual accounts. Restated balances, see note 2.b).

CREDIT SUISSE SECURITIES,
SOCIEDAD DE VALORES, S.A.

Statements of profit and loss
for the years ended
31 de December 2020 and 2019

(Euros)

	Note	2020	2019 (*)
Interest income (+)	18.b	8,664,125.34	2,300,211.22
Interest expense (-)	18.b	(26,841,597.17)	(11,998,644.48)
INTEREST MARGIN (+/-)		(18,177,471.83)	(9,698,433.26)
Dividend income		-	2,810.75
Fee and commission income	18.c	177,064,794.19	60,756,413.87
(Fee and commission expenses)	18.c	(116,271,240.50)	(47,406,435.74)
Earnings from financial operations (net) (+/-)	18.g	16,932,752.61	(108,008.47)
Trading portfolio (+/-)		16,932,752.61	(108,008.47)
Exchange differences [gain or (-) loss], net		74,090.95	192,746.74
Other operating income	18.f	91,390,124.95	25,303,951.14
(Other operating expenses)		(184,155.05)	(20,000.00)
GROSS MARGIN (+/-)		150,828,895.32	29,023,045.03
Staff expenses (-)	18.d	(82,040,438.41)	(22,609,560.21)
(Other administrative expenses)	18.e	(59,662,069.52)	(12,125,462.47)
Depreciation (-)	8 y 9	(3,054,453.19)	(242,820.05)
(Provisions or (-) reversal of provisions)	16	(4,960,030.26)	-
(Impairment or (-) reversal of impairment on financial assets)		2,572.27	(20,555.99)
Loans and receivables (+/-)		2,572.27	(20,555.99)
OPERATING INCOME (+/-)		1,114,476.21	(5,975,353.69)
(Impairment or (-) reversal of impairment on non-financial assets)		(66,396.30)	-
Intangible assets (+/-)		(66,396.30)	-
Profits/(Losses) in the derecognition of assets not classified as non-current held for sale (+/-)		(31,951.98)	(1,905.47)
PROFIT OR (-) LOSS BEFORE TAX FROM CONTINUING OPERATIONS		1,016,127.93	(5,977,259.16)
(Tax expense or (-) income related to profit or loss from continuing operations)	19	(570,317.82)	1,469,961.90
PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS		445,810.11	(4,507,297.26)
Profit or (-) loss after tax from discontinued operations			
PROFIT OR (-) LOSS FOR THE YEAR		445,810.11	(4,507,297.26)

The accompanying notes form an integral part of the Financial Statements as of December 31, 2020.

(*) Data as of December 31, 2019 is presented solely and exclusively for comparison purposes.

CREDIT SUISSE SECURITIES,
SOCIEDAD DE VALORES, S.A.

Statements of changes in equity for the years ended 31 de December 2020 and 2019
(Euros)

A) Statements of Comprehensive Income for the years ended 31 de December 2020 and 2019

	<u>2020</u>	<u>2019 (*)</u>
A) Net income recognized in income statement (+/-)	445,810.11	(4,507,297.26)
B) Other recognized income/ (expenses) (+/-)	(2,184,283.92)	-
1. Available for-sale financial assets (+/-)	-	-
2. Cash flow hedging (+/-)	-	-
3. Hedging of net investment in foreign transactions (+/-)	-	-
4. Exchange differences	-	-
5. Non-current assets held for sale	-	-
6. Actuarial gains/ (losses) on post-employment plans (+/-)	(2,912,378.56)	-
7. Other recognized income and expense (+/-)	-	-
8. Income tax (+/-)	728,094.64	-
TOTAL RECOGNIZED INCOME/ (EXPENSES) (A+B)	<u>(1,738,473.81)</u>	<u>(4,507,297.26)</u>

The accompanying notes form an integral part of the Financial Statements as of December 31, 2020.

(*) Data as of December 31, 2019 is presented solely and exclusively for comparison purposes.

CREDIT SUISSE SECURITIES,
SOCIEDAD DE VALORES, S.A.
Statements of changes in equity for the years ended 31 de December 2020 and 2019
(Euros)

B) Total statements of Changes in Equity for the years ended 31 de December 2020 and 2019

	Issued Capital	Premiums	Reserves		Profit / (loss) For the year	Total
			Legal reserve	Other reserves		
As at 31 December 2018 (*)	4,808,096.00	-	961,619.20	315,300,075.11	1,803,424.29	322,873,214.60
Other comprehensive income	-	-	-	-	(4,507,297.26)	(4,507,297.26)
Other shareholder's contributions (note 16.b)	-	-	-	350,000,000.00	-	350,000,000.00
Distribution of the profit/(loss) for the year	-	-	-	1,803,424.29	(1,803,424.29)	-
As at 31 December 2019 (*)	4,808,096.00	-	961,619.20	667,103,499.40	(4,507,297.26)	668,365,917.34
Other comprehensive income			-	(2,184,283.92)	445,810.11	(1,738,473.81)
Business Transfer Agreement (notes 1 and 16.a)	468,248.00	29,724,383.08	-	(27,161,725.87)	-	3,030,905.21
Distribution of the profit/(loss) for the year	-	-	-	(4,507,297.26)	4,507,297.26	-
As at 31 December 2020	5,276,344.00	29,724,383.08	961,619.20	633,250,192.35	445,810.11	669,658,348.74

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CREDIT SUISSE SECURITIES,
SOCIEDAD DE VALORES, S.A.

Statements of Cash Flow
for the years ended
31 de December 2020 and 2019
(Euros)

	Note	2020	2019 (*)
1. CASH FLOWS FROM OPERATING ACTIVITIES		19,142,364.01	(348,738,957.69)
Net profit (loss)		445,810.11	(4,507,297.26)
Adjustments to reconcile net profit (loss) to net cash flows		(11,203,650.29)	(1,714,204.57)
Depreciation	8	3,054,453.19	242,820.05
Impairment of financial assets		2,572.27	20,555.99
Movements in provisions		4,960,030.26	-
Gain (loss) on disposal of non-financial assets		-	1,905.47
Other items		(19,220,706.01)	(1,979,486.08)
Adjusted net profit (loss)		(10,757,840.18)	(6,221,501.83)
Net decrease (increase) in operating assets (+/–)		426,190,746.25	(5,318,209,981.39)
Loans and receivables		(986,180,150.80)	(2,428,010,724.93)
Financial assets held for trading		1,423,750,731.53	(2,892,061,274.50)
Other operating assets		(11,379,834.48)	1,862,018.04
Net increase (decrease) in operating liabilities (+/–)		(395,258,250.20)	4,974,904,308.16
Financial liabilities measured at amortised cost		1,149,662,636.84	2,074,978,927.04
Financial liabilities held for trading		(1,618,131,158.28)	2,891,985,970.39
Other operating liabilities		73,210,271.24	7,939,410.73
Corporate income tax payments / (refunds)		(1,032,291.86)	788,217.37
2. CASH FLOWS FROM INVESTING ACTIVITIES		(19,142,364.01)	(1,261,042.31)
Payments (–)		(19,142,364.01)	(1,261,042.31)
Tangible assets	8	(1,012,053.64)	(1,083,288.18)
Intangible assets	9	(11,930,310.38)	(177,754.13)
Other expenditures related to investing activities		(6,200,000.00)	-
Proceeds (+)		-	-
3. CASH FLOWS FROM FINANCING ACTIVITIES		-	350,000,000.00
Payments (–)		-	-
Proceeds (+)		-	350,000,000.00
Other shareholders' contributions	16.b	-	350,000,000.00
Dividendos pagados y remuneración de otros instrumentos de patrimonio (-)		-	-
4. Net foreign exchange difference		-	-
5. NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS (1+2+3+4)		-	-
Cash and cash equivalents at January 1, 2020		-	-
Cash and cash equivalents at December 31, 2020		-	-

The accompanying notes form an integral part of the Financial Statements as of December 31, 2020.

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CREDIT SUISSE SECURITIES,
SOCIEDAD DE VALORES, S.A.

Memoria de Cuentas Anuales

(1) Nature and Core Business Activities

Credit Suisse Securities, Sociedad de Valores, S.A. (the Company) was organised with the name Barclays Pizarro y Recorder, S.A., Sociedad de Valores y Bolsa in a public deed on 27 June 1989 after receiving authorisation from Spain's securities market regulator (the CNMV) on 19 June 1989. On 4 April 1994, the Company changed its name to BZW, Sociedad de Valores y Bolsa, S.A. and on 10 March 1998 it changed it again to Credit Suisse First Boston, Sociedad de Valores y Bolsa, S.A. On 30 April 2003, a further change of name was approved, in accordance with Royal Decree 867/2001 of 20 July on investment firms, to Credit Suisse First Boston, Sociedad de Valores, S.A., and it adopted its present name as of 17 January 2006.

In 1997, BZW, Sociedad de Valores y Bolsa, S.A. acquired the companies BZW Gestión, S.A., S.G.C. and BZW Holding, S.A.

On 27 February 1999, Barclays Bank plc sold all the shares in the Company to Credit Suisse First Boston (UK) Investment Holding.

Its objects comprise the activities of commercial brokering and the rendering of complementary and ancillary services, provided they are for third parties and permitted by the Securities Market Act.

As a broker-dealer, the Company's activities are regulated by the applicable legal provisions, especially the terms of Legislative Royal Decree 4/2015 of 23 October, approving the recast Security Market Act, Act 47/2007 of 19 December, Royal Decree 217/2008 of 15 February, amended by Royal Decree 358/2015 of 8 May, and several CNMV Circulars developing that Royal Decree.

The Company is part of the Credit Suisse Group (note 16), whose parent company is Credit Suisse, A.G.

The Company's activity is to be understood within the framework of the Credit Suisse Group's global strategy, performing a relevant part of its activity with the entities that are members of said Group (see Note 20). In this sense, the existing relationships between the Company and the other entities of the Credit Suisse Group sometimes lead to transactions that respond to a global strategy of the Group (see Notes 16 and 20).

The Company's activities include exclusively those that broker-dealers are allowed to perform as investment firms, pursuant to sections 140 and 141 of the recast Securities Market Act. Consequently, the Company may perform the following investment services:

- a) Reception and transmission of orders in relation to one or more financial instruments.
- b) Execution of orders on behalf of clients.
- c) Dealing on own account.

CREDIT SUISSE SECURITIES,
SOCIEDAD DE VALORES, S.A.

Notes to the Financial Statements

- d) Placing of financial instruments, or placing of financial instruments without a firm commitment basis.
- e) Underwriting of financial instruments and/or placing of financial instruments with a firm commitment basis.
- f) Investment advice.
- g) Safekeeping and administration for the account of clients of the financial instruments contemplated in section 2 of the Securities Market Act.
- h) Granting credits or loans to investors to allow them to carry out a transaction in one or more of the financial instruments contemplated in section 2 of the recast Securities Market Act, where the firm granting the credit or loan is involved in the transaction.
- i) Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings.
- j) Services related to underwriting of issues or the placement of financial instrument.
- k) Investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments.
- l) Foreign exchange services where these are connected to the provision of investment services.
- m) Investment services and ancillary services related to the underlying of the derivatives contemplated in the Securities Market Act where these are connected to the provision of investment or ancillary services.
- n) Operations to be performed by the foreign exchange trading desks:
 - Reception and transmission of orders in relation to one or more financial instruments
 - Execution of orders on behalf of clients
 - Dealing on own account
- o) Sending of advice letters in connection with credit ratings.
- p) Issuance of guarantees connected with other investment services.
- q) Ancillary services in respect of bank products or instruments.

Broker-dealers are regulated by Royal Decree 4/2015 of 23 October, approving the recast Security Market Act, Act 44/2002 of 22 November, Royal Decree 217/2008 of 15 February on investment firms, amended by Royal Decree 1820/2009 of 27 November and Royal Decree 358/2015 of 8 May, and by the CNMV Circulars. These provisions establish certain minimum requirements for obtaining and preserving authorisation, including among others:

- (a) They must have a capital of at least 730 thousand euros.

CREDIT SUISSE SECURITIES,
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Notes to the Financial Statements

- (b) They must have a capital adequacy ratio compliant with the rules set out in the CNMV Circulars.
- (c) They must have a liquidity ratio maintaining a volume of investments in certain low-risk, high-liquidity assets covering 10% of the liabilities due within less than a year, excluding instrumental, temporary credit accounts opened for clients.

The registered office of the Company is at c/ Ayala no. 42, Madrid.

On 10 November 2011, the sole shareholders of Credit Suisse (España), S.A., Sociedad Unipersonal (acquired company) and Credit Suisse Sociedad de Valores, S.A., Sociedad Unipersonal (acquiring company) approved the joint terms of merger entailing the acquisition of the group company Credit Suisse (España) S.A., Sociedad Unipersonal by Credit Suisse Sociedad de Valores, S.A., Sociedad Unipersonal, winding up the acquired company without liquidation with the transfer en bloc of all its assets and liabilities to the acquiring company, which acquired by universal succession all the rights and obligations of the acquired company. The merger was made in accordance with the joint terms of merger drafted and signed by the sole shareholders of the companies as of 29 June 2011. Consequently, Credit Suisse (España), S.A., Sociedad Unipersonal has been wound up and dissolved, and the acquiring company has been subrogated in all the equity, activities and business of the dissolved company.

The sole shareholders of the merging companies, exercising the powers of their respective general meetings, approved the draft terms of merger in decisions adopted on 10 November 2011 in accordance with sections 49 and 52.1 of Act 3/2009 of 3 April on structural modifications of commercial enterprises. Consequently, this operation was carried out with no need to increase the capital in the acquiring company because it was fully owned by the acquired company, as indicated in the draft terms of merger and in the notarised certificates and once the acquired company had purchased all the shares in the acquiring company for 13,072,000.00 euros by virtue of the contract of sale signed on 12 March 2013 and put on record on the same date. That deed was entered in the trade register on 12 March 2013. In compliance with Act 3/2009 and Royal Decree 1159/2010 of 17 September regulating mergers between companies in the same group, the acquiring company delivered the merged annual accounts with effect for accounting purposes as from 1 January 2011, having obtained all the necessary approvals before either of the companies (acquiring company and acquired company) were obliged to draw up annual accounts.

In accordance with the foregoing and the draft terms of merger, and the decisions adopted by the sole shareholder of the acquiring and acquired companies, the treasury shares of Credit Suisse Sociedad de Valores, S.A., Sociedad Unipersonal that the latter received in the planned merger as part of the equity of the acquired company were allotted to the sole shareholder of the acquiring company.

Consequently, after the merger, the sole shareholder of the Company holding 100% of its capital is Credit Suisse AG (see note 16(a)).

This merger was authorised by the Ministry of Economy and Finance, upon recommendation by the National Securities Market Commission, in accordance with Article 19 of Royal Decree 217/2008 of 14 February on investment firms.

CREDIT SUISSE SECURITIES,
SOCIEDAD DE VALORES, S.A.

Notes to the Financial Statements

Business Transfer Agreement

On effective date 1st March 2020, the Company, as transferee, along with CREDIT SUISSE INTERNATIONAL, CREDIT SUISSE SECURITIES (EUROPE) LIMITED (both as “transferors”), CREDIT SUISSE AG and CREDIT SUISSE SERVICES AG signed the “Business Transfer Agreement (“BTA”), in which the transferors agree to, on one hand, sell part of their business and, on the other hand, agree to the contribution of their Branches’s businesses to the Company.

The transferred business consists of the business carried on by the transferors including GM and IBCM to the extent such business relating to EU Regulated Activities. The price of the business transfer has been set at 11,800,000.00 euros (note 9).

For the Branches’ businesses contribution the Company’s government bodies agreed to a capital increase that has been subscribed by the transferors in exchange for the contribution of the Branches’ businesses. On the contribution effective date, the company issued the following shares:

- 168,284 Consideration Shares to Credit Suisse International with an aggregate value of €10,850,952.32, with a price of 64.48 euros per share
- 299,264 Consideration Shares to Credit Suisse Securities Europe Limited with an aggregate value of €10,850,952.32, with a price of 64.48 euros per share.

As a consequence of the Business Transfer Agreement, effective 1st March 2020 the Branches of the transferors in Milan, Paris, Amsterdam, Stockholm and Madrid were closed and Company’s branches were opened in Milan, Paris, Amsterdam and Stockholm.

The Company has contributed each Branches business to the relevant Company’s Branch in each of the EU locations.

Share Purchase Agreement

On February 28, 2020, the “Share Purchase Agreement” was made public, by which CSSEL and CSI sold their shares to Credit Suisse AG for € 30,192,631.04 effective March 1, 2020.

As of December 31, 2020, the Company has the following Branches in the European Union:

Country	Address
Italy	Via Santa Margherita, 3 – Milano
France	86 Boulevard Haussmann – Paris
Sweden	Normalmstorg, 12 – Stockholm
The Netherlands	Honthorststraat 19 – Amsterdam

CREDIT SUISSE SECURITIES,
SOCIEDAD DE VALORES, S.A.

Notes to the Financial Statements

The effect of the Business Transfer Agreement on the Company's equity has been as follows:

Item	Amount
Issued Capital	468,248.00
Share issue premium	29,724,383.04
Reserves	(30,192,631.04)
CSI / CSSEL transferred Branch Reserves	3,030,905.21
Total	3,030,905.21

(2) Basis of presentation and approval of the annual accounts

(a) True and fair view

The accompanying annual accounts were prepared from the accounting records of Credit Suisse Securities, S.V., S.A.

The annual accounts 2020 were drawn up in accordance with the mercantile law currently in place and the provisions established in CNMV Circular 7/2008 of 26 November, and as such give a true and fair view of the equity and financial position of the company at 31 December 2020 and the results of its operations, changes in equity and cash flows generated during the year then ended.

These annual accounts, drawn up and authorised for issue by the Company directors, are pending approval by the sole shareholder of the Company. Nevertheless, the directors consider that they will be approved without modification by the sole shareholder. The 2019 annual accounts were approved at the annual general meeting of April 30, 2020.

(b) Comparison of information

As required by the accounting standards, the figures from the 2019 financial statements are presented for comparison alongside the figures at 31 December 2020 for each item on the balance sheet, statement of income, statement of changes in equity and notes to the accounts.

Re-statement of the balance from the previous year

After a review in 2020 of the contractual framework applicable to the activity of the Company in the trading derivatives market, the Company determined that the appropriate accounting treatment is the daily registration of the liquidation position instead of the treatment that had been given to the date by registering the fair value of the derivatives and the guarantee deposits associated with them.

As a consequence of the identification of this change of treatment, the balance sheet for fiscal year 2019 has been restated. The effect on the balance sheet for fiscal year 2019 is presented below.

CREDIT SUISSE SECURITIES,
SOCIEDAD DE VALORES, S.A.

Notes to the Financial Statements

ASSETS	Reported 2019	Re-classifications	Restated 2019
Cash	-	-	-
Financial assets held for trading	2,892,061,274.50	(1,450,490,917.48)	1,441,570,357.02
Equity instruments	11,300.92	-	11,300.92
Trading Derivatives	2,892,049,973.58	(1,450,490,917.48)	1,441,559,056.10
Available-for-sale financial assets	600.00	-	600.00
Equity instruments	600.00	-	600.00
Loans and receivables	2,755,484,787.26	233,410,190.57	2,988,894,977.83
Loans and receivables from financial intermediaries	2,720,627,498.84	268,167,444.88	2,988,794,943.72
Loans and receivables from private individuals	34,857,288.42	(34,757,254.31)	100,034.11
Tangible assets	1,291,241.73	-	1,291,241.73
For own use	1,291,241.73	-	1,291,241.73
Intangible assets	177,754.13	-	177,754.13
Other intangible assets	177,754.13	-	177,754.13
Tax assets	3,573,199.49	-	3,573,199.49
Current	1,193,169.49	-	1,193,169.49
Deferred	2,380,030.00	-	2,380,030.00
Other assets	396,988.03	-	396,988.03
TOTAL ASSETS	5,652,985,845.14	(1,217,080,726.91)	4,435,905,118.23
LIABILITIES AND EQUITY	Reported 2019	Re-classifications	Restated 2019
Financial liabilities held for trading	2,891,985,970.39	(1,370,464,368.73)	1,521,521,601.66
Financial liabilities measured at amortised cost	2,075,082,318.04	153,383,641.82	2,228,465,959.86
Debts with financial intermediaries	2,075,082,318.04	153,383,641.82	2,228,465,959.86
Tax liabilities	533,751.28	-	533,751.28
Current	533,751.28	-	533,751.28
Other liabilities	17,017,888.09	-	17,017,888.09
TOTAL LIABILITIES	4,984,619,927.80	(1,217,080,726.91)	3,767,539,200.89
SHAREHOLDERS' EQUITY	668,365,917.34	-	668,365,917.34
Capital	4,808,096.00	-	4,808,096.00
Issued capital	4,808,096.00	-	4,808,096.00
Share Premium	-	-	-
Reserves	668,065,118.60	-	668,065,118.60
P&L YTD (+/-)	(4,507,297.26)	-	(4,507,297.26)
<i>Minus: Interim dividends (-)</i>	-	-	-
TOTAL EQUITY	668,365,917.34	-	668,365,917.34
TOTAL LIABILITIES AND EQUITY	5,652,985,845.14	(1,217,080,726.91)	4,435,905,118.23

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Business Transfer Agreement

As mentioned in note 1, effective 1st March 2020, based on the Business Transfer Agreement the Company received the business of Credit Suisse International and Credit Suisse Securities (Europe) Limited carried out through their EU branches. These businesses have been transferred to the Company's branches in the EU. This fact must be taken into account when comparing 2020 and 2019 figures.

(c) Functional currency and presentation currency

The annual accounts are filled in euros to two decimal places, this being the company's functional and presentation currency.

(d) Critical aspects of valuation, estimation of uncertainties and material judgements in the application of accounting policies

The accounting estimations and judgements made by the company in 2020 and 2019 were the same as those used in the previous year.

Certain estimations, judgements and hypotheses have to be made when applying the company's accounting policies for preparation of the annual accounts. The aspects involving a greater degree of judgement, complexity or material hypotheses and estimates are summarised below.

The most significant estimations used when preparing these annual accounts were:

- Estimates to calculate corporate income tax and deferred tax assets and liabilities (notes 11, 15 and 19).

Although these estimates made by the company directors were based on the best information available at 31 December 2020, events that take place subsequently may make it necessary to raise or lower them in future years. The effect on the annual accounts of any adjustments that may be required in future years would be recognised prospectively.

During the financial year 2020, the event with the greatest impact on the economic situation in Spain and worldwide has been the Coronavirus disease pandemic that causes severe acute respiratory syndrome (SARS-CoV-2), generally identified by the acronym Covid-19.

The disease, first identified in December 2019 in the city of Wuhan (Hubei, People's Republic of China), was recognized as a "global pandemic" by the World Health Organization (WHO) on March 11, 2020, coinciding with its expansion in Spain and other countries of the European Union, where it led to repercussions on the health systems of most countries, causing a great social and economic impact.

Faced with this situation, the Company activated the necessary contingency plans that have favoured business continuity. These actions have allowed the Company to continue its activities, without thereby putting its business in a critical situation and without affecting the management's ability to keep adequate accounting records. In this sense, no impossibility of

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compliance with relevant contractual obligations has taken place or is expected to take place in the Company and, therefore, no significant consequence derived from the lack of contractual compliance due to Covid-19 is expected.

Given the activity of the Company, the impact of Covid-19 on the accounting estimates has not been significant, highlighting that the activity of the Company is focused on the intermediation of financial products, having closed both the assets and liabilities positions held for trading (back to back positions).

Although at the date of preparation of these annual accounts the possibility of economic recovery and the pace for its materialization are uncertain and depend, among other issues, on the macroeconomic measures adopted by the Spanish, European and international authorities and on the effectiveness of the vaccines and how rapidly they are applied, the Administrators consider that the going concern accounting principle continues to apply under these circumstances.

(3) Recognition and measurement rules

(a) Financial instruments

(i) Recognition, measurement and classification of financial instruments

Financial assets and liabilities are recognised when the company becomes party to the contractual provisions of the instruments.

Debt instruments are recognised as of the date on which the legal right arises to receive or pay cash; derivatives are recognised as of the date on which they are contracted. In general, the company derecognises financial instruments as of the date on which the risks, rewards, rights and duties inherent therein or control thereof are transferred to the recipient.

The company classifies financial instruments into different categories, based on their characteristics and management's intentions at initial recognition.

Purchases and sales of financial assets through conventional contracts, namely those in which the parties' reciprocal obligations must be discharged within a time frame established by regulation or convention in the marketplace and that may not be settled through netting, are recognised on the transaction or settlement date.

A financial asset and a financial liability may be offset only when the company has a currently enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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The different types of financial instruments are recognised and measured according to the following criteria:

- Financial assets at fair value through profit or loss:
 - Trading book: this includes securities held for short-term trading and derivatives not designated as hedging instruments. They are initially measured at their fair value, recognising net differences with the purchase price in profit or loss.

Non-derivative financial assets may be reclassified outside the trading book when they cease to be held for sale or repurchase in the short term when:

 - * This responds to exceptional circumstances arising from a specific, one-off event beyond the firm's control, in which case they will be reclassified to available-for-sale financial assets;
 - * The company has the intention and financial ability to hold those assets to maturity and they could originally have been classified as loans and receivables, in which case they will be classified as a loans and receivables. - Other financial assets at fair value through profit or loss: this includes hybrid financial assets, jointly managed assets and hedging derivatives. They are initially measured at fair value, recognising net differences with the purchase price in profit or loss.
- Loans and receivables: this category includes financial assets other than hedging instruments with fixed or determinable cash flows, for which the company will recover all of its initial investment. They are initially measured at the fair value of the consideration given and subsequently measured at amortised cost using the effective interest method. Assets acquired at discount are recognised at the value of the cash disbursed. The difference between the redemption value and the cash paid is recognised as financial income in profit or loss up to maturity.
 - Available-for-sale financial assets: this category includes securities not classified in any of the previous categories. They are initially measured at fair value, recognising net differences with the purchase price in equity until they are derecognised, whereupon they are recognised in profit or loss.
 - Financial liabilities at amortised cost: these liabilities are initially measured at the fair value of the consideration received and subsequently at amortised cost, recognising any net differences with the purchase price in profit or loss.

The carrying amount of financial instruments is adjusted against profit or loss when there is objective evidence of impairment.

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Transfer of financial assets

Transfers of financial assets are measured according to the following criteria:

- When the risks and rewards are transferred substantially, the financial asset is derecognised and any right or obligation retained or created in the transfer is recognised.
- When the risks and rewards are retained substantially, the financial asset is not derecognised and a financial liability is recognised for the amount of the transaction at amortised cost.
- When the risks and rewards are neither transferred nor retained substantially, if the company does not retain control, the financial asset is derecognised and any right or obligation retained or created in the transfer is recognised. If, on the contrary, the company retains control, the financial asset is not derecognised and continues to be recognised.

Criteria for calculating the fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The company generally applies the following systematic hierarchy to determine the fair value of financial assets and liabilities:

- Firstly, the company applies the quoted prices in the most advantageous active market to which it has immediate access, adjusted if necessary to reflect any difference in the credit risk between the instruments usually traded and the one being valued. For this purpose it uses the bid price for assets held or liabilities to be issued and the asking price for assets to be acquired or liabilities held. If the company has assets and liabilities with offsetting market risks, it uses mid-market prices for the offsetting risk positions and applies the bid or asking price to the net position.

If there are no market prices available, prices of recent transactions are used, adjusted to reflect any changes in conditions.

- Otherwise and for most derivatives, the company applies generally accepted valuation techniques, making maximum use of market inputs and to a lesser extent specific inputs not observable in the market.

Impairment of financial assets

A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

- Impairment of financial assets carried at cost or amortised cost

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For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for similar financial assets. These impairment losses are not reversible, so they are recognised directly against the value of the asset, not as a provision adjusting its value.

- Impairment of available-for-sale financial assets

In the case of available-for-sale financial assets, the decline in fair value that has been recognised in other comprehensive income in equity is carried to profit and loss when there is objective evidence of impairment, even if the financial asset has not been derecognised on the balance sheet. The amount of the impairment loss carried to profit and loss is calculated as the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in the profit or loss for the year.

Impairment losses recognised in profit or loss for investments in equity instruments are not reversible, so they are deducted directly from the value of the asset and recorded not as a corrective provision.

Any increase in the fair value of debt instruments that can be objectively related to an event occurring after the impairment loss was recognised is carried to profit and loss up to the amount of the impairment loss previously recognised and any excess is carried to other comprehensive income in equity.

(b) Foreign currency transactions and balances

Foreign currency transactions are converted to euros at the spot exchange rates between the euro and the foreign currency on the transaction dates.

Foreign currency monetary items are converted to euros using the closing rate at year-end, while non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Finally, non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

In the statement of cash flows, the cash flows arising from foreign currency transactions are converted to euros using the exchange rates in place on the transaction dates. The effect of changes in foreign exchange rates on cash and cash equivalents denominated in foreign currency is shown separately on the statement of cash flows in “Effect of changes in exchange rates on cash and cash equivalents”.

Exchange differences arising on the settlement of foreign currency transactions or on translating monetary assets and liabilities denominated in foreign currency to euros are carried to profit or loss. However, exchange differences arising on monetary items that are part of the net investment in foreign operations are recognised as exchange differences in equity.

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The exchange rates used by the company to convert foreign currency balances to euros are those published by the European Central Bank.

Exchange gains and losses related with foreign currency monetary financial assets and liabilities are also carried to profit or loss.

Exchange gains and losses arising from non-monetary financial assets and liabilities are recognised together with the change in fair value. However, the exchange component of the change in the exchange rate of foreign currency non-monetary financial assets classified as available for sale and qualified as hedged items in fair value hedges of that component is recognised in profit or loss.

(c) Property, plant and equipment

Property, plant and equipment for own use is recognised at cost less accumulated depreciation and impairment, if any.

The depreciation of all items of property, plant and equipment is calculated by the straight-line method according to the following years of estimated useful life:

	Depreciation method	Years of estimated useful life <u>31.12.2020</u>
Facilities and equipment	Straight-line	5
Furniture and fixtures	Straight-line	5
EDP equipment	Straight-line	3

The expected useful life and depreciation method of the items of property, plant and equipment are reviewed at least at each year-end.

Maintenance and upkeep costs of property, plant and equipment that do not improve their use or extend their useful life are carried to profit and loss when they are incurred. Those costs are capitalised only if it is probable that they will generate future economic benefits and the amount of those costs can be measured reliably.

(d) Intangible assets

Intangible assets are those identifiable non-monetary assets, although without physical appearance, that arise as a consequence of a legal business or have been developed internally by the Company. Only those intangible assets whose cost can be reasonably objectively estimated and from which the Company considers it probable to obtain future economic benefits are recognized for accounting purposes.

Intangible assets are initially recognized at their acquisition or production cost and are subsequently valued at cost less, as appropriate, their corresponding accumulated amortization and any impairment losses that they may have incurred in.

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Intangible assets are amortized throughout their useful life. The annual amortization of intangible assets with a defined useful life is registered under the heading "Amortization" in the profit and loss account. The annual amortization percentages applied by the Company for the different assets, based on their useful life, are detailed below:

	Depreciation method	Years of estimated useful life
		<u>31.12.2020</u>
Computer applications	Straight-line	7

(e) Leases

The company has assigned the right to use certain assets under lease agreements.

Leases that transfer substantially all the risks and rewards incidental to ownership of the assets are classified as finance leases and other leases are classified as operating leases. The company only has operating leases.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

(f) Deposits

Deposits paid under lease agreements are measured in accordance with the criteria indicated for financial assets. The difference between the amount paid and the fair value is recognised as an advance payment, which is carried to profit or loss during the lease term.

(g) Commissions, interest and yield on equity instruments

- Commissions

Commissions on activities and services rendered over a specified period of time are carried to profit or loss over the duration of those activities and services.

Commissions on activities and services rendered over an unspecified period of time are carried to profit or loss according to their degree of completion.

Commissions on a service rendered in a single event are recognised in profit or loss when the service is rendered.

Variable management commissions are recognised according to the best estimate at any time. The company adjusts these commissions retroactively if necessary when information becomes available on the evolution of the basis of calculation.

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Stock exchange fees corresponding to securities transactions are considered a single service received, which is recognised as commissions paid for securities transactions.

- Interest and yield on equity instruments

Interest is recognised by the effective interest method.

Dividends from investments in equity instruments are recognised when the company becomes entitled to receive them. If the dividends distributed clearly derive from profits generated prior to the date of acquisition, because the amounts distributed are larger than the profits generated by the investee since that acquisition, they are deducted from the carrying amount of the investment.

(h) Employee benefits

- Contributions to pension schemes

In 2002, the company took out defined-contribution mixed group insurance with Santander Central Hispano Previsión, Sociedad Anónima de Seguros y Reaseguros, changing to Vida Caixa, Sociedad Anónima de Seguros y Reaseguros as from October 2004, covering certain pension commitments to its employees (note 18 (d)).

As of December 31, 2020, the balance sheet includes the following pension plans (note 15).

- A provision for pension commitments amounting 4,111,672.00 euros that corresponds to the Branch in Paris.

- Termination benefits

Termination benefits for dismissal or redundancy are recognised when there is a detailed formal plan and a valid expectation has been generated among the affected employees that their contracts are going to be terminated, either because the plan is already being implemented or because the principal terms have been announced.

When termination benefits fall due more than 12 months after year-end, they are discounted at the interest rate determined by reference to market yields on high quality corporate bonds or debentures.

Termination benefits for voluntary redundancy are recognised when they have been announced, with no realistic possibility of withdrawing the offer, and are measured at the best estimate of the number of employees expected to accept the offer.

As of December 31, 2020, the balance sheet includes the following termination liabilities: (note 15):

- A provision for indemnities established under article 2120 of the Italian civil code amounting 3,455,639.47 euros that corresponds to the Branch in Milan;

- Remuneration based on Group equity instruments and third-party financial instruments

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The cost of remuneration based on stock options over Group equity instruments and options over third-party financial instruments are recognised as an employee benefit expense at the fair value of the obligation contracted with company employees, which is adjusted in each reporting period to the fair value of that obligation in the relevant year.

The fair value is determined using the appropriate valuation models and taking into consideration the terms and conditions implicit in the remuneration schemes based on stock options over Group equity instruments. The stock options over Group equity instruments delivered to company employees include conditions regarding the services rendered by employees and financial indicators of the evolution of business.

(i) Corporate income tax

The income tax expense or income includes both current tax and deferred tax.

Current tax is the amount of income tax payable or recoverable in respect of the taxable profit (tax loss) for the year.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences, unused tax losses or unused tax credits. Temporary differences for this purpose are differences between the carrying amount of assets and liabilities and their tax base.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the assets are expected to be realised or the liabilities settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the year and after considering the tax consequences deriving from the way in which the company expects to recover the assets or settle the liabilities.

Deferred tax assets and liabilities are recognised as non-current assets or liabilities, regardless of the date on which they are expected to be realised or settled.

(j) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The amounts recognised on the balance sheet correspond to the best estimate at year-end of the expenditure required to settle the present obligation, taking account of the risks and uncertainties related with the provision and, when material, the financial effect produced by the discount, provided the payments to be made in each period can be determined reliably. The discount rate is a pre-tax rate, considering the time value of money and the risks specific to the liability that were not taken into account in the future cash flows related with the provision.

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(k) Contributions to the Investment Guarantee Fund

The company participates in the Investment Guarantee Fund, to which it makes annual contributions, in pursuance of Royal Decree 948/2001 of 3 August on investor indemnity systems, amended by Act 53/2002 of 30 December on tax, administrative and social measures.

During 2020 the Company accrued contributions to the Investment Guarantee Fund in a sum of 40,000.00 euros (20,000.00 euros in 2019), registered within “Other operating costs” on the statement of income.

(l) Related party transactions

Transactions between group companies and with other related parties are recognised at the fair value of the consideration given or received. The difference between that value and the agreed amount is recognised in accordance with the underlying economic substance.

(m) Statement of Total Changes in Equity

This statement shows a reconciliation of the carrying amount at the beginning and end of the reporting period of all the items comprising equity, grouping the changes produced according to their nature, in the following items:

- Reclassifications: this includes all changes in equity that arise through restatement of balances in the financial statements due to changes in accounting policies or to the correction of errors.
- Income and expenses recognised in the year: includes the aggregate of all the items recognised on the statement of recognised income and expense.
- Other changes in equity: shows other items recognised in equity, such as the distribution of profit, trading in own equity instruments, payments made with equity instruments, reclassifications between equity items and any other increase or reduction of equity.

(n) Statement of cash flows

The company has used the indirect method to draw up its statement of cash flows. That method uses the following expressions and classification criteria:

- Cash flows: inflows and outflows of cash and cash equivalents, the latter being short-term, highly liquid investments subject to an insignificant risk of changes in value.
- Operating activities: the principal activities of investment firms and other activities that are not investing or financing activities.
- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

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- Financing activities: activities that result in changes in the size and composition of the equity and borrowings not included in operating activities.

Cash and cash equivalents include the liquid assets that, according to the applicable CNMV rules, are to be classified in “Cash”.

In its statement of cash flows, the company nets the amount of payments and receipts corresponding to financial assets and liabilities with a high turnover. The turnover is considered high when the time between the acquisition date and maturity is less than six months.

Bank overdrafts payable on demand that do not form part of the company’s cash management are not included in cash and cash equivalents on the statement of cash flows. Bank overdrafts are recognised on the balance sheet as financial liabilities within amounts due to credit institutions.

(4) Profits distribution

The proposal for distribution of profit for the year ended 31 December 2020, submitted by the directors and pending approval by the sole shareholder, is as follows:

	Euros
<u>Basis for distribution</u>	
Profit / (loss) for the year	445,810.11
<u>Distribution</u>	
Legal reserve	44,581.01
Voluntary Reserve	401,229.10
	445,810.11

The distribution of profit for the year ended 31 December 2019, submitted by the directors and approved by the sole shareholder on April 30, 2020 was as follows:

	Euros
<u>Basis for distribution</u>	
Profit / (loss) for the year	(4,507,297.26)
<u>Distribution</u>	
Voluntary reserves	(4,507,297.26)

At 31 December 2020 and 2019, the amounts of restricted reserves corresponded to the legal reserve, in a sum of 961,619.20 euros.

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The company's distributable reserves and profit for the year are not subject to any constraints on distribution.

(5) Held for trading portfolio

The composition of this item at 31 December 2020 and 2019 is indicated below:

	Euros			
	2020		2019	
	Assets	Liabilities	Assets	Liabilities
Equity instruments	16,840,266.85	-	11,300.92	-
Derivatives	1,468,299,242.05	1,273,854,812.11	1,441,559,056.10	1,521,521,601.66
	<u>1,485,139,508.90</u>	<u>1,273,854,812.11</u>	<u>1,441,570,357.02</u>	<u>1,521,521,601.66</u>

(a) Equity instruments

The composition of this item at 31 December 2020 and 2019 is shown below:

	Euros			
	2020		2019	
	Assets	Liabilities	Assets	Liabilities
Quoted foreign portfolio	16,840,266.85	-	11,300.92	-
	<u>16,840,266.85</u>	<u>-</u>	<u>11,300.92</u>	<u>-</u>

(b) Derivatives

	Euros	
	Assets	Liabilities
Risk on stock	893,064,851.04	839,618,780.75
Risk on interest rate	521,378,992.63	668,467,137.07
Risk on currency	33,178,948.42	32,396,224.47
Other risks	20,676,449.97	32,583,602.93
	<u>1,468,299,242.05</u>	<u>1,573,065,745.22</u>
	Euros	
	Assets	Liabilities
By currency:		
Euros	753,234,552.66	665,115,316.89
Foreign currency	715,064,689.39	907,950,428.33
	<u>1,468,299,242.05</u>	<u>1,573,065,745.22</u>

	Euros	
	Assets	Liabilities
Risk on stock	78,732,583.11	70,714,354.25
Risk on interest rate	1,355,950,423.11	1,443,995,200.72
Risk on currency	2,522,530.92	2,468,213.60
Other risks	4,353,518.96	4,343,833.09
	1,441,559,056.10	1,521,521,601.66
	Euros	
	Assets	Liabilities
By currency:		
Euros	1,305,804,203.83	1,424,338,329.17
Foreign currency	135,754,852.27	97,183,272.49
	1,441,559,056.10	1,521,521,601.66

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The held-for-trading derivatives as of December 31, 2020 are disclosed below by type of derivative instrument:

	Euros	
	Assets	Liabilities
Swaps	858,435,435.40	821,783,959.87
Currency forwards	3,786,941.01	8,879,736.04
Options on stock and indexes	550,546,514.98	527,838,325.14
Options on interest rates	41,713,252.54	189,480,184.96
Options on currency	9,170,965.52	8,617,818.39
Options on other underlyings	4,646,132.61	16,465,720.82
	<u>1,468,299,242.05</u>	<u>1,573,065,745.22</u>
Of which: with group companies (note 20)	<u>665,415,582.60</u>	<u>706,924,143.06</u>

The held-for-trading derivatives as of December 31, 2019 are disclosed below by type of derivative instrument:

	Euros	
	Assets	Liabilities
Swaps	1,287,871,792.12	1,367,405,240.11
Currency forwards	372,579.97	855,772.51
Options on stock and indexes	152,542,475.19	152,542,475.19
Options on interest rates	70,378.82	70,378.82
Options on currency	529,316.47	475,221.50
Options on other underlyings	172,513.53	172,513.53
	<u>1,441,559,056.10</u>	<u>1,521,521,601.66</u>
Of which: with group companies (note 20)	<u>82,812,171.45</u>	<u>16,322,464.83</u>

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(6) Held-for-sale portfolio

The composition of this item at 31 December 2020 and 2019 is indicated below:

	Euros	
	31.12.20	31.12.19
Shares in Spanish companies Not quoted	600.00	600.00

As a broker-dealer, the company had an interest at 31 December 2020 and 2019 in Gestora del Fondo General de Garantía de Inversiones, S.A. At 31 December 2020 and 2019, it held 3 shares with a par value of 200 euro/share. That interest is measured at cost.

(7) Loans and receivables

The composition of this item at 31 December 2020 and 2019 is indicated below:

	Euros	
	31.12.20	31.12.19
Due from financial intermediaries		
Reverse repos	1,724,246,952.82	1,049,373,745.95
Demand deposits	917,956,702.56	175,450,332.83
Time deposits (note 20)	140,649,299.10	49,228,467.71
Other receivables	945,278,374.65	1,713,222,579.81
Valuation adjustments	3,494,394.50	1,519,817.42
	<u>3,731,625,723.63</u>	<u>2,988,794,943.72</u>
Due from non-financial intermediaries		
Trading receivables	10,036,252.81	100,034.11
Other receivables	2,961.62	-
	<u>10,039,214.43</u>	<u>100,034.11</u>
Total loans and receivables	<u>3,741,664,938.06</u>	<u>2,988,894,977.83</u>

Loans and receivables are denominated in euros and have the following maturities:

	Euros			
	31.12.20		31.12.19	
	Amount	Maturity	Euros	Maturity
Reverse repos	1,724,246,952.82	On demand	1,049,373,745.95	On demand
Demand deposits	917,956,702.56	On demand	175,450,332.83	On demand
Time deposits	140,649,299.10	March 2021	49,228,467.71	March 2020
Other receivables	945,278,374.65	Less tan 1 year	1,812,181,293.16	Less tan 1 year
Reverse repos	10,036,252.81	Less tan 1 year	100,034.11	Less tan 1 year

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(a) Reverse repos

	Euros						
	31.12.18	Additions	Disposals	31.12.19	Additions	Disposals	31.12.20
Revers e repos	15,000,000.00	4,782,335,048.69	(3,747,961,302.74)	1,049,373,745.95	4,570,635,246.82	(3,895,762,039.95)	1,724,246,952.82

As of December 31, 2020 and 2019, reverse repos are expressed in euros.

The reverse repos as of December 31, 2020 correspond to treasury bonds, with a negative annual interest rate of 0.47% and on demand maturity.

A balance of 1,681,520,205.83 euros in reverse repos is held with group companies as of December, 31 2020 (note 20) (996,868,890.00 euros as of December, 31 2019).

The expenses incurred for the reverse repos during 2020 and 2019 amounted to 10,127,337.75 and 3,833,415.16 euros, respectively (note 18 (b)). As of December 31, 2020, the sum of 9,766,783.09 euros out of the total expenses corresponds to balances held with a Group Company (note 20) (3,817,479.25 euros as of December 31, 2019).

(b) Demand deposits

This item includes the balances of current accounts held with credit institutions as of December, 31 2020 and 2019, earning interest at market rates.

As of December 31, 2020, it also includes cash collaterals amounting to 747,774,705.40 euros. These balances were classified as “Other loans-Cash collaterals” as of December 31, 2019 amounting 755,252,736.25 euros.

Demand deposits as of December 31, 2020 includes an amount of 78,819,263.47 euros held with group companies (20,247,332.01 euros as of December, 31 2019) (note 20).

(c) Other receivables

This heading includes temporary balances with the following detail:

	Euros	
	31.12.20	31.12.19
Other receivables		
Guarantee deposits	273,700,964.53	1,099,581,995.29
Failed transactions	232,941,531.05	336,289,527.01
Bonds trade	402,112,574.17	-
Other receivables	36,523,304.90	277,351,057.51
	945,278,374.65	1,713,222,579.81

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Of the above balances, 507,646,933.25 euros are held with Group Companies as of December, 31 2020 (350,819,431.35 euros as of December, 31 2019) (note 20).

The heading "Other accounts receivable" at December 31, 2019 includes the reclassified fair value amount of trading derivatives and guarantee deposits derived from the restatement of the balance sheet as detailed in Note 1.

(d) Time deposits

As of December 31, 2020, total term deposits amounting 107,246,427.73 euros were held with Group Companies under the same conditions as on December 31, 2019.

Time deposits at December, 31 2019 were fully held with Group Companies (note 20), expressed in Swiss Francs and had a maturity of 120 days evergreen.

(e) Trading receivables

As of December 31, 2020, the amount included under this heading corresponds to failed transactions with non-financial clients.

(f) Valuation adjustments – Loans and receivables from financial intermediaries

This heading contains interest accruals on the following items:

	Euros	
	31.12.20	31.12.19
Guarantee deposits	1,269,626.17	899,741.96
Repos (note 13)	470,757.18	86,595.73
Other	1,754,011.15	533,679.73
	<u>3,494,394.50</u>	<u>1,519,817.42</u>

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(8) Property, plant and equipment

The changes in these items produced during 2020 and 2019 are shown below:

2020

	31.12.19	Additions	BTA Adds(*)	Disposals	Transfers	31.12.20
Cost:						
Facilities & equipment	2,965,528.16	9,005.10	14,347,220.56	(2,005,918.04)	(17,973.38)	15,297,862.40
Furniture & fittings	338,376.64	1,780.25	2,238,910.17	(87,865.05)	-	2,491,202.01
EDP equipment	259,575.09	71,871.76	1,481,329.91	(81,096.75)	(13,094.02)	1,718,585.99
Work in progress	106,819.09	929,396.53	214,993.53	(202,080.73)	31,067.40	1,080,195.82
	3,670,298.99	1,012,053.64	18,282,454.17	(2,376,960.57)	-	20,587,846.22
Accumulated depreciation	(2,379,057.25)	(667,334.56)	(15,586,338.67)	2,390,510.84	-	(16,242,219.64)
Net book value	1,291,241.73	344,719.08	2,696,115.50	13,550.27	-	4,345,626.58

(*) Please, refer to Note 1 for further information on the Business Transfer Agreement.

2019

	31.12.18	Additions	Disposals	Transfers	31.12.19
Cost:					
Facilities & equipment	2,039,202.97	88,089.27	(38,240.08)	876,476.00	2,965,528.16
Furniture & fittings	189,195.73	3,766.49	(106,195.34)	251,609.76	338,376.64
EDP equipment	69,328.88	6,137.01	(1,832.40)	185,941.60	259,575.09
Work in progress	402,359.74	1,018,486.71	-	(1,314,027.36)	106,819.09
	2,700,087.32	1,116,479.48	(146,267.82)	-	3,670,298.99
Accumulated depreciation	(2,227,508.20)	(242,820.05)	91,271.00	-	(2,379,057.25)
Net book value	472,579.12	873,267.79	(54,996.82)	-	1,291,241.73

At 31 December 2020, the company had fully depreciated items of property, plant and equipment with a value of 809,045.00 euros (2,057,659.80 euros at 31 December 2019).

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(9) Intangible assets

As of December 31, 2020 and 2019, the detail of the intangible assets registered by the Company is presented as follows.

	31.12.19	Additions	Disposals	Transfers	31.12.20
Cost:					
Software	177,754.13	11,880,694.70	(78,708.63)	-	11,979,740.20
Work in progress	-	49,615.68	-	-	49,615.68
	177,754.13	11,930,310.38	(78,708.63)	-	12,029,355.88
Accumulated depreciation	-	(2,387,118.63)	12,458.98	-	(2,374,659.65)
Net book value	177,754.13	9,543,191.75	(66,249.65)	-	9,654,696.23

As of December 31, 2019, the Company had intangible assets amounting to 177,754.13 euros, corresponding to software fully registered during that year.

(10) Operating Leases - Lessee

The company leases the property at which it operates, under an operating lease.

The details of the most important lease agreements are set out below:

Lease	Term	Penalties
C/ Ayala, 42 (Madrid)	9 years	Termination of lease in event of default
Via Santa Margherita (Milan)	7 years	-

As of December 31, 2020 and 2019, the lease of the buildings above includes rent deposits amounting to 541,329.45 and 292,269.34 euros, respectively (note 12).

Lease payments for the building in Madrid totalled 2,132,681.07 euros in 2020 (1,995,311.98 euros in 2019) (note 18 (e)). As for the lease of the Milan office, it amounts to 3,249,054.80 euros as of December 31, 2020.

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The total amount of the minimum future payments for non-cancellable operating leases as of the end of the year is as follows:

	Euros	
	31.12.20	31.12.19
Up to 1 year	6,939,666.97	2,446,525.80
Between 1-5 years	29,603,698.51	12,232,629.00
More that 5 years	16,922,828.16	9,786,103.20
	<u>53,466,193.64</u>	<u>24,465,258.00</u>

(11) Tax assets and liabilities

The composition of the tax assets item at 31 December 2020 and 2019 is as follows:

Tax Assets	Euros			
	Current		Deferred	
	31.12.20	31.12.19	31.12.20	31.12.19
Tax receivables				
Withholding tax (note 19)	4.274.968,58	248.165,87	-	-
Advance tax	-	-	21.241.817,37	2.380.030,00
Other tax assets	633.505,89	945.003,62	-	-
	<u>4.908.474,47</u>	<u>1.193.169,49</u>	<u>21.241.817,37</u>	<u>2.380.030,00</u>

The variations in deferred tax assets during 2020 and 2019 are as follows:

	Euros
Balance 31.12.18	<u>645,950.54</u>
Additions due to temporary differences	1,734,079.46
Reductions due to temporary differences	-
Balance 31.12.19	<u>2,380,030.00</u>
Additions due to the Business Transfer Agreement (note 1)	9,883,299.48
Additions due to temporary differences- Spain	4,385,162.14
Additions due to temporary differences- Branches	4,593,325.75
Balance 31.12.20	<u>21,241,817.37</u>

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The composition of the tax liabilities item at 31 December 2020 and 2019 is as follows:

Tax liabilities	Euros			
	Current		Deferred	
	31.12.20	31.12.19	31.12.20	31.12.19
Tax payable				
Corporation tax liability	4,116,410.49	-	-	-
Social security contributions pending payment	1,652,987.03	533,751.28	-	-
Other deferred tax liabilities	-	-	64,961.04	-
	<u>5,769,397.52</u>	<u>533,751.28</u>	<u>64,961.04</u>	<u>-</u>

Credit balances for Corporation Tax correspond to the Branches in Paris and Milan.

(12) Other assets

The breakdown of this item on the balance sheets at 31 December 2020 and 2019 is as follows:

	Euros	
	31.12.20	31.12.19
Debit balances	9,075,527.42	-
Accruals	1,016,201.94	104,060.59
Other assets	<u>1,685,093.15</u>	<u>292,927.44</u>
	<u>11,776,822.51</u>	<u>396,988.03</u>

Other assets includes, as of December 31, 2020 and 2019, rent deposits corresponding to properties in which the Company carries out its activity for a total amount of 541,329.45 euros as of December 31, 2020 (offices in Madrid, Milan and Amsterdam for amounts of 292,269.34 euros, 195,000.00 euros and 54,060.11 euros respectively) and for a total amount of 292,269.34 euros as of December 31, 2019 (office in Madrid) (note 10).

Other debit balances includes, at December 31, 2020, an amount of 9,075,527.42 euros delivered to a Group Company as an advance on a tangible asset purchase.

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(13) Financial liabilities at amortised cost

The composition of this item at 31 December 2020 and 2019 is shown below:

	Euros	
	31.12.20	31.12.19
Due to financial intermediaries		
Loans and due to Group companies (note 20)	1,989,159,639.41	1,151,348,210.45
Other credits (note 20)	109,639,246.84	2,092,624.08
Repos (note 20)	252,544,650.97	52,504,855.86
Other debts	582,362,807.85	701,942,513.31
Valuation adjustments (note 20)	47,932,645.47	2,892,149.87
Collateral held	240,676,223.06	317,685,606.29
Due to non financial intermediaries		
Other liabilities	2,429,741.28	-
	<u>3,224,744,954.88</u>	<u>2,228,465,959.86</u>

(a) Loans and due to Group companies

At 31 December 2020 and 2019 this heading contains the funding received from a Group company. At December 31 2020 la the funding has a 120 days maturity evergreen.

Detail by currency is shown below:

	Euros	
	31.12.20	31.12.19
Euro	1,016,075,550.30	904,403,918.23
US Dollar	541,267,364.91	13,037,951.03
Pound Sterling	306,610,223.49	28,255,946.39
Swiss Francs	27,701,237.87	-
Japanese yen	19,733,299.03	9,872,422.67
Canadian dollar	12,756,421.44	6,156,835.43
Polish zloty	11,124,976.51	35,246,845.73
Swedish krona	10,907,434.00	118,093,154.36
Danish krone	8,749,658.30	1,753,704.76
Norwegian krone	6,536,918.31	1,179,508.08
Singapore dollar	6,155,400.92	3,977,561.82
Australian dollar	5,892,664.83	10,008,970.79
Hong Kong dollar	5,559,699.57	3,896,288.25
South African rand	3,339,589.20	190,121.58
Turkish Lira	1,597,676.85	-
Mexican peso	1,423,649.50	236,595.55
Russian rouble	1,284,250.06	811,266.57
Israeli Shekel	1,013,005.20	-
Czech koruna	952,540.75	1,692,147.18
Thai Baht	271,470.50	-
New Zealand dollar	176,283.90	12,317,471.52
United Arab Emirates dirham	13,726.03	-
Hungarian forint	13,699.50	217,476.72
Kuwaiti Dinar	2,671.45	-
Leu Romani	205.31	-
Saudi Arabia Riyal	21.68	23.79
	<u>1,989,159,639.41</u>	<u>1,151,348,210.45</u>

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(b) Repos

This heading includes repurchase agreements of government bonds on demand. As of December 31, 2020, it contains a balance of 250,752,389.10 euros with Group companies (52,504,855.86 euros as of December 31, 2019) (note 20).

(c) Other debts

A breakdown of this heading is shown below:

	Euros	
	31.12.20	31.12.19
Failed trades	154,298,496.70	213,876,962.17
Bond trades	402,112,574.17	-
Other debts	25,951,736.98	488,065,551.14
	<u>582,362,807.85</u>	<u>701,942,513.31</u>

“Other debts” includes the fair value amount of trading derivatives and cash collaterals reclassified due to the re-statement of the balance sheet as detailed in Note 1.

This heading includes 72,293,391.69 and 233,094,319.30 euros held with Group companies as of December, 31 2020 and 2019, respectively (note 20).

(d) Valuation adjustments

This heading contains interest accruals on the following items:

	Euros	
	31.12.20	31.12.19
Reverse repos	5,469,866.65	2,785,021.97
Others(note 20)	42,462,778.82	107,127.90
	<u>47,932,645.47</u>	<u>2,892,149.87</u>

(e) Collateral held

At December, 31 2020 and 2019 this heading includes 240,676,223.06 and 111,303,877.02 euros held with Group companies, respectively (note 20).

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(14) Other liabilities

	Euros	
	31.12.20	31.12.19
Due to group companies (note 20)	-	7,077.12
Due to others	38,757,451.06	5,715,472.99
Accrued wages and salaries	49,053,841.18	10,875,337.98
Tax payables	1,297,631.34	420,000.00
	<u>89,108,923.58</u>	<u>17,017,888.09</u>

Accrued wages and salaries includes the part of the variable remuneration and other commitments to the company's employees accrued at 31 December 2020 and 2019 (note 18 (d)).

All the balances included in this heading are payable within less than one year, except sums payable under the employee bonus scheme based on options included in Accrued wages and salaries that are payable more than one year after year-end.

(15) Provisions

As of December 31, 2020, this heading is detailed as follows:

	Euros
	31.12.20
Provisions for pensions and similar obligations (note 3.g.)	7,567,311.47
Provisions for other risks	<u>3,564,752.50</u>
	<u>11,132,063.97</u>

Provisions for other risks essentially include a provision for restructuring in the amount of 2,950,237.50 euros as of December 31, 2020.

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(16) Own Funds

The composition and variation in equity are shown in the statement of changes in equity.

(a) Issued capital and premium

At 31 December 2019, capital was represented by 1,600 registered shares with a par value of 3,005.06 euros each, fully subscribed and paid up by the sole shareholder Credit Suisse AG.

On February 28, 2020, the following decisions of the Sole Shareholder of the Company were made public, effective March 1, 2020:

- To perform a share split whereby share capital is divided at the rate of 3,005.06 new shares for each old share by reducing the current par value of each share from 3,005.06 € to 1.00 €.
- To increase the social capital of the Company through non-monetary contributions in the amount of 468,248.00 euros, by issuing 468,248 new shares, with a nominal value of € 1.00 each and of the same class as the existing ones.
- To issue the new shares with a total share premium of 29,724,383.04 euros, at a rate of € 63.48 for each new share issued.
- The new shares issued are paid and subscribed by Credit Suisse International (“CSI”) and Credit Suisse Securities (Europe) Limited (“CSSEL”), the equivalent value consisting of the non-monetary contribution detailed below:
 - o The business developed by CSI through its branches in Spain, Holland, Italy and Sweden;
 - o The business developed by CSSEL through its branches in France and Sweden.

On the other hand, as detailed in Note 1, on February 28, 2020, the “Share Purchase Agreement” was published, whereby CSSEL and CSI sold their shares to Credit Suisse AG for the amount of 30,192,631.04 euros with effect date March 1, 2020.

At 31 December 2020, share capital amounted 5,276,344 euros and was represented by 5,276,344 registered shares with a par value of 1 euros each, fully subscribed and paid up by the sole shareholder Credit Suisse AG, and the company complied with the requirements stipulated in current laws on single-member companies. These shares have equal voting and economic rights. There are no significant contracts with the sole shareholder.

At 31 December 2020 and 2019, no own shares are held by the company or a third party acting on its behalf. The shares in the company are not listed on any stock exchange.

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(b) Reserves

(i) Legal reserve

In pursuance of the recast Corporate Enterprises Act, companies are obliged to set aside a sum equal to 10% of the profit each year to fund the legal reserve until it has a balance at least equal to 20% of the capital. This reserve may only be used to offset losses when there are no other reserves available. On certain conditions, it may also be used to increase the capital.

At 31 December 2020 and 2019, the company's legal reserve was equal to 20% of its paid-up capital.

(ii) Other reserves

Other reserves includes the part corresponding to the unappropriated reserve and the capitalisation reserve.

The company has an unappropriated reserve of 632,731,989.80 euros at 31 December 2020 (666,585,296.01 euros at 31 December 2019).

On 19 November 2018, the sole shareholder resolved to inject 300,000.00 thousand euros into the company for the new business activity to be undertaken in 2019 (note 1) and to comply with the own funds requirements stipulated by several trading centres that the company will join. Moreover, on 12 December 2019 the sole shareholder resolved to inject 350,000.00 into the company.

In pursuance of section 25 of the Corporate Income Tax Act 27/2914 of 27 November, the company has a restricted reserve of 518,202.55 euros at 31 December 2020 (518,202.55 euros at 31 December 2019).

(c) Own funds: Capital management

Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and CNMV Circular 2/2014 of 23 June on capital adequacy for investment firms and their consolidated groups regulate the own funds of these firms and their consolidated groups, how own funds are to be determined, the different capital adequacy assessment processes to be conducted by investment firms and their public reporting to the market.

The strategic goals set by company management regarding the management of own funds are indicated below:

- Comply at all times with the applicable laws and regulations on minimum own funds requirements.
- Seek maximum efficiency in the management of own funds so that the consumption of own funds, together with other profitability and risk variables, is considered a fundamental variable in the analyses associated with decision-making in the company.

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- Increase the weight of Tier 1 capital in the company's total own funds.

To meet these goals, the company has a number of own fund management policies and processes, the principal guidelines of which are:

- The company monitors and checks at all times the levels of compliance with the laws and regulations on own funds, with alarms that enable it to guarantee compliance at all times and see that the decisions made by the different divisions and units of the company are coherent with the goals set to comply with the minimum own funds requirements. In this regard, there are contingency plans to make sure the company keeps within the limits set in the applicable laws and regulations.
- In the company's strategic and commercial planning and the analysis and monitoring of its operations, the impact of those operations on its eligible own funds and the consumption-yield-risk ratio are considered a key factor in the company's decision-making. The company has certain metrics that are used to guide its decision-making regarding or affecting the minimum own funds requirements.

Therefore, the company considers own funds and the own funds requirements stipulated in the above-mentioned laws and regulations essential for its management, affecting the company's decisions, analysis of the viability of operations, strategy for the distribution of profits, etc.

Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and CNMV Circular 2/2014 of 23 June indicate what elements must be counted as own funds and the own funds requirements to be met at all times. The company must satisfy the following own funds requirements:

- a) a Common Equity Tier 1 capital ratio of 4.5%;
- b) a Tier 1 capital ratio of 6%;
- c) a total capital ratio of 8%.

The company calculates its capital ratios as follows:

- a) the Common Equity Tier 1 capital ratio will be equal to the Common Equity Tier 1 capital of the institution expressed as a percentage of the total risk exposure amount;
- b) the Tier 1 capital ratio will be equal to the Tier 1 capital of the institution expressed as a percentage of the total risk exposure amount;
- c) the total capital ratio will be equal to the own funds of the institution expressed as a percentage of the total risk exposure amount.

The company's management of its own funds complies, in terms of conceptual definitions, with the provisions of Regulation (EU) No 575/2013 of the European Parliament and of the

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Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and CNMV Circular 2/2014 of 23 June. The minimum own funds requirements established in Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and CNMV Circular 2/2014 of 23 June are calculated in accordance with the company's exposure to credit, counterparty and dilution risk and free delivery exposures, liquidation/delivery risk, position, foreign exchange and commodity risk, operational risk, risk due to general overheads and the risk associated with material exposure in the trading book. The company is also required to keep within the limits on risk concentration established in that Circular and to make the capital adequacy assessments, measure the interest rate risk and comply with the reporting obligations also established in the Circular. In order to guarantee satisfying the afore-mentioned goals, the company pursues integrated management of these risks, applying the policies described earlier. Details of the company's own funds at 31 December 2020 and 2019 is included below, classified into basic own funds and Tier 2 own funds, calculated in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and CNMV Circular 2/2014 of 23 June, which, as mentioned earlier, coincides with what is considered, for consolidated purposes, "capital for management".

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	Thousand euros	
	31.12.2020	31.12.2019
Common Equity Tier 1 capital		
Issued capital	5,276.00	4,808.00
Reserves	13,936.00	12,016.00
Other reserves	650,000.00	650,000.00
Deductions	(14,858.00)	(679.00)
Total Common Equity Tier 1 capital	654,354.00	666,145.00
Total Tier 1 capital	654,354.00	666,145.00
Tier 2 capital		
Standard approach General credit risk adjustments	6.00	21.00
Total Tier 2 Capital	6.00	21.00
Total Capital	654,360.00	666,166.00
Total amount of risk exposure		
For credit, counterparty, dilution & free delivery risk	1,291,606.00	320,005.00
For settlement/delivery risk	1,763.00	63.00
For position, foreign exchange & commodity risk	163,738.00	2,963.00
For operational risk	44,638.00	38,825.00
For credit valuation adjustment	145,450.00	118,425.00
Associated with large exposures held for trading	251,083.00	-
Other risk exposure amounts	23,016.00	-
Total amount of risk exposure	1,921,294.00	480,281.00
Common Equity Tier 1 capital ratio	34.06%	138.70%
Surplus of Common Equity Tier 1 capital	567,896.00	644,532.00
Tier 1 capital ratio	34.06%	138.70%
Surplus of Tier 1 capital	539,076.00	637,328.00
Total capital ratio	34.06%	138.70%
Surplus of total capital	500,656.00	627,744.00

At 31 December 2020 and 2019, the company's eligible own funds exceeded those required by the aforesaid legislation.

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Investment firms must satisfy at all times the combined buffer requirement, meaning the total Common Equity Tier 1 capital defined in Article 26 of Regulation (EU) No 575/2013, which is necessary to comply with the obligation of having a capital conservation buffer plus, where appropriate:

- a) a specific countercyclical capital buffer for each institution
- b) a buffer for global systemically important institutions (G-SIIs)
- c) a buffer for other systemically important institutions (O-SIIs)
- d) a buffer against systemic risks.

The buffers indicated in points b), c) and d) are not applicable to the company this year.

The capital conservation buffer requirement for Common Equity Tier 1 capital contemplated in section 44 of Act 10/2014 is applied to total risk-weighted exposure according to the following calendar:

- a) From 1 January 2016 to 31 December 2016: 0.625%
- b) From 1 January 2017 to 31 December 2017: 1.25%
- c) From 1 January 2018 to 31 December 2018: 1.875%
- d) From 1 January 2019: 2.5%

The company amply complies with the applicable capital buffer requirements.

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(17) Contingent liabilities and commitments and Other off-balance sheet items

The breakdown of these headings as of December 31, 2020 and 2019 is as follows:

	Euros	
	31.12.20	31.12.19
Guarantees and sureties granted	4,129,608,717.13	1,387,744,555.71
Derivative instruments	373,619,871,522.94	267,816,008,288.42
Forward buy-and-sale commitments	21,345,543.00	-
Other risks and commitment accounts	61,873,395.54	-
Total contingent liabilities and commitments	377,832,699,178.61	269,203,752,844.13
Client orders to buy securities pending settlement	2,100,024,891.11	1,647,750,857.89
Client orders to sell securities pending settlement	2,100,024,891.11	1,647,750,857.89
Other items	7,052,678,410.40	2,460,597,258.53
Total other off-balance sheet items	12,652,728,192.62	5,756,098,974.31

(a) Guarantees and sureties granted

This heading includes non-cash collateral granted by the Company on the course of its business.

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(b) Derivative instruments

A breakdown of notionals at December 31, 2020 and 2019 is provided below.

	Euros	Euros
	31.12.20	31.12.19
Financial futures on securities and interest rates		
Purchased	16,533,382,400.61	40,949,089,228.92
Sold	16,533,382,400.61	40,949,089,228.91
Other trades on interest rates		
Swaps	179,626,260,667.87	109,380,120,416.40
Financial futures on currency		
Purchased	476,014,275.81	1,156,132,746.79
Sold	660,937,122.98	1,156,132,746.81
Options on equity or equity indexes		
Purchased	14,540,194,902.80	7,794,891,956.00
Sold	14,723,439,552.67	8,652,251,349.00
Options on interest rates		
Purchased	28,429,083,946.33	14,902,534,270.93
Sold	28,686,787,503.51	15,051,483,942.54
Options on currency		
Purchased	337,148,097.88	746,270,033.25
Sold	338,322,809.93	1,272,687,718.78
Other trades	72,734,917,841.94	25,805,324,650.09
	<u>373,619,871,522.94</u>	<u>267,816,008,288.42</u>

(c) Other items

This heading includes, on the one hand, guarantees received for the Company's business amounting 5,652,678,410.40 euros as of December 31, 2020 (1,060,597,258.53 euros as of December 31, 2019) and, on the other hand, the guarantee issued in favour of the Company by its Sole Shareholder on April 18, 2019 to guarantee the Company's obligations with respect to LCH, SA. The maximum guarantee amount is 1,400,000,000.00 and it has a 2 year maturity. The cost accrual related to the guarantee given has been recorded as "Commissions paid" in the Profit and Loss statement (note 18 (c)).

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Notes to the Financial Statements

(18) Income and expense

(a) Segment reporting

The company is mainly engaged in the worldwide brokering of national or foreign investments on recognised exchanges for companies within the Credit Suisse Group.

(b) Interest income / Interest expense

The breakdown of this item on the income statement in 2020 and 2019 is as follows:

	Euros	
	31.12.20	31.12.19
<u>Interest expense</u>		
Financial intermediaries		
Deposits	1,132,190.79	1,648,023.23
Reverse repos	10,127,337.75	3,833,415.16
Other	15,133,243.33	6,492,760.28
Spanish non-financial intermediaries	283,726.42	19,618.05
Foreign non-financial intermediaries	165,098.88	4,827.76
	<u>26,841,597.17</u>	<u>11,998,644.48</u>
<u>Interest income</u>		
Financial intermediaries		
Deposits (note 16)	143,575.43	709,738.13
Repos (note 13)	3,366,844.28	495,889.94
Other	5,041,819.00	1,085,615.28
Spanish non-financial intermediaries	50,274.87	-
Foreign non-financial intermediaries	61,611.76	6,157.12
Dividend	-	2,810.75
	<u>8,664,125.34</u>	<u>2,300,211.22</u>

Balances with Group companies are detailed on note 20.

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Notes to the Financial Statements

(c) Commissions received and paid

The breakdown of commissions received and paid during 2020 and 2019, according to their nature, is set out below:

Commissions received	Euros	
	31.12.20	31.12.19
Processing and execution of client's orders to buy and sell securities	128,586,724.35	58,698,845.90
Investment advice	19,000,000.00	2,000,000.00
Underwriting and placemen	872,805.05	-
Other commissions	28,605,264.79	57,567.97
	<u>177,064,794.19</u>	<u>60,756,413.87</u>
 Commissions paid		
Cash equities trading	74,368,550.29	29,790,012.23
Derivative trading	29,109,109.71	10,784,244.83
Underwriting and placement	258,485.15	56,582.15
Commissions paid to markets and clearing & settlement systems	5,049,640.56	4,776,681.12
Other commissions	7,485,454.79	1,998,915.41
	<u>116,271,240.50</u>	<u>47,406,435.74</u>

At 31 December 2020 and 2019, "Other commissions paid" includes the cost accrual related to the parental guarantee issued by the Company's Sole Shareholder (notes 17 (d) and 20).

Balances with Group companies are detailed on note 20.

(d) Employee benefits

The breakdown of this item on the income statement in 2020 and 2019 is as follows:

	Euros	
	31.12.20	31.12.19
Wages and salaries	67,640,523.10	18,600,785.44
Social security	8,911,006.53	763,981.91
Contributions to supplementary pension schemes (Note 3(g))	3,234,795.91	370,222.46
Termination benefits	-	1,911,994.89
Other employee benefits	2,254,112.87	962,575.51
	<u>82,040,438.41</u>	<u>22,609,560.21</u>

During 2020, the company recognised within wages and salaries a sum of 14,008,784.82 euros corresponding to employee remuneration plans based on stock options over

CREDIT SUISSE SECURITIES,
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Notes to the Financial Statements

equity instruments (2,912,109.13 euros in 2019). This expense is carried at the fair value of the obligation contracted to employees in each period, as indicated in Note 3 (g).

At 31 December 2020 and 2019, the company had the following variable remuneration plans based on stock options over own and third-party equity instruments.

Name of plan	Number of shares	Eligible employees	Maturity	Conditions
Phantom Share Award	Variable	Employees with remuneration > USD 250 thousand or equivalent in local currency	2021-2022-2023-2024	- Calculation of ROE of CS AG share - Performance of business area - The underlying are Group equity instruments
Performance Share Award	Variable	Employees with remuneration > USD 250 thousand or equivalent in local currency	2021-2022-2023-2024	- Calculation of ROE of CS AG share - Performance of business area - The underlying are Group equity instruments
Contingent Capital Award	Variable	Employees with remuneration > USD 250 thousand or equivalent in local currency	2021-2022-2023-2024	- Non-guaranteed right to receive future cash payments - The underlying are CS Group equity instruments

The amount of Contributions to supplementary pension schemes corresponds to payment of a defined contribution mixed group insurance taken out by the company in 2002 with Santander Central Hispano Previsión, Sociedad Anónima de Seguros y Reaseguros, changed as from October 2004 to Vida Caixa, Sociedad Anónima de Seguros y Reaseguros, covering certain pension commitments to its employees (see Note 3 (g)).

The average number of employees on the company's payroll during the year ended 31 December 2020 and 2019, by category and gender, is as follows:

	31.12.20		31.12.19	
	Men	Women	Men	Women
Executives	50	8	7	1
Skilled staff	56	14	25	8
Administrative staff	5	19	3	9
	110	41	34	18

At 31 December 2020 and 2019, the company had no employees with a disability rating of 33% or over.

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Notes to the Financial Statements

(e) General expenses

The breakdown of this item on the income statement in 2020 and 2019 is set out below:

	Euros	
	31.12.20	31.12.19
Leases (Note 8)	8,282,448.23	1,995,311.98
Communications	1,420,228.56	106,265.83
Computer systems	5,497,491.58	2,237,304.89
Supplies	377,020.92	207,503.28
Maintenance and repair	827,159.31	203,872.26
Advertising	236,607.82	75,354.73
Representation and travel	596,421.04	661,599.09
Other independent professional services	3,701,443.47	4,576,337.59
Outsourced administrative services	-	5,219.99
Other expenses	38,723,248.59	2,056,692.83
Contributions and taxes	-	-
	<u>59,662,069.52</u>	<u>12,125,462.47</u>

As of December 31, 2020 and 2019, leases include the lease payments on the Company's office in Madrid and the offices of its Branches in the European Union for the amount of 6,686,923.62 euros and 1,995,311.98 euros, respectively (note 10).

Other independent professional services includes 1,340,461.8 euros costs related to the Company's new business due to Brexit as of December 31, 2020 (3,533,725.11 euros as of December 31, 2019) (note 1).

Other expenses includes those expenses for services provided by other Credit Suisse Group companies during the year, amounting 35,267,441.64 euros as of December 31, 2020 (note 20).

(f) Other operating income

The details of this item on the income statement in 2020 and 2019 are as follows:

	Euros	
	31.12.20	31.12.19
Other operating income	<u>91,390,124.95</u>	<u>25,303,951.14</u>

At 31 December 2020 and 2019, other operating income essentially includes revenue from services rendered to other group companies (note 20).

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(g) Earnings from financial operations

As of December 31, 2020 and 2019, financial operations income corresponds to income from derivatives.

(19) Tax situation

The Company's profits are taxable for corporate income tax at the rate of 25% of taxable income in 2020 and 2019. Certain deductions and allowances can be applied to the resulting liability.

In 2017, the Company notified the National Tax Inspection Office of its option to apply consolidated tax rules for its corporate income tax as from 2017. The National Tax Inspection Office assigned the Tax Group number 440/17.

For corporate income tax, the company is included in the group headed by Credit Suisse Gestión SGIIC S.A. The net tax base for other taxes for which the company is taxable is calculated on an individual basis.

Under consolidated taxation rules, the group of companies included in the tax base is considered a single taxpayer for all purposes.

However, the company must calculate the tax debt that would be payable if it were to file separate tax returns, adjusting the tax liability according to the deductions and allowances attributed to it by the Group, after calculating them on the basis of consolidated earnings.

Owing to the different treatment permitted by tax laws for certain transactions, the accounting profit may differ from the taxable profit (tax base).

The Paris, Milan, Stockholm and Amsterdam branches file their tax returns separately, in accordance with the tax regulations applicable in France, Italy, Sweden and the Netherlands, respectively.

As of December 31, 2020, the country level breakdown of the Corporate Tax expense is as follows:

	Expense / (Income)
Spain	(1,793,233.19)
France	2,089,388.73
Italy	370,447.31
Sweden	(22,666.47)
Holland	(73,618.59)
	<hr/>
	570,317.82

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Notes to the Financial Statements

The calculation of the taxable income and corporate income tax expense for 2020 that the company expects to declare once the 2020 annual accounts have been approved, and the 2019 corporate tax expense, is shown below:

	Euros	
	31.12.20	31.12.19
Profit before tax	1,016,127.93	(5,977,259.16)
Permanent differences	(7,376,407.34)	479,296.57
Accounting profit	(6,360,279.41)	(5,497,962.59)
Timing differences	17,540,648.57	6,810,222.67
Non operating losses offsetting	(2,795,092.29)	(1,000,000.00)
Taxable profit	8,385,276.84	312,260.08
Gross liability at 25%	2,096,319.22	78,065.02
Deduction for training expenses	-	(1,549.11)
Net tax liability	2,096,319.22	76,515.91
Withholdings and advance tax (Note 9)	(4,274,968.58)	(248,165.87)
Corporate income tax payable / (recoverable)	<u>(2,178,649.36)</u>	<u>(171,649.96)</u>

The permanent differences above includes the profits before taxes of the Company's branches as of December 31, 2020. The detail of said results are presented below:

	Income / (Expense)
France	6,235,823.66
Italy	1,447,490.90
Sweden	(98,594.35)
Holland	(168,638.84)
	<u>7,416,081.37</u>

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The corporate income tax expense is calculated as follows:

	Euros	
	31.12.20	31.12.19
Tax base at 25%	(1,590,069.85)	(1,374,490.65)
Deductions	-	(1,549.11)
Corporate income tax expense	(1,590,069.85)	(1,376,039.76)
Corporate income tax expense/(income) from previous years	(203,163.34)	(93,922.14)
	<u>(1,793,233.19)</u>	<u>(1,469,961.90)</u>

Under current laws, taxes cannot be considered final until the tax returns filed have been inspected by the tax authorities, or until the limitation period of four years has ended. At 31 December 2020, the company has all the main taxes for which it is taxable as from 1 January 2017 open for inspection by the tax authorities, except corporate income tax, for which its returns filed on or after 1 January 2016 are subject to inspection. Company directors do not expect any material additional liabilities to arise from any potential inspection.

As of December 31, 2019 the Company has the following unused Net Operating Losses:

Year generated	Amount available
2016	1,203,445.33
2017	325,739.84
2018	203,945.19
2020	76,705.82
	<u>1,809,836.18</u>

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Notes to the Financial Statements

(20) Related party transactions

(a) Company transactions and balances with group companies

Balances held with group companies and associates at 31 December 2020 and 2019 are shown below:

	Euros	
	31.12.20	31.12.19
Accounts receivable		
Derivative instruments (note 5(b))	665,415,582.60	82,812,171.45
Reverse repos (note 7(a))	1,681,520,205.86	996,868,890.07
Demand deposits (note 7(b))	78,819,263.47	20,247,332.01
Time deposits (note 7(c))	107,246,427.73	49,228,467.71
Other credits (note 7 (d))	515,150,841.97	350,819,431.35
Otros accounts receivable	9,638,979.54	97,327.72
	<u>3,057,791,301.17</u>	<u>1,571,787,758.69</u>
Accounts payable		
Derivative instruments (note 5(b))	706,924,143.06	16,322,464.83
Repos (note 13)	250,752,389.10	52,504,855.86
Other debts with Group companies (note 13)	1,989,159,639.41	1,151,348,210.45
Other debts (note 13(c))	72,293,391.69	138,872,940.24
Group creditors (note 14)	-	7,077.12
Collateral held (note 13(e))	240,933,030.17	111,303,877.02
Valuation adjustments (note 13)	47,766,904.79	2,892,149.87
Other accounts payable	-	12,382.55
	<u>3,307,829,498.22</u>	<u>1,551,162,872.17</u>

The main transactions made with group companies and associates during the years ended 31 December 2020 and 2019 are summarised below:

	Euros	
	31.12.20	31.12.19
Expenses		
Deposits (note 18 (b))	472,089.66	1,098,509.18
Reverse repos (note 14 (b))	9,766,783.09	3,817,479.25
Commissions(note 18(c))	32,844,891.15	2,918,269.48
Charges for Intra-Group services	35,267,441.64	-
Expense allocations(note 18(e))	806,174.41	1,819,499.26
	<u>79,157,377.95</u>	<u>9,653,757.17</u>
Income		
Interest	5,680,824.01	170,862.27
Commissions	114,360,628.76	52,512,750.66
Other operating income (note 18 (f))	91,390,124.95	25,303,951.14
	<u>211,431,577.72</u>	<u>77,987,564.07</u>

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Notes to the Financial Statements

Expense allocations mainly include payments made to group companies for services rendered in the general expenses area.

Other operating income mainly includes payments made by other group companies for operations corresponding to the company's business.

(b) Transactions with board members

Board members earned 3,558,435.53 euros as employees of the Credit Suisse Group in the year ended 31 December 2020 (3,568,297.77 euros at 31 December 2019).

During 2020 and 2019 the company has not granted any advances or loans to board members, furnished any guarantees on their behalf, or paid any liability insurance premiums for damages that may be caused through their actions or omissions as directors. Moreover, the company has not contracted any pension or life assurance commitments to current or former board members or furnished any guarantees on their behalf.

Board members have not entered into any transactions with the company during 2020 and 2019 outside normal trading or other than on arm's length terms.

Company directors and their related parties have not incurred in any conflict of interest that must be reported pursuant to section 229 of the recast Corporate Enterprises Act.

(21) Auditors' Fees

The auditors of the company's annual accounts (PricewaterhouseCoopers Auditores, SL during the year ended December 31, 2020 and KPMG Auditores, S.L. during the year ended December 31, 2019), invoiced the net fees shown below for their professional services in the years ended 31 December 2020 and 2019:

	Euros	
	31.12.2020	31.12.2019
Auditing services	55,947.98	28,875.00
Other account-checking services	95,000.00	135,000.00
Other services	-	-
	<u>150,947.98</u>	<u>163,875.00</u>

The amounts indicated above include all fees charged for the services of auditing the company's accounts provided in 2020 and 2019, regardless of the date of invoicing.

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No other professional services were provided for the company in 2020 and 2019 by other companies related to the auditing firms.

(22) Risk Policy and Management

Credit Suisse Sociedad de Valores S.A. (CSSSV) in line with Credit Suisse Group has implemented a 3 Lines of Defence risk model, where the 1st Line of Defence consists of functions that manage the risk gateway into the bank, responsible for identification, measurement, management, and reporting of risks they generate.

The 2nd Line of Defence consists of independent risk management, compliance and control functions which are responsible for establishing the risk management framework and associated control standards, and providing independent challenge over activities, processes and controls carried out by the 1st Line of Defence.

The 3rd Line of Defence provides independent assurance to the Board and senior management about the adequacy of the overall risk and control framework. The CSSSV Risk Management unit (CSSSV CRO and their team) is part of the 2nd Line of Defence and is responsible for risk control within CSSSV as mandated by both the CSSSV Board of Directors and the CS Group CRO.

The CSSSV CRO organization based in Madrid was established in February 2019 and focuses on Global Markets and Investment Banking Capital Markets businesses that deployed in CSSSV as part of Credit Suisse contingency planning for Brexit. The CSSSV CRO reports into the CSSSV CEO and functionally into the CS Group CRO organization to ensure appropriate segregation of line of defence. The CSSSV CRO is a member of the Executive committee of CSSSV and he chairs the CSSSV Risk Management Committee. Executives of the CSSSV CRO team are based in Madrid and are senior experts in their field of expertise (e.g Credit risk, Liquidity Risk, Operational risk, etc). CSSSV risks are controlled with a CSSSV specific risk framework owned by the CSSSV BoD and monitored by the CSSSV CRO and their team.

As of end of 2020 and 2019, the key risks identified for CSSSV are **Credit Risk**, where the Broker dealer activities of CSSSV expose CSSSV to various Credit risks inclusive of settlement risk on securities trading, counterparty credit risk exposure on OTC derivatives and exposures to Central Clearing Houses of which CSSSV is a member.

Liquidity Risk where CSSSV pursues prudent liquidity risk management, based on maintaining sufficient cash and negotiable securities, ensuring the permanent availability of financing through adequate credit facility commitments and sufficient ability to settle market positions. This is enforced by a specific CSSSV liquidity risk framework that is monitored regularly.

Finally **operational risk** which is an inherent risk for CS Group and its peers. Indeed, CSSSV as a broker dealer engaged in sophisticated and complex activities, relying on services provided by CS Group and third party providers, operational risk remains a key focus for CSSSV and is actively controlled by the risk framework rolled out and monitored by the CSSSV CRO team. Other risks are present in the entity yet with lower degree of materiality and are also

CREDIT SUISSE SECURITIES,
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Notes to the Financial Statements

controlled by specific risk frameworks and risk monitoring tools rolled out to CSSSV (and enforced under the authority of the CSSSV CRO) in line with CS Group approach.

As of end of 2020 and 2019, CSSSV CRO monitors other less material risks for CSSSV such as **market risk**, where CSSSV controls the composition of its portfolio and the potential market losses to be incurred from repricing of asset and or market variables which again is controlled by a CSSSV market risk framework monitored daily by Madrid based CSSSV CRO executives. **Model Risk** is the potential for adverse consequences from decisions based on incorrect or misused model outputs and reports and **Reputational risk** as we seek to avoid any transaction or service that could damage the reputation of CSSSV or CS Group or any affiliates of CS Group.

(23) Environmental information

The company directors consider any environmental risks that could arise from its activity minimal and, in any case, adequately covered. No additional liabilities are expected to derive from its operations related with such risks. The company did not incur in any environmental expense or receive any grants related with those risks during the years ended 31 December 2020 and 2019.

(24) Information on payment deferrals to suppliers. Supplementary Provision Three “Reporting Duty” of Act 15/2010 of 5 July

Final Provision Two of Act 31/2014 of 3 December, amending the Corporate Enterprises Act to enhance corporate governance, amending Supplementary Provision Three of Act 15/2010 of 15 July, in turn amending Act 3/2004 of 29 December that established measures to combat arrears in commercial transactions, all commercial enterprises are required to disclose expressly in the notes to their annual accounts the average time they take to pay suppliers. Accordingly, the company indicates below its average period for payment (days payable outstanding) to suppliers and service providers as at 31 December 2020 and 2019:

	2020	2019
	Days	
Average payment period	53	28
Paid transactions ratio	54	29
Outstanding transactions ratio	35	19
	Euros	
Total payments made	12,161,864.90	13,000,810.56
Total payments outstanding	606,712.16	1,274,191.44

CREDIT SUISSE SECURITIES,
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The above figures were calculated applying the following methodology:

$$\text{Average days payable outstanding} = \frac{\text{Ratio transactions paid} * \text{total payments made} + \text{ratio transactions outstanding} * \text{total payments outstanding}}{\text{Total payments made} + \text{total payments}}$$

$$\text{Ratio of transactions paid} = \frac{\Sigma(\text{Number of days to payment} * \text{amount of transaction paid})}{\text{Total payments outstanding}}$$

$$\text{Ratio of transactions paid} = \frac{\Sigma(\text{Number of days to payment} * \text{amount of transaction paid})}{\text{Total payments outstanding}}$$

(25) Subsequent events

No subsequent events have occurred between January 1, 2020 and the date of these annual accounts.

CREDIT SUISSE SECURITIES,
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Annual report of investment firms for 2020, information provided in compliance with the Securities Market Act 24/1988, section 70.bis.one

FY 2020

COUNTRY: SPAIN

Stand alone information

Name	Location	Nature	Average number of employees	Thousand euros		
				Turnover	Profit before taxes	Income tax
Credit Suisse Securities, S.V, S.A.	Spain	Broker-dealer	68	212,891,120.22	(6,399,953.47)	1,793,233.19
Credit Suisse Securities, S.V, Paris Branch	France	Broker-dealer branch	84	56,130,519.12	6,235,823.66	(2,089,388.73)
Credit Suisse Securities, S.V, Milan Branch	Italy	Broker-dealer branch	32	20,433,777.39	1,447,490.90	(370,447.31)
Credit Suisse Securities, S.V, Stockholm Branch	Sweden	Broker-dealer branch	4	1,929,961.97	(98,594.35)	22,666.47
Credit Suisse Securities, S.V, Amsterdam Branch	The Netherlands	Broker-dealer branch	5	2,740,509.34	(168,638.84)	73,618.59

None of the above entities has received any grants or public aids during the 2020 fiscal year.

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Directors' report

FY 2020

Development of business

The year 2020 will be remembered as the year of the global pandemic caused by Covid-19.

The fight against the virus in all countries has locked-down or paralyzed, totally or partially for many weeks, activities that represent close to 70% of the world economy, which has led to a historical drop in global GDP that the IMF estimated at a 4.4% in 2020, the highest since records exist.

The world stock indexes increased between 11% and 14% during 2020, a grew marked by volatility with a generalized and sharp drop in March and the subsequent recovery supported by the good performance of US and Japanese stocks as well as the Asian emerging markets with China at the head.

However, European stock markets generally accumulated losses throughout the year, but with strong disparities: the Euro STOXX 50 of the main Companies dropped 5.1%. This record was improved by the indexes of the Netherlands (+ 3.3%), Portugal (+ 12.9%), Switzerland (+ 0.8%) or Germany (+ 3.6%). Slightly worse than the pan-European index are Italy (-5.4%) and France (-7.14%) and presenting higher losses are the Spanish IBEX 35 (-15.5%), the United Kingdom (-14.3%) and Greece (-11.8%). The worst relative performance of the European banking sector (the STOXX 600 banks dropped -22.9%), and particularly that of the Spanish banking sector with a strong weighting on the Stock Market, has once again weighed down the performance of the IBEX 35.

Situation of the company

In 2020, the company posted a profit before tax of 1,016 thousand euros, compared with a loss of 5,977 thousand euros in the previous year.

Foreseeable development

As part of the Credit Suisse Group Brexit strategy, the Company has been executing EU client and EU venue facing broker dealer businesses since 2019.

Trading in own shares

The company did not hold any treasury shares at 31 December 2020 or plan to acquire them at any time in the foreseeable future.

Investment in research and development

The company has no special research and development plans and there is no charge for this item in the 2020 accounts.