

Loans for small and medium-sized enterprises. From application through to repayment.



Introduction

Introduction	4
<hr/>	
1. Financing options	
1.1 I need a loan for my company.	7
1.2 What's the best form of financing for me?	8
1.3 The four phases of the credit process.	11
<hr/>	
2. Loan application	
2.1 Talking to my relationship manager.	13
2.2 Transparency for both parties.	14
2.3 Information sought for the loan application.	15
<hr/>	
3. Credit analysis	
3.1 The credit specialist analyzes the loan application.	17
3.2 The key assessment factors and requirements for credit analysis.	20
<hr/>	
4. Credit risk: Part of credit analysis	
4.1 The loan is allocated to a risk class.	23
4.2 The risk class system provides a clear picture.	24
4.3 Risk – the bank's business.	25
<hr/>	
5. Collateral: Part of credit analysis	
5.1 The purpose of collateral.	27
5.2 Evaluating collateral.	28
5.3 Lending on collateral.	29
<hr/>	
6. Borrowing costs	
6.1 How much will my loan cost?	31
6.2 The bank's costs.	32
6.3 Factors that influence the costs of your loan.	33
<hr/>	
7. Credit relationship	
7.1 The credit relationship during the term.	35
7.2 Warning signals from the bank's credit monitoring.	36
7.3 Tips for a long-term credit relationship.	38

Introduction



Loans – from application through to repayment

Different investments and entrepreneurial plans require different types of financing. Deciding on the most suitable financing option for a company often depends on a wide array of factors.

For many smaller and medium-sized enterprises (SME), bank loans represent a key source of funding. That's why when preparing a loan application you have to know what information the bank needs for credit checks and how it makes a decision. As a company in need of financing, you will be able to better estimate your borrowing capacity and can rest assured that you've done everything to prepare for your meeting with the bank.

Credit Suisse is a leading bank for corporate clients with a vast global network. It has far-reaching expertise and offers a wide range of products and services tailored to the needs of SMEs in Switzerland.

These guidelines offer an overview of the credit process and the key evaluation criteria used by Credit Suisse. Our advisors look forward to helping you find the right financing package.

1. Financing options



1.1 I need a loan for my company.

Need

Do you need funds to turn a business idea into reality or to expand your operations?

In the search for additional entrepreneurial flexibility, it is well worth reviewing all your possible financing options. Equity capital and debt capital are two of the traditional forms of financing. Alternatively, you might use capital goods leasing and hybrid (mezzanine) financing instruments. A bank loan is just one of many ways to borrow funds. A capital base and steady performance in line with corporate risk offers you the flexibility you need.

There is a perfect financing package for every investment project, every business model and every company phase. Credit Suisse is here to help with tailored financing solutions that can make your company's dreams come true.



1.2 What's the best form of financing for me?

Operating loan

Operating loans are a flexible solution for occasional financing needs or to bridge any seasonal liquidity gaps. We can offer a current account credit or a fixed advance to help you put your company's plans into action. Operating loans can finance current assets and include a made-to-measure credit limit that you can use as needed. Interest is charged only on the portion of the loan you actually draw on. Operating loans provide immediate liquidity, and there's no need to sell any of your assets.

Investment loan

Generally, a fixed amount is needed to finance equipment and current assets (such as machinery, vehicles, fixtures, etc.). An investment loan can help you make the purchases you need. It is provided as a fixed advance. Repayment is made on the due date.

Leasing

Leasing is one alternative to an investment loan. Leasing lets you use capital goods without the need to deplete equity or take out additional loans. The leasing amount is repaid in fixed regular installments.

Real estate financing

If real estate investments are on the horizon, you can benefit from mortgage financing tailored specifically to your requirements. You can choose between fixed or adjustable interest mortgage rates. With a fixed interest rate, you eliminate the risk of interest rate fluctuations, but forfeit the opportunity to benefit from falling market rates during the term of the mortgage. If you want both, one of our mortgage models with an interest-rate band could be the ideal solution for you. Another option is real estate leasing, which provides attractive opportunities for optimizing your expenses and gives your company added flexibility. Are you planning to build new premises? Then ask your advisor to explain our flexible construction financing options.

Mezzanine

Mezzanine financing is a hybrid form of financing that combines the characteristics of equity and debt. CSA Mezzanine allows SMEs with a solid, steady earnings base to finance an expansion, a management buyout, or succession planning.

Project financing

Major projects like corporate acquisitions, management buyouts, or purchasing assets on the capital market fall under project financing. Thanks to its vast experience, Credit Suisse is able to offer you a team of experts that work with you to create a custom solution that meets your situation.

Surety bonds/guarantees

If you need confirmation of creditworthiness or performance for a third party, Credit Suisse can issue a surety bond or bank guarantee.

Documentary credits/documentary collection

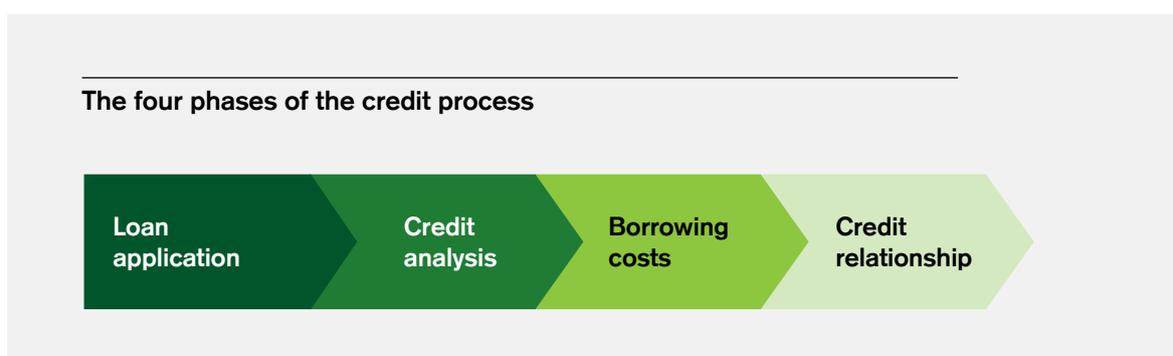
A documentary credit is often required to cover your debt risk when purchasing goods and services. This type of payment guarantee is recognized the world over. In compliance with strict international rules it can be custom-tailored and used for a wide array of options. Credit Suisse can assist your company with this for export plans. Moreover, with a confirmed

letter of credit from Credit Suisse you can insure against transfer risk and political risks. The bank can help in the other direction as well. If your supplier demands security from you, Credit Suisse can provide an import documentary credit in the amount of your credit limit.

In the case of documentary collections, Credit Suisse acts as an intermediary between the buyer (importer) and the seller (exporter). However, in contrast to documentary credits, the seller does not receive payment until after payment has been made by the exporter (remitting bank).



1.3 The four phases of the credit process.



01

Loan application

Compile the information needed for the loan application. Be sure to talk with your relationship manager as early as possible.

02

Credit analysis

Credit Suisse reviews and evaluates the credit-worthiness and solvency of your company along with the quality of any collateral. These provide the basis for a risk assessment and the terms of your loan.

03

Borrowing costs

Risk class, loan type, any collateral, and the overall relationship of your company with Credit Suisse are all factors that influence your borrowing costs.

04

Credit relationship

Credit relationships change continually, due to periodic repayments, extensions of loans due for repayment, as well as adjustment of interest and other terms. At the same time, Credit Suisse regularly reviews the risk assessment of the credit relationship.

2. Loan application



2.1 Talking to my relationship manager.



Information

In order for Credit Suisse to evaluate your loan application, it needs information about your company. The “Loan application for corporate clients” is primarily meant to ensure that the bank has all the information it needs. It helps process your loan application faster and more efficiently. The loan application also lists a number of documents that you must attach. For instance, you’ll need the balance sheets and income statements from the last three years, auditors’ reports if legally required, and information about your collateral. It is also a good idea for newly incorporated companies, acquisitions, and other special financing situations to produce a business plan that demonstrates the business model’s potential for success.

For information on how to design a business plan, please see our detailed publication, “Der Business-Plan. Eine praxisorientierte Wegleitung” (The Business Plan: A Practical Guide; not available in English). You can order this brochure online at: www.credit-suisse.com/corporates

Meeting

Once your relationship manager has received and reviewed your loan application along with the supporting documentation, he or she will invite you for a meeting or visit you at your company offices. During this meeting, he or she will focus on certain aspects of the loan application and may ask for more information about some of them. However, this is not the main objective of a credit meeting. Rather, your relationship manager wants to get to know more about you and your company. He or she will gather some background information that cannot simply be presented as a pie chart or table on a couple of pages, but still makes up a big part of the overall impression of your company. This may include more precise details on your company strategy or information about your production process, products, services, and clients. Credit Suisse’s many years of experience have shown that it’s not only the “hard facts” that determine the success of a company, but the big picture, which consists of many smaller facets. All of your details and information will, of course, be treated by Credit Suisse with the utmost confidentiality.

2.2 Transparency for both parties.

The “Loan application for corporate clients” is not only for the relationship manager’s information. It is also meant to simplify your loan application and draw your attention to some questions and points you might not have otherwise considered.

Be open and honest when you meet with your relationship manager. Granting a loan is largely based on trust. If you impair this trust from the first contact, it will be difficult further down the line to restore your credibility. Speak up if you don’t know the answer to something, and discuss even the facts that you feel are “negative.” The relationship manager will make every effort to provide your company with a loan.

If you are planning major projects, it’s advisable to draw up a business plan. It will help you formulate your corporate goals and to consider the best way to reach them. The bank, for its part, uses well-founded business plans to obtain structured information necessary to make the lending decision.

A business plan is not necessary in all cases. Often, a detailed budget based on a realistic scenario is sufficient to evaluate a loan application.

Another tip: Contact your relationship manager as soon as possible with your credit plans, taking bank processing times into account. Before you

hold the credit meeting, talk to your accountant or financial advisor – or, better yet, bring him or her along to the meeting. This can clarify many issues on the spot.

Prepare thoroughly for your credit meeting and make a list of questions for your relationship manager. After all, Credit Suisse sees the credit meeting as a dialogue. Not only does the bank need information from you, but also you as a client are entitled to know the full details of your lending transaction.

How your relationship manager assists with your loan application:

He or she:

- Is your direct point of contact for all banking issues
- Answers questions about your loan application
- Will hold the credit meeting with you
- Will visit your company if needed
- Will represent you to the credit specialist
- Will inform you of the credit decision
- Will explain the risk assessment
- Will offer alternatives
- Is open to comments and suggestions

2.3 Information sought for the loan application.

Company

All factual and legal information such as address, legal form, ownership and liability situation, auditors, etc.

Managers or owners

Name, education, professional development, marital status, banking relationship, deputies, etc.

Company profile

Employees, industry, activities, competition, suppliers, clients, etc.

Credit

Amount, financing purpose, amortization plan, third-party liabilities, etc.

Collateral

Mortgage cover (real estate) or marketable collateral (monetary value).

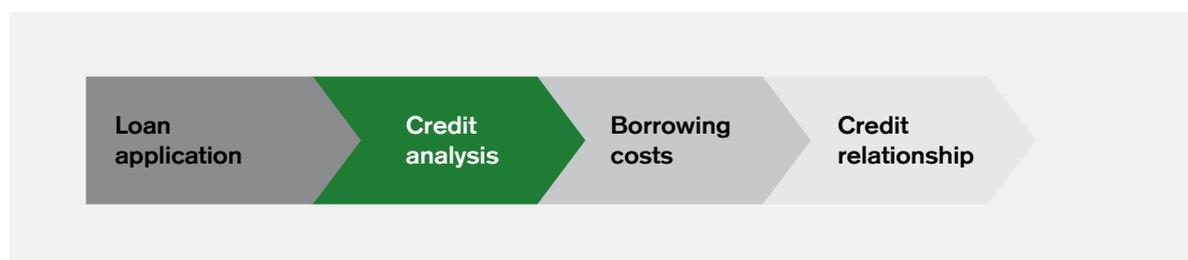
Enclosures

Commercial register extract and information from debt enforcement office, tax return, balance sheets/ income statements from the last three years incl. legally required auditors' reports, budget and liquidity planning, extract from the land register (in the case of mortgage cover), construction plans (in the case of mortgage cover), safekeeping account statements (in the case of marketable collateral), life insurance policies (in the case of marketable collateral), etc.

3. Credit analysis



3.1 The credit specialist analyzes the loan application.

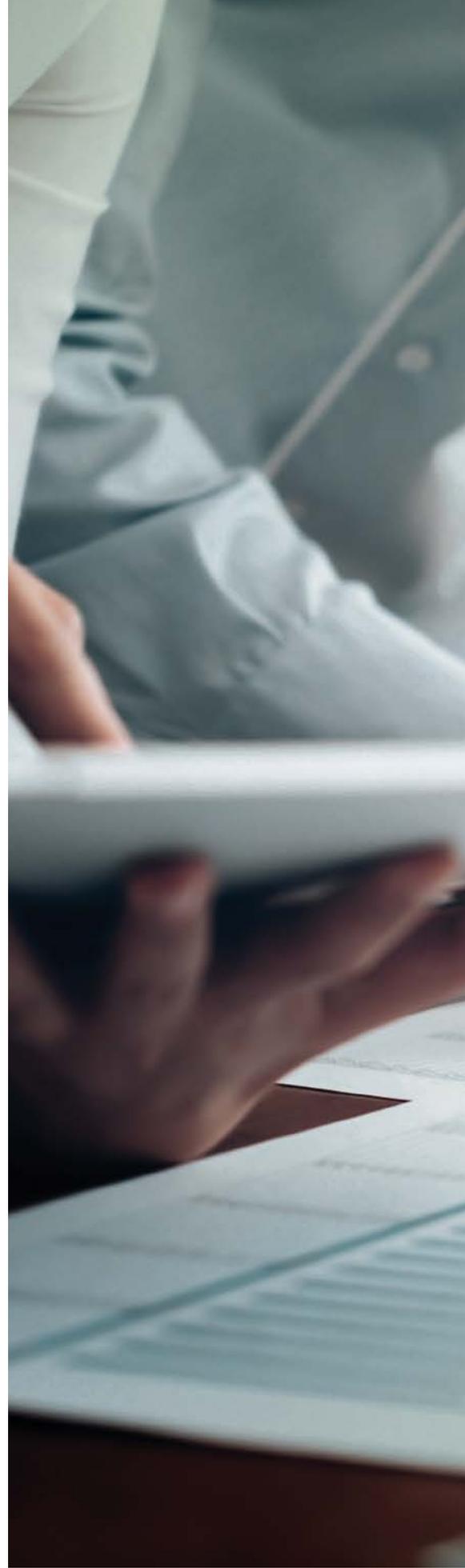


Credit analysis

The credit specialist has received your loan application, the information from the personal meeting, and the documentation from your relationship manager. Now he or she will perform the credit analysis by reviewing all the information together. He or she is familiar with the market, competitors, and the value chain of the particular industry. Specifically, he or she will check for creditworthiness and solvency, necessary factors for granting a loan. Creditworthiness relates to

personal requirements along with technical, management, and social qualifications. Solvency, by contrast, indicates whether you can pay back the loan amount plus interest, on time and as agreed, based on your current and future financial position and performance. Creditworthiness and solvency are what make up your credit rating. If needed for analysis, the credit specialist (with your permission) will also obtain additional information (from the tax authorities, economic databases, references, etc).

After concluding the credit meeting, the relationship manager will contact the credit specialist. The relationship manager and credit specialist are your “credit team” that knows your company’s specific situation and can evaluate it appropriately.





3.2 The key assessment factors and requirements for credit analysis.

Qualitative factors	Comments
Company details	History, activities, number of employees, ownership and liability situation
Management	<p>Management: Management's capacity and workload distribution, education, skills and experience, deputies and succession planning, management tools (particularly liquidity planning)</p> <ul style="list-style-type: none"> ▪ Skilled and trustworthy management is key to entrepreneurial success. ▪ To identify a crisis that could put a company at risk before it's too late, knowledge about its liquidity is a central point. <p>Information policy: Punctuality, completeness, proactive presentation of risk-related information</p> <ul style="list-style-type: none"> ▪ Transparent information policies reinforce a bank's trust in its credit clients. <p>Group organization: Transparency and logic of organizational chart and cross-relationships, dependencies on affiliated companies</p> <ul style="list-style-type: none"> ▪ In group companies, internal dependencies can sometimes put a huge strain on some firms. <p>Debt enforcements: Number and amount</p> <ul style="list-style-type: none"> ▪ Open debt enforcements point to liquidity problems within a company.
Market and market strategy	<p>Market: Market share and cultivation, knowledge about client needs, competitive advantages and disadvantages</p> <ul style="list-style-type: none"> ▪ Market share and competitive advantages/disadvantages of a company are a good indicator of its future development. <p>Market strategy: Transparency, content, consistent implementation, continuity</p> <ul style="list-style-type: none"> ▪ Knowing your company's strengths and weaknesses or the risks and opportunities of the environment can determine whether you succeed or fail in the future. ▪ A clear strategy can help you consolidate your resources and use them wisely. <p>Products/services: Range of offers, client orientation, innovative efforts, useful life</p> <ul style="list-style-type: none"> ▪ Your product range, distribution of products' useful life, and launch of product innovations can provide early signals of your expected revenues. <p>Dependencies: On clients, suppliers, raw materials, energy prices, currency fluctuations, etc.</p> <p>Risks: Knowledge of and protection against political (legislative), technological (substitution), operational (IT security) and market (labor market) risks</p> <ul style="list-style-type: none"> ▪ Every company is exposed to a multitude of risks. Recognizing the major risks that the company faces with its business activities helps protect against these risks.
Accounting and current business activities	<p>Annual accounts: Auditor's report, accounting policies and group consolidation</p> <ul style="list-style-type: none"> ▪ For legal entities, a report from a qualified and accredited auditor provides the bank with added security. ▪ An exact risk assessment is only possible with a consolidated annual financial statement. <p>Budget/current course of business: Completeness and level of budget achievement, current course of business, order backlog</p> <ul style="list-style-type: none"> ▪ Adhering to your budget shows that the company is developing as planned and has taken sufficient account of future developments. ▪ Details about the current course of business can bridge any gaps in information since the last financial statement. <p>Unsecured loans: The total of all unsecured loans from all banks should bear a healthy relation to the equity, annual turnover, and cash flow.</p> <ul style="list-style-type: none"> ▪ The smaller the loan amount is compared with the key figures from a company, the lower the risk for the bank that the client will default on its financial obligations.

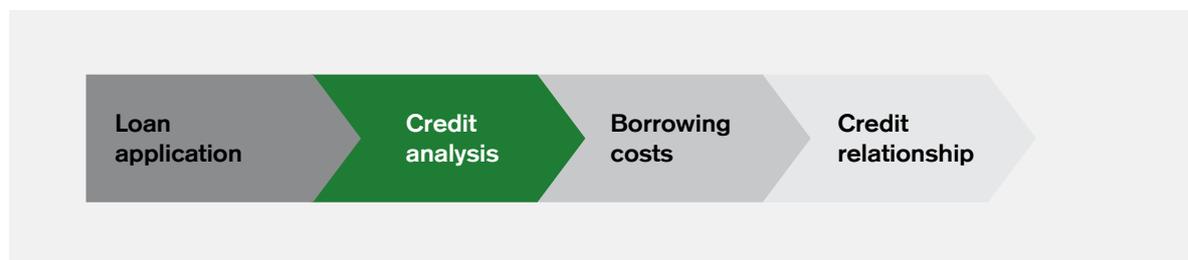
Qualitative factors		Comments
Financial aspects	Four areas are analyzed:	In addition to generally applicable key figures, statistics are calculated and evaluated for segments of industry.
	Capital and liquidity cover Amount of liquidity, capital commitment	Illustrative figures <ul style="list-style-type: none"> ▪ Liquidity ratio II: Indicates the extent to which the company can use its liquid assets and receivables to clear short-term debts. Indication of whether solvency is guaranteed ▪ Capital commitment III: Indicates the proportion of net sales that must be used to clear accounts payable from deliveries and services ▪ Short-term adjusted debt capital obligations: Indicates the proportion of operating output that must be used to clear the net short-term borrowed capital ▪ Return on assets: Provides information about the return made before tax and depreciation/write-downs on the company's total assets ▪ Financial debt factor: Suggests how many times the cash flow will have to be generated in order to repay the financial obligations ▪ Financial expense to net turnover: Indicates the proportion of net sales that must be used for interest commitments ▪ Equity ratio I: Shows the extent to which the company can absorb losses without endangering the repayment of borrowed capital ▪ Adjusted equity ratio: Answers the question of how the essential net assets are financed with equity ▪ Revenue growth: Calculates the change in turnover year on year. Moderate growth bears the lowest risk.
	Interest coverage/profitability Funds, debt capacity	
	Balance sheet structure Amount of equity, debt	
	Growth	

Qualitative factors		Comments
Purpose of loan	Purpose of loan	<ul style="list-style-type: none"> ▪ The purpose of the loan must always be stated ▪ Credit Suisse avoids lending transactions that <ul style="list-style-type: none"> – Could damage its reputation – Are used to circumvent the law – Finance environmentally harmful projects and could mean liability for the bank ▪ If the loan is not used for the agreed purpose during its term, the credit will be re-evaluated
Requirements for credit clients	Undesirable credit clients	<ul style="list-style-type: none"> ▪ Credit Suisse avoids lending transactions with undesirable clients. These include clients <ul style="list-style-type: none"> – Who violate the law or ethical principles; – Who do not provide sufficient information to evaluate their creditworthiness and solvency ▪ Credit is not granted based solely on a company's good name
Repayment	Reliability of the repayment sources	The origin of the funds for repayment must be clear.
Affordability	The ability of a borrower, pursuant to the expected developments and existing obligations, to pay back the loans with interest	The affordability of interest and loan repayments must be evidenced by an affordability calculation, based on budgets, flow of funds statements and liquidity plans.

4. Credit risk: Part of credit analysis

Once the applicant's creditworthiness and solvency have been reviewed by the credit specialist, the loan will be allocated to a risk class. The credit specialist does so with the help of the credit analysis, taking into account any collateral offered.

4.1 The loan is allocated to a risk class.



Basis

Loans with comparable risks are placed into the same risk class. A risk class (or rating) shows the expected probability of default. Depending on the risk class, the credit specialist will make a credit decision, whereby collateral has an impact on the allocation to a specific class. If there is a high or very high risk (credit and interest might

not be paid back), Credit Suisse will suggest ways to change the underlying conditions. For instance, changing the loan amount might help you get approved. On the other hand a positive decision may be subject to conditions, such as that the borrower may have to handle all of its account transactions via Credit Suisse.

4.2 The risk class system provides a clear picture.

Based on the individual analysis, Credit Suisse allocates all loans to risk classes. This serves a number of purposes: First, credit decisions can be made on a uniform basis and, second, this system makes it easier to determine deadlines for re-evaluating an open loan. These periodic re-evaluations also determine whether the risk class of a loan still meets the current assessment.

Allocation of a loan to a risk class is done by the credit specialist. He or she uses knowledge obtained from the credit analysis regarding creditworthiness and solvency of the borrower and any collateral.



4.3 Risk – the bank’s business.

Taking risks is part of a bank's business, which means proceeding with caution is essential. Below you will find an overview of Credit Suisse's risk classes. Classification into risk classes CR14 and higher generally means no new credit will be granted. For medium risks the forecast must also be stable or positive.

Additional restrictions may be necessary due to portfolio issues. This means: Generally, to avoid excessively high risks, Credit Suisse actively manages its credit portfolio. It aims to broadly diversify its loans by industry, region, company size, and risk class.

Credit Suisse rating classes

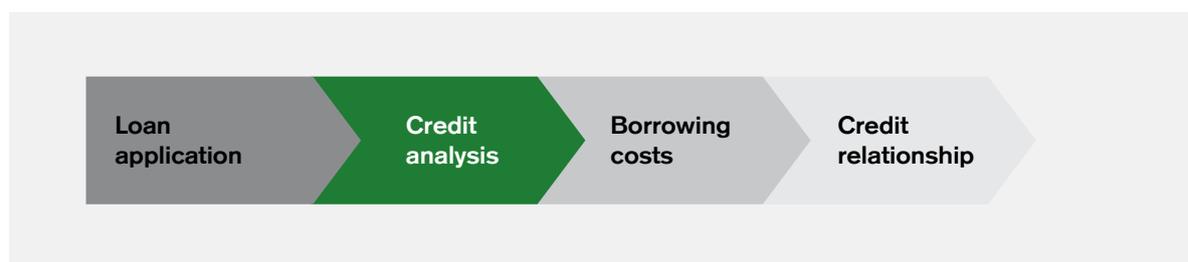
Client rating	Description	S&P comparison	Moody's comparison
CR01–CR04	Lowest risk The borrower has excellent creditworthiness and is in a position to cope with exceedingly difficult circumstances.	AAA AA+ AA AA– A+ A	Aaa Aa1 Aa2 Aa3 A1 A2
CR05–R06	Very low risk The borrower has very good creditworthiness and is in a position to cope with very difficult circumstances.	A– BBB+	A3 Baa1
CR07–CR10	Low risk The borrower has good creditworthiness and is in a position to cope with difficult circumstances.	BBB BBB– BB+	Baa2 Baa3 Ba1
CR11–CR13	Medium risk The borrower's creditworthiness is sufficient to be able to cope with unexpected difficult circumstances; no changes that could put credit at risk are expected.	BB BB–	Ba2 Ba3
CR14–CR16	High risk The borrower has limited creditworthiness to be able to cope with unexpected difficult circumstances; danger of late payments.	B+ B B–	B1 B2 B3
CR17–CR18	Very high risk The borrower has very limited creditworthiness to be able to cope with unexpected difficult circumstances; very susceptible to late payments; breach of contractual terms, notice of credit termination, capital loss, overindebtedness, debt enforcement request, and/or insolvency declaration to be expected concerning the borrower.	CCC+ CCC CCC– CC C	Caa1 Caa2 Caa3 Ca C

Ratings Copyright © 2008 Moody's, Standard and Poor's and Credit Suisse.

5. Collateral: Part of credit analysis

Allocation to a certain risk class and any collateral available are closely interrelated. Even a high-risk loan can be placed in a lower risk class if there is enough collateral.

5.1 The purpose of collateral.



Credit Suisse wants to offer companies a loan where possible. After all, it's part of the bank's business and reflects its lending policy. A borrower's creditworthiness takes center stage when it comes to granting credit, because the bank is obligated to invest the money of its other clients as safely as possible. To reduce the risk the bank may request collateral that it can rely on in case of default. Collateral can have a positive influence on the credit decision and loan interest. For instance, a borrower with a high risk can obtain a relatively low risk class using good collateral, which means it will pay less interest.

The best collateral for the bank has three qualities: it is high in value, can quickly be liquidated, and little effort is required to determine its value and manage/store it.

5.2 Evaluating collateral.

Evaluation

Collateral is never considered 100% coverage, because it is also meant to secure incurred interest and the value of many tangible collateral items can fluctuate. For this reason, for cash accounts 95% of the current value is credited as collateral, while building land is only credited at 50%.

For loans without collateral, Credit Suisse generally places conditions on its loan commitments to reduce the risk:

- The borrower must handle all of its account activity via Credit Suisse.
- For new incorporations, a joint and several guarantee is generally required from the primary shareholder.



5.3 Lending on collateral.

Collateral	Improves the risk class	Lending limit (in % of price or market value)¹	Comments
Available credit balance	Strongly	95%	At Credit Suisse Group companies
Time deposits (maturity within one year)	Strongly	95%	At Credit Suisse Group companies
Fiduciary time deposits (maturity within one year)	Strongly	40–95%	
Medium-term notes	Strongly	70–90%	At Credit Suisse Group companies
Bonds	Strongly	0–95%	
Equities and similar securities	Strongly	0–70%	
Investment funds	Strongly	0–90%	
Precious metals	Strongly	0–70%	
Life insurance policies (Swiss companies)	Strongly	80–95%	Basis: current surrender value
Guarantees from first class banks	Strongly	95%	
Owner-occupied single family homes and condominiums	Strongly Fairly well	1st mortgage up to 66% 2nd mortgage up to 80%	<ul style="list-style-type: none"> ▪ Generally, foreign property and speculative property are not financed ▪ Annual amortization min. 0.5% ▪ Mortgages for luxury and collectors' items are generally lower and have higher amortization ▪ For creditworthy borrowers, the lending guidelines may be exceeded in some cases. Higher mortgages, however, must be repaid in the short or medium term through higher amortization.
Multi-family residential properties	Strongly Fairly well	1st mortgage up to 66% 2nd mortgage up to 75%	<ul style="list-style-type: none"> ▪ Generally, foreign property and speculative property are not financed ▪ For rental property, a current rent schedule is required and the rental income accounts must be with Credit Suisse ▪ Annual amortization min. 1% Mortgages for luxury and collectors' items are generally lower and have higher amortization ▪ For creditworthy borrowers, the lending guidelines may be exceeded in some cases. Higher mortgages however must be repaid in the short or medium term through higher amortization.
Vacation homes and apartments	Medium	Total mortgage up to 66%	<ul style="list-style-type: none"> ▪ Annual amortization min. 1.5% ▪ Mortgages for luxury and collectors' items are generally lower and have higher amortization
Office properties	Medium	Mortgage up to 66%	<ul style="list-style-type: none"> ▪ Higher loan depending on borrower's creditworthiness and quality/location of the pledged property ▪ For rental property, a current rent schedule is required and the rental income accounts must be with Credit Suisse ▪ Annual amortization min. 2%
Industrial and commercial properties	Medium	Total loan up to 50%	Annual amortization min. 5% (industry) or 3% (commercial)
Building land (zoned, developed)	Medium	Total loan up to 50%	If nothing built in two years, annual amortization is a min. of 3%
Additional coverage/Backing			
Term life insurance	Hardly		Often required for unsecured individual credit
Guarantee commitments	Hardly		For unsecured loans to legal entities, a joint and several guarantee is often required of the business owner

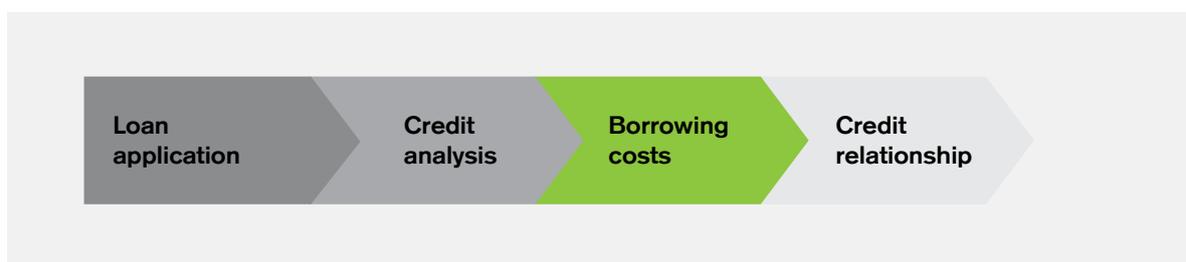
¹ If loan and collateral are in the same currency.

6. Borrowing costs

The creditworthiness and solvency of a borrower, taking all collateral into account, also determine the borrowing costs. A loan with low risk costs less than one with a high risk.



6.1 How much will my loan cost?



Price

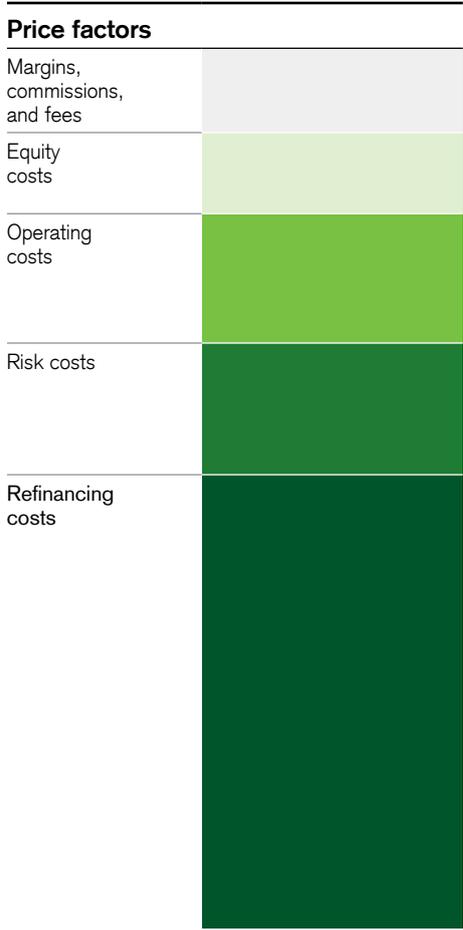
The loan you applied for has been approved. But like all products and services, loans come at a price: interest that depends on the loan amount, term, risk class, client relationship, and market conditions. Additionally, for each application, regardless of the amount, there is time and processing involved which is compensated for with fees and charges; commission is also charged for current account credit. In other words, the costs of a loan are based on a price model, with some components reflecting your company's particular situation.

6.2 The bank's costs.

The price of your loan consists of interest and fees. But loans also mean costs and commissions for the bank. For instance, equity costs, meaning the interest of the legally prescribed equity component that must cover each loan. Or refinancing costs, meaning the interest that the bank has to pay for obtaining the money it lends. The risk costs account for any interest and credit that may be lost through the re-

spective financing. They depend on the creditworthiness of the borrower, also taking any collateral into account. There are also operating expenses for staff and infrastructure. However, Credit Suisse does not simply add up each cost factor. It also considers the market situation and existing client relationship – allowing for differentiated and individual pricing.

6.3 Factors that influence the costs of your loan.



Margins, commissions, and fees
Like all companies, Credit Suisse has to compete with others and bases its pricing on the current market situation.

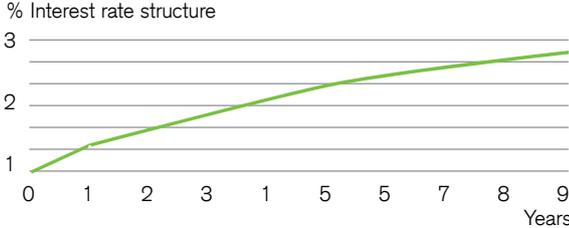
Equity costs
Interest on the legally prescribed equity component with which the bank must cover each loan.

Refinancing costs
Costs for obtaining the money to be lent. These costs depend on the situation on the money and capital markets along with the amount and term of the loan and interest on the legally prescribed equity component with which the bank must cover each loan.

Risk costs
Risk costs are the statistically calculated interest and credit losses of each risk per loan. The higher the credit risk, the higher the risk costs.



Refinancing costs
Costs for obtaining the money to be lent. These costs depend on the situation on the money and capital markets along with the amount and term of the loan.

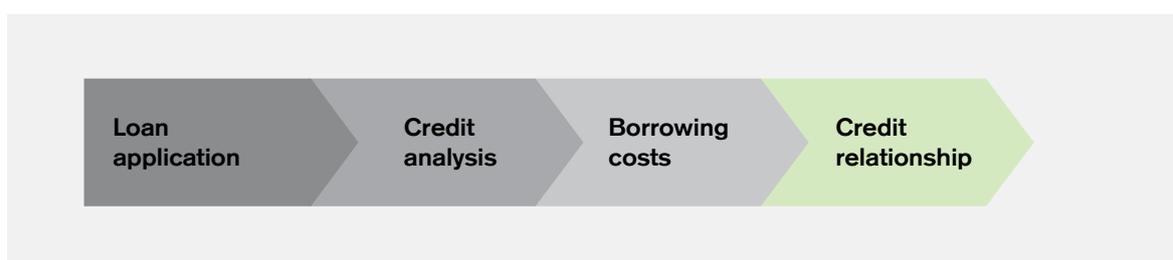


7. Credit relationship

If you agree with the terms of your loan, you will receive a credit contract. Once Credit Suisse receives the signed contract from you and all conditions have been met, it will release the funds to you.



7.1 The credit relationship during the term.



Evaluation

Because conditions can change during the term of the loan, the bank will review on an ongoing basis whether you are meeting the lending terms. It wants to identify any new risks early on. For this reason, the loan is re-evaluated on a regular basis. As a borrower, you can build a credit relationship of trust by complying with the terms of the agreements, providing as much information about your ongoing business as possible, and staying in touch with your relationship manager.

The path to repayment

Apart from credit monitoring, repayment monitoring is part of the bank's job. The borrower must be able to show the repayment source for the loan, i.e. the origin of the funds. Normally the loan is repaid from the company's own funds. This means that the company must be able to generate enough income or cash flow from its business activities to pay its obligations (interest, amortization).

It is advisable to provide the bank not only with annual financial statements but also annual budgets, target-performance comparisons, and liquidity plans. Credit contracts contain a clause about annual submission of the balance sheet and income statement. When discussing the balance sheet with your relationship manager, you will talk about the relevant key figures and your company's future development. After all, for Credit Suisse, a loan is an investment in tomorrow: not just for the bank, but also for its clients.

7.2 Warning signals from the bank's credit monitoring.

Problems don't usually arise overnight.

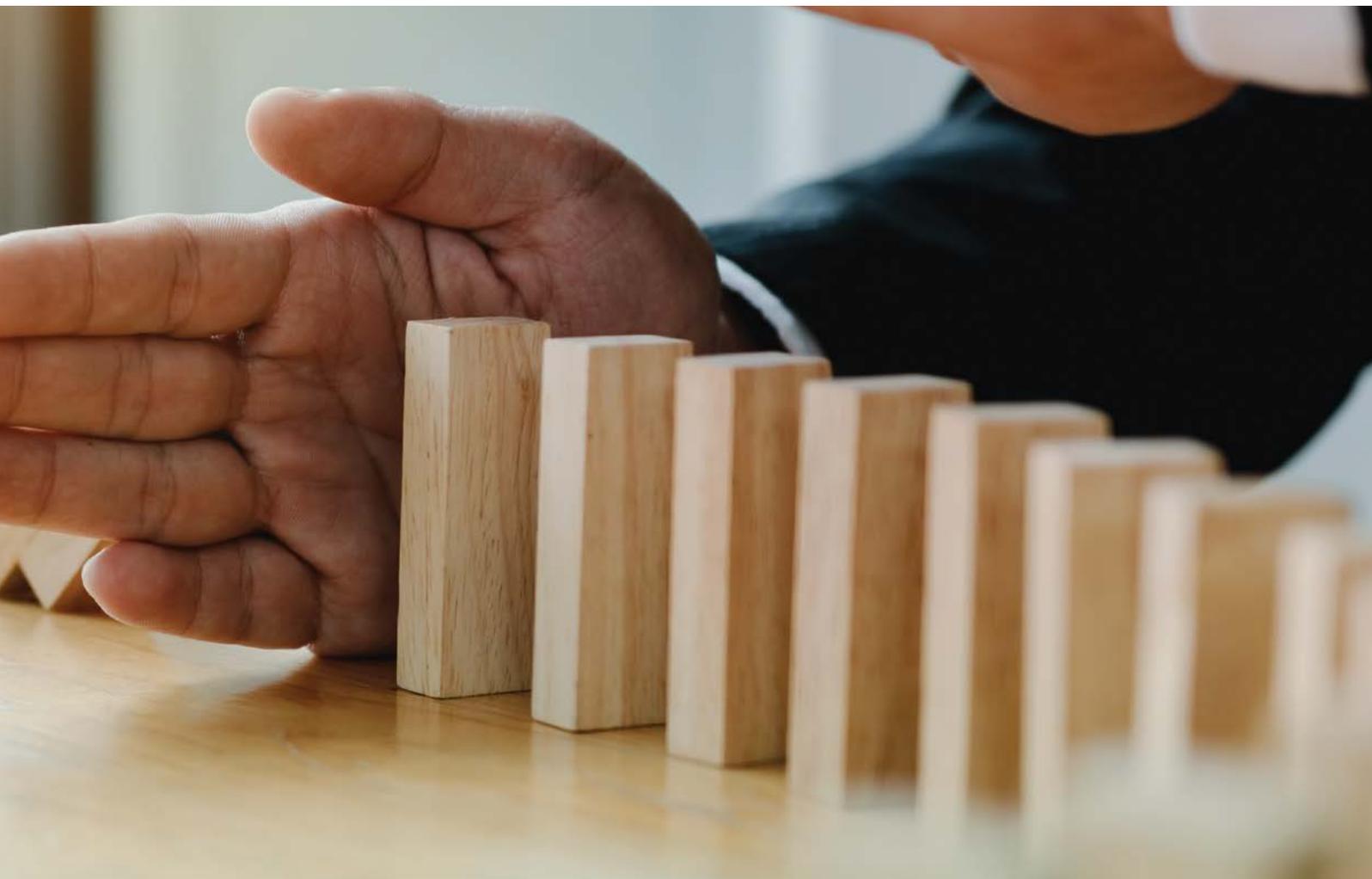
Signs of pending difficulties include:

- Late payment of interest and amortization
- Debt enforcements
- Unreported limit excesses
- Continuously drawing ever higher credit amounts
- Lower income to the current account
- Reduction of investments with no apparent reason
- Late submission of annual financial statements with no apparent reason
- Uncertainty about succession planning for key persons
- Frequent management changes
- Change of auditor with no statement of reason
- Continually new, but hardly successful diversification
- Excessive private withdrawals



- Moving assets from the business to private accounts
- Excessive increase in accounts payable
- Above-average increase in inventory
- Massive decrease in orders received
- Accounting deficiencies
- Use of operating loans to finance losses
- Establishment of new credit relationships not disclosed to the bank
- Combined BoD/EO/shareholder role (key word: corporate governance)
- Consolidation of minority shareholdings
- Active loans without operational necessity

If the relationship manager discovers these or other warning signs, he or she will contact you to discuss them.



7.3 Tips for a long-term credit relationship.

To conclude, we would like to provide some tips for an optimal credit relationship:

- A long-term credit relationship helps your bank respond better to your needs.
- Focus on just one bank if possible. The overall relationship can also mean more favorable loan terms.
- Transparency and honesty are the basis for a long-lasting credit relationship. Staying in regular contact with your relationship manager means mutual trust and a strong business partnership.
- Prepare thoroughly for your credit meeting. Get the most important documents to your relationship manager before the meeting. Take a list of questions to the meeting with your relationship manager.
- Review your documents and information for the bank to be sure they are correct and up to date. Proper organization helps you and the bank conveniently find what you need in the documents without delay.
- Talk with your accountant or financial advisor before the credit meeting. Take him or her along to the meetings too. Many questions will be easier to clarify that way.
- Discuss the credit decision and risk assessment with your relationship manager. Ask him or her to tell you about any measures that might mean better lending terms for you.
- Submit your documents to the bank on time. If you forget some documents, or turn them in late without a reason, the bank will see this as a warning signal.
- Avoid credit limit excesses without discussing them with the bank first. Let your relationship manager know if you have additional short-term capital requirements.
- Ensure you comply with your contractual obligations.



CREDIT SUISSE (Switzerland) Ltd.

P.O. Box 100

CH-8070 Zurich

credit-suisse.com/businessesasy

The information provided herein constitutes marketing material. It is not investment advice or otherwise based on a consideration of the personal circumstances of the addressee nor is it the result of objective or independent research. The information provided herein is not legally binding and it does not constitute an offer or invitation to enter into any type of financial transaction. The information provided herein was produced by Credit Suisse Group AG and/or its affiliates (hereafter «CS») with the greatest of care and to the best of its knowledge and belief. The information and views expressed herein are those of CS at the time of writing and are subject to change at any time without notice. They are derived from sources believed to be reliable. CS provides no guarantee with regard to the content and completeness of the information and where legally possible does not accept any liability for losses that might arise from making use of the information. If nothing is indicated to the contrary, all figures are unaudited. The information provided herein is for the exclusive use of the recipient. Neither this information nor any copy thereof may be sent, taken into or distributed in the United States or to any U. S. person (within the meaning of Regulation S under the US Securities Act of 1933, as amended). It may not be reproduced, neither in part nor in full, without the written permission of CS. Investment principal on bonds can be eroded depending on sale price, market price or changes in redemption amounts. Care is required when investing in such instruments. Equities are subject to market forces and hence fluctuations in value, which are not entirely predictable. The key risks of real estate investments include limited liquidity in the real estate market, changing mortgage interest rates, subjective valuation of real estate, inherent risks with respect to the construction of buildings and environmental risks (e.g., land contamination). Your Personal Data will be processed in accordance with the Credit Suisse privacy statement accessible at your domicile through the official Credit Suisse website <https://www.credit-suisse.com>. In order to provide you with marketing materials concerning our products and services, Credit Suisse Group AG and its subsidiaries may process your basic Personal Data (i.e. contact details such as name, e-mail address) until you notify us that you no longer wish to receive them. You can opt-out from receiving these materials at any time by informing your Relationship Manager.

Copyright © 2020 Credit Suisse Group AG and/or its affiliates. All rights reserved.