

## SECOND SUPPLEMENT DATED 8 MAY 2020

TO CREDIT SUISSE AG REGISTRATION DOCUMENT DATED 7 APRIL 2020, THE CREDIT SUISSE AG PROSPECTUS DATED 8 APRIL 2020, THE SECOND CREDIT SUISSE AG PROSPECTUS DATED 8 APRIL 2020, THE CREDIT SUISSE AG PROSPECTUS DATED 9 APRIL 2020, THE CREDIT SUISSE AG PROSPECTUS DATED 17 APRIL 2020 AND THE SECOND CREDIT SUISSE AG PROSPECTUS DATED 17 APRIL 2020

This supplement (the "**Second Supplement**") dated 8 May 2020 supplements the Registration Document dated 7 April 2020 and approved by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") on 7 April 2020 (the "**Registration Document**"), the Credit Suisse AG Prospectus dated 8 April 2020, the Second Credit Suisse AG Prospectus dated 8 April 2020, the Credit Suisse AG Prospectus Dated 9 April 2020, the Credit Suisse AG Prospectus dated 17 April 2020 and the Second Credit Suisse AG Prospectus dated 17 April 2020 (as defined below), and constitutes the second supplement to the Registration Document for the purposes of Article 10(1) and Article 23(5) of Regulation (EU) 2017/1129. This Second Supplement should be read in conjunction with the Registration Document and the first supplement to the Registration Document dated 17 April 2020 (the "**First Supplement**"), including the documents incorporated by reference therein. The terms used in this Second Supplement have the same meaning as the terms used in the Registration Document.

### **Documents incorporated by reference**

This Second Supplement incorporates by reference the following documents:

- the Form 6-K of the Group and the Bank filed with the United States Securities and Exchange Commission (the "**SEC**") on 7 May 2020 (the "**Form 6-K Dated 7 May 2020**") which contains the Credit Suisse Financial Report 1Q20 attached as an exhibit thereto, as indicated in the cross-reference table below (pages 2 to 3);
- the Form 6-K of the Group and the Bank filed with the SEC on 30 April 2020 (the "**Form 6-K Dated 30 April 2020**") which contains a media release regarding the outcome of the Annual General Meeting of Credit Suisse Group AG on 30 April 2020, as indicated in the cross-reference table below (page 3); and
- the Form 6-K of the Group and the Bank filed with the SEC on 23 April 2020 (the "**Form 6-K Dated 23 April 2020**") which contains the Credit Suisse Earnings Release 1Q20 attached as an exhibit thereto, as indicated in the cross-reference table below (pages 3 to 4).

For ease of reference, the relevant information from the Form 6-K Dated 7 May 2020, the Form 6-K Dated 30 April 2020 and the Form 6-K Dated 23 April 2020, can be found on the following pages of the PDF files in which the documents are contained:

Section Number	Section Heading	Sub-heading	Page(s) of the PDF
<b>Form 6-K Dated 7 May 2020</b>			
	Form 6-K	Cover page	1
		Explanatory note	2
		Forward-looking statements	2
		Exhibits	3
		Signatures	4
<b>Exhibit to the Form 6-K Dated 7 May 2020 (Credit Suisse Financial Report 1Q20)</b>			
		Cover page	7
		Key metrics	8
		Table of contents	9
		Credit Suisse at a glance	10
I	Credit Suisse results	Operating environment	12 to 14
		Credit Suisse	15 to 24
		Swiss Universal Bank	25 to 30
		International Wealth Management	31 to 37
		Asia Pacific	38 to 43
		Global Markets	44 to 46
		Investment Banking & Capital Markets	47 to 49
		Corporate Center	50 to 52
		Assets under management	53 to 55
II	Treasury, risk, balance sheet and off-balance sheet	Liquidity and funding management	58 to 62
		Capital management	63 to 71
		Risk management	72 to 78
		Balance sheet and off-balance sheet	79 to 80
III	Condensed consolidated financial statements – unaudited	Report of the Independent Registered Public Accounting Firm	83
		Condensed consolidated financial statements – unaudited (Includes the consolidated balance sheet, income statement and cash-flow statement of Credit Suisse Group AG)	85 to 169
		Notes to the condensed consolidated financial statements – unaudited, including, under Note 33	92 to 169

		Certain consolidated income statement and balance sheet information of Credit Suisse AG	166 to 169
		List of abbreviations	170
		Foreign currency translation rates	171
		Cautionary statement regarding forward-looking information	173
<b>Form 6-K Dated 30 April 2020</b>			
	Form 6-K	Whole document except for the sentences “All of the voting results, together with the speeches of Urs Rohner, Chairman of the Board of Directors, and Thomas Gottstein, Chief Executive Officer, are available online at: <a href="http://www.credit-suisse.com/agm">www.credit-suisse.com/agm</a> .” and “Further information about Credit Suisse can be found at <a href="http://www.credit-suisse.com">www.credit-suisse.com</a> .”	1 to 8
<b>Form 6-K Dated 23 April 2020</b>			
	Form 6-K	Cover page	1
		Explanatory note	2
		Forward-looking statements	2
		Group and Bank differences	3 to 4
		Selected financial data – Bank	4 to 5
		Exhibit	6
		Signatures	7
<b>Exhibit to the Form 6-K Dated 23 April 2020 (Credit Suisse Earnings Release 1Q20)</b>			
	Earnings Release 1Q20	Cover page	8
		Key metrics	9
		Credit Suisse	10 to 16
		Swiss Universal Bank	17 to 22
		International Wealth Management	23 to 29
		Asia Pacific	30 to 35
		Global Markets	36 to 38
		Investment Banking & Capital Markets	39 to 41
		Corporate Center	42 to 44
		Assets under management	45
		Additional financial metrics	46

		Important information	47
	Appendix		48 to 58

The information identified in the above table is incorporated by reference into, and forms part of, the Registration Document (and any information not listed in the above table but included in the documents referred to in the above table is not incorporated by reference and either (a) is covered elsewhere in the Registration Document; or (b) is not relevant for investors).

Copies of the documents incorporated by reference specified above can be inspected online at:

- <https://www.credit-suisse.com/media/assets/corporate/docs/about-us/investor-relations/financial-disclosures/sec-filings/2020-q1-6k-group-bank-0705.pdf> (the Form 6-K Dated 7 May 2020).
- <https://www.credit-suisse.com/media/assets/about-us/docs/investor-relations/financial-regulatory-disclosures/regulatory-disclosures/company-registration-documents/form-6-k-dated-30-april-2020.pdf> (the Form 6-K Dated 30 April 2020).
- <https://www.credit-suisse.com/media/assets/corporate/docs/about-us/investor-relations/financial-disclosures/sec-filings/2020-q1-6k-group-bank-2304.pdf> (the Form 6-K Dated 23 April 2020).

Only the specified portions of such documents have been incorporated by reference into the Registration Document, and not, for the avoidance of doubt, any other parts of the websites referred to in the Registration Document, including this Second Supplement.

## Amendments to the Risk Factors in the Registration Document

The risk factor headed "2.1 The outbreak of COVID-19 may negatively affect our business, operations and financial performance" on page 5 of the Registration Document, in the section headed "Risk Factors—2. Market and Credit Risks", is hereby amended and restated as follows:

### **2.1 The ongoing global COVID-19 pandemic has adversely affected, and may continue to adversely affect, our business, operations and financial performance**

Since December 2019, the COVID-19 pandemic has spread rapidly and globally, with a high concentration of cases in countries in which CS conducts business. The ongoing global COVID-19 pandemic has adversely affected, and may continue to adversely affect, CS's business, operations and financial performance.

The spread of COVID-19 and resulting tight government controls and containment measures implemented around the world have caused severe disruption to global supply chains and economic activity, and the market has entered a period of significantly increased volatility. The spread of COVID-19 is currently having an adverse impact on the global economy, the severity and duration of which is difficult to predict, and has adversely affected CS's business, operations and financial performance. This impact is likely to continue and to affect CS's credit loss estimates, mark-to-market losses, trading revenues, net interest income and potential goodwill assessments, as well as its ability to successfully realize its strategic objectives. Should current economic conditions persist or continue to deteriorate, the macroeconomic environment could have a continued adverse effect on these and other aspects of CS's business, operations and financial performance, including decreased client activity or demand for its products, disruptions to its workforce or operating systems, possible constraints on capital and liquidity or a possible downgrade to its credit ratings.

The extent of the adverse impact of the pandemic on the global economy and markets will depend, in part, on the measures taken to limit the spread of the virus and counter its impact and, in part, on the size and effectiveness of the compensating measures taken by governments and how quickly and to what extent normal economic and operating conditions can resume. To the extent the COVID-19 pandemic continues to adversely affect the global economy, and/or adversely affects CS's business, operations or financial performance, it may also have the effect of increasing the likelihood and/or magnitude of other risks described herein, or may pose other risks not presently known to it or not currently expected to be significant to its business, operations or financial performance. CS is closely monitoring the potential adverse effects and impact on its operations, businesses and financial performance, including liquidity and capital usage, though the extent of the impact is difficult to fully predict at this time due to the continuing evolution of this uncertain situation.

→ For further information, refer to the section headed "Risk Factors" in the Registration Document.

### Changes to the Board of Directors

At the Annual General Meeting of the Group on 30 April 2020, shareholders re-elected the current members of the Board of Directors of the Group with the exception of Alexander Gut, who did not stand for re-election, and elected Richard Meddings to the board as a new member.

- Urs Rohner, Chairman
- Severin Schwan, Vice-Chair and Lead Independent Director
- Iris Bohnet
- Christian Gellerstad
- Andreas Gottschling
- Michael Klein
- Shan Li
- Seraina Macia
- Richard Meddings
- Kai S. Nargolwala
- Ana Paula Pessoa
- Joaquin J. Ribeiro
- John Tiner

The composition of the Board of Directors of the Group and the Board of Directors of the Bank is identical. References herein to the "Board" are to both the Board of Directors of the Group and the Board of Directors of the Bank, except as otherwise specified. Further information about the Composition of the Board of Directors as of 30 April 2020 can be found on page 5 of the exhibit (Media Release) to the Form 6-K Dated 30 April 2020.

There are no conflicts of interest between the private interests or other duties of the Board members listed above and their duties to the Bank.

Biographical information for Mr. Meddings is as follows:

Name	Business address	Position held
Richard Meddings	Credit Suisse AG Paradeplatz 8 CH-8001 Zurich Switzerland	<b>Professional history</b> 2020–present: Credit Suisse Member of the Board (2020 - present) Chair of the Audit Committee (2020 – present) Member of the Governance and Nominations Committee (2020 – present)

Name	Business address	Position held
		Member of the Conduct and Financial Crime Control Committee (2020 – present)
		Member of the Risk Committee (2020 – present)
		2018 - 2019: TSB Bank plc
		Chairman
		Interim Executive Chairman (2018 – 2019)
		2017 - 2019: Jardine Lloyd Thompson Group Plc
		Non-Executive Director
		Chair of the Remuneration Committee
		Member of the Audit and Risk Committee
		2015 - 2019: Deutsche Bank, AG
		Member of the Supervisory Board
		Chair of the Audit Committee, member of the Risk Committee and member of the Strategy Committee
		2014 - 2017: Legal & General Plc
		Non-Executive Director
		Chair of the Risk Committee
		Member of the Audit and Remuneration Committee
		2008 – 2014: 3i Group Plc
		Non-Executive Director and Senior Independent Director
		Chair of the Audit and Risk Committee
		2002 – 2014: Standard Chartered Group plc
		Group Executive Director
		Finance Director (2006 – 2014)
		2000 – 2002: Barclays Plc
		Group Financial Controller
		COO, Wealth Management Division
		1999 - 2000: Woolwich Plc
		Group Finance Director
		Prior to 1999:
		BZW (CSFB) (1996 – 1999)
		Hill Samuel Bank (1984 – 1996)
		Price Waterhouse (1980 – 1984)

**Education**

1983 UK Chartered Accountant, Institute of Chartered Accountants in England and Wales

1980 BA Modern History, Exeter College, Oxford

**Other functions and activities**

HM Treasury Board, Non-Executive Director

Name	Business address	Position held
		International Chamber of Commerce, UK, Member of the Governing Council
		Teach First, Director and member of the Board of Trustees Hastings Educational Opportunity Area, Chair

### Change to External Statutory Auditors

At the Annual General Meeting of the Group on 30 April 2020, shareholders voted to accept the Board's proposal to have the independent registered public accounting firm PricewaterhouseCoopers AG (**PWC**) Birchstrasse 160, CH-8050 Zurich, Switzerland succeed KPMG as the Group's new external auditor. The appointment is effective for the fiscal year ending 31 December 2020. PWC is registered with the Swiss Expert Association for Audit, Tax and Fiduciary.

For the purposes of Art. 23(5) of the Regulation (EU) 2017/1129 this Second Supplement, forms a constituent part of, and supplements and amends, the following prospectuses:

- Up to SEK 100,000,000 Flexo NOK Notes linked to the Swedish Small Cap and Tech Funds 11% TR Index, due May 2025 (the "Credit Suisse AG Prospectus dated 8 April 2020");
- Up to SEK 100,000,000 Flexo NOK Notes linked to the Swedish Small Cap Fund 20% ER Index, due June 2026 (the "Second Credit Suisse AG Prospectus dated 8 April 2020");
- Up to SEK 100,000,000 Flexo NOK Notes linked to the Global Health Care Funds 11% TR Index, due May 2025 (the "Credit Suisse AG Prospectus dated 9 April 2020");
- Up to SEK 100,000,000 Flexo NOK Notes linked to the Swedish Real Estate Fund 12% TR Index, due May 2025 (the "Credit Suisse AG Prospectus dated 17 April 2020"); and
- Up to SEK 100,000,000 Flexo NOK Notes linked to the Listed Private Equity Fund 12% TR Index, due May 2025 (the "Second Credit Suisse AG Prospectus dated 17 April 2020").

For the avoidance of doubt, the information included in Appendix 1 hereto amends and restates in its entirety the information headed "Key Information on the Issuer" on pages 6 to 8 of each of (1) the Credit Suisse AG Prospectus Dated 8 April 2020, (2) the Second Credit Suisse AG Prospectus dated 8 April 2020, (3) the Credit Suisse AG Prospectus dated 9 April 2020, and pages 6 to 9 of each of (4) the Credit Suisse AG Prospectus dated 17 April 2020 and (5) the Second Credit Suisse AG Prospectus dated 17 April 2020.

This Second Supplement has been filed with the CSSF, and copies of the First Supplement and this Second Supplement and the documents incorporated by reference into each of the Registration Document, the First Supplement and this Second Supplement will be available on the website of the Luxembourg Stock Exchange at [www.bourse.lu](http://www.bourse.lu) and on the Issuer's website at

<https://www.credit-suisse.com/about-us/en/investor-relations/financial-regulatory-disclosures/regulatory-disclosures/company-registration-documents.html>.

Except for the copies of the documents incorporated by reference into each of the Registration Document, the First Supplement and this Second Supplement available on the Luxembourg Stock Exchange website ([www.bourse.lu](http://www.bourse.lu)), no information contained on the websites to which links have been provided is incorporated by reference in the Registration Document.

Save as disclosed in the First Supplement and this Second Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Registration Document has arisen or been noted, as the case may be, since the publication of the Registration Document.

In accordance with Article 23(2) of Regulation (EU) 2017/1129, investors who have already agreed to purchase or subscribe for securities pursuant to each of (1) the Credit Suisse AG Prospectus Dated 8 April 2020, (2) the Second Credit Suisse AG Prospectus dated 8 April 2020, (3) the Credit Suisse AG Prospectus dated 9 April 2020, (4) the Credit Suisse AG Prospectus dated 17 April 2020 and (5) the Second Credit Suisse AG Prospectus dated 17 April 2020 before this Second Supplement is published have the right, exercisable within two working days after the publication of this Second Supplement, to withdraw their acceptances, and should contact the Distributor (as defined in the relevant prospectus) of such securities in connection therewith. The final date of the right of withdrawal will be 12 May 2020.

There has been no significant change in the financial position of Credit Suisse AG and its consolidated subsidiaries since 31 March 2020

There has been no material adverse change in the prospects of Credit Suisse AG and its consolidated subsidiaries since 31 December 2019.

There has been no significant change in the financial performance of Credit Suisse AG and its consolidated subsidiaries since 31 March 2020 to 8 May 2020.

Except as disclosed in the Form 6-K Dated 7 May 2020 under the heading "Litigation" (note 32 to the condensed consolidated financial statements of Credit Suisse Group AG on pages 155 to 156 (pages 163 to 164 of the PDF file) of the exhibit (Credit Suisse Financial Report 1Q20) to the Form 6-K Dated 7 May 2020) and in the Annual Report 2019 under the heading "Litigation" (note 39 to the condensed consolidated financial statements of Credit Suisse Group AG) on pages 376 to 387 (pages 382 to 393 of the PDF file), there are no, and have not been during the period of 12 months ending on the date of this Second Supplement, governmental, legal or arbitration proceedings which may have, or have had in the recent past, significant effects on the Bank's financial position or profitability, and Credit Suisse AG is not aware of any such proceedings being either pending or threatened.

To the extent that there is any inconsistency between (a) any statement in this Second Supplement or any statement or information incorporated by reference into this Second Supplement and (b) any statement or information in or incorporated by reference into the Registration Document as supplemented by the First Supplement, the statements or information in (a) above will prevail.

Credit Suisse AG takes responsibility for the Registration Document, as supplemented by the First Supplement and this Second Supplement. Having taken all reasonable care to ensure that such is the case, the information contained in the Registration Document, as supplemented by the First Supplement and this Second Supplement, is, to the best knowledge of Credit Suisse AG, in accordance with the facts and contains no omission likely to affect its import. This Second Supplement is not for use in, and may not be delivered to or inside, the United States.



**APPENDIX 1 – INFORMATION FOR THE PURPOSES OF ART. 26(4) OF THE  
REGULATION (EU) 2017/1129**

[Binding English language version:]

<b>KEY INFORMATION ON THE ISSUER</b>					
<b>Who is the Issuer of the Securities?</b>					
<b>Domicile and legal form, law under which the Issuer operates and country of incorporation</b>					
Credit Suisse AG (“CS”) (ANGGYXNX0JLX3X63JN86) is incorporated under Swiss law as a corporation (Aktiengesellschaft) and domiciled in Zurich, Switzerland and operates under Swiss law.					
<b>Issuer's principal activities</b>					
The principal activities of CS are the provision of financial services in the areas of private banking, investment banking and asset management.					
<b>Major shareholders, including whether it is directly or indirectly owned or controlled and by whom</b>					
CS is wholly owned by Credit Suisse Group AG.					
<b>Key managing directors</b>					
<b>The key managing directors of the issuer are members of the issuer’s Executive Board. These are:</b> Thomas Gottstein, Chief Executive Officer, Romeo Cerutti, Brian Chin, Lydie Hudson, David R. Mathers, David L. Miller, Antoinette Poschung, Helman Sitohang, Lara J. Warner, James B. Walker and Philipp Wehle.					
<b>Statutory auditors</b>					
PricewaterhouseCoopers AG, Birchstrasse 160 CH-8050 Zurich, Switzerland.					
CS has mandated BDO AG, Fabrikstrasse 50, 8031 Zurich, as special auditor for the purposes of issuing the legally required report for capital increases in accordance with Article 652f of the Swiss Code of Obligations.					
<b>What is the key financial information regarding the Issuer?</b>					
CS derived the key financial information included in the tables below as of and for the years ended 31 December 2019, 2018 and 2017 from the Credit Suisse Annual Report 2019, except where noted. The key financial information included in the table below as of and for the three months ended 31 March 2020 and 31 March 2019 was derived from the Form 6-K Dated 7 May 2020.					
The consolidated financial statements were prepared in accordance with accounting principles generally accepted in the US (US GAAP) and are stated in Swiss francs (CHF).					
<b>CS consolidated statements of operations</b>					
<b>(CHF million)</b>	<b>Interim 3 months ended 31 March 2020 (unaudited)</b>	<b>Interim 3 months ended 31 March 2019 (unaudited)</b>	<b>Year ended 31 December 2019 (audited)</b>	<b>Year ended 31 December 2018 (audited)</b>	<b>Year ended 31 December 2017 (audited)</b>
Net revenues	5,785	5,435	22,686	20,820	20,965
Of which: Net interest income	1,536	1,548	7,049	7,125	6,692
Of which: Commissions and fees	2,920	2,579	11,071	11,742	11,672

Of which: Trading revenues	878	856	1,773	456	1,300
Provision for credit losses	568	81	324	245	210
Total operating expenses	4,124	4,363	17,969	17,719	19,202
Of which: Commission expenses	345	314	1,276	1,259	1,429
Income before taxes	1,093	991	4,393	2,856	1,553
Net income/(loss) attributable to shareholders	1,213	626	3,081	1,729	(1,255)

**CS consolidated balance sheets**

(CHF million)	As of 31 March 2020 (unaudited)	As of 31 December 2019 (audited)	As of 31 December 2018 (audited)
Total assets	835,796	790,459	772,069
Of which: Net loans	310,370	304,025	292,875
Of which: Brokerage receivables	62,895	35,648	38,907
Total liabilities	783,838	743,696	726,075
Of which: Customer deposits	391,103	384,950	365,263
Of which: Short-term borrowings	28,411	28,869	22,419
Of which: Long-term debt	144,104	151,000	153,433
Of which: Brokerage payables	44,173	25,683	30,923
Total equity	51,958	46,763	45,994
Of which: Total shareholders' equity	51,282	46,120	45,296
<b>Metrics (in %)<sup>1</sup></b>			
Swiss CET1 ratio	13.7	14.4	13.5
Swiss TLAC ratio	32.1	32.7	30.5
Swiss TLAC leverage ratio	11.3	10.4	9.9

**What are the key risks that are specific to the Issuer?**

The Issuer is subject to the following key risks:

1. Liquidity risk arising from potential inability to borrow or access the capital markets on suitably favourable terms (including due to adverse changes in its credit ratings) or to sell its assets. This may also arise from increased liquidity costs. CS relies significantly on its deposit base for funding, which may not continue to be a stable source of funding over time.
2. Risks arising from the impact of market fluctuations and volatility on CS' investment activities (against which its hedging strategies may not prove effective). The spread of COVID-19 and resulting tight government controls and containment measures implemented around the world have caused severe disruption to global supply chains and economic activity, and the market has entered a period of significantly increased volatility. The spread of COVID-19 is currently having an adverse impact on the global economy, the severity and duration of which is difficult to predict. This has adversely affected, and may continue to adversely affect, CS's business, operations and financial performance. This impact is likely to continue and to affect CS's credit loss estimates, mark-to-market losses, trading revenues, net interest income and potential goodwill assessments, as well as CS's ability to successfully realise its strategic objectives. To the extent the COVID-19 pandemic

<sup>1</sup> Metrics reflect Swiss capital requirements in effect at the date as of which such metrics are presented.

continues to adversely affect the global economy, and/or adversely affects CS's business, operations or financial performance, it may also have the effect of increasing the likelihood and/or magnitude of other risks described herein, or may pose other risks which are not presently known to CS or not currently expected to be significant to its business, operations or financial performance. CS is closely monitoring the potential adverse effects and impact on its operations, businesses and financial performance, including liquidity and capital usage, though the extent of the impact is difficult to fully predict at this time due to the continuing evolution of this uncertain situation. CS is also exposed to other unfavourable economic, monetary, political, legal, regulatory and other developments in the countries in which it operates (as well as countries in which CS does not currently conduct business), including uncertainties regarding the possible discontinuation of benchmark rates. CS' significant positions in the real estate sector – and other large and concentrated positions – may also expose it to larger losses. Many of these market risk factors, including the impact of COVID-19, may increase other risks, including CS' credit risk exposures, which exist across a large variety of transactions and counterparties and in respect of which it may have inaccurate or incomplete information. These are exacerbated by adverse economic conditions and market volatility, including as a result of any defaults by large financial institutions (or any concerns relating thereto).

3. CS' ability to implement its current strategy, which is based on a number of key assumptions, is subject to various factors outside its control, including market and economic conditions and changes in law. The implementation of CS' strategy may increase its exposure to certain risks, including credit risks, market risks, operational risks and regulatory risks. The implementation of CS' strategy relating to acquisitions and other similar transactions subjects it to the risk that it may assume unanticipated liabilities (including legal and compliance issues), as well as difficulties relating to the integration of acquired businesses into its existing operations.
4. Country, regional and political risk in the regions in which CS has clients or counterparties, which may affect their ability to perform their obligations to CS. In part because an element of its strategy is to increase CS' private banking businesses in emerging market countries, it may face increased exposure to economic instability in those countries, which could result in significant losses. Related fluctuations in exchange rates for currencies (particularly for the US dollar) may also adversely affect CS.
5. A wide variety of operational risks arising from inadequate or failed internal processes, people or systems or from external events, including cybersecurity and other information technology. CS relies heavily on financial, accounting and other data processing systems, which are varied and complex, and may face additional technology risks due to the global nature of its operations. CS is thereby exposed to risks arising from human error, fraud, malice, accidental technology failure, cyber attack and information or security breaches. CS' businesses are also exposed to risk from non-compliance with existing policies or regulations, employee misconduct or negligence and fraud. CS' existing risk management procedures and policies may not always be effective against such risks, particularly in highly volatile markets, and may not fully mitigate its risk exposure in all markets or against all types of risk. Moreover, CS' actual results may differ materially from its estimates and valuations, which are based upon judgment and available information and rely on predictive models and processes. The same is true of CS' accounting treatment of off-balance sheet entities, including special purpose entities, which requires it to exercise significant management judgment in applying accounting standards; these standards (and their interpretation) have changed and may continue to change.
6. CS' exposure to legal risks is significant and difficult to predict and the volume and amount of damages claimed in litigation, regulatory proceedings and other adversarial proceedings against financial services firms continues to increase in many of the principal markets in which CS operates. Changes in regulation and monetary policy applicable to CS (as well as regulations and changes in enforcement practices applicable to its clients) may adversely affect its business and ability to execute its strategic plans and increase costs, as well as impact the demand from clients for CS' services. In addition, Swiss resolution proceedings may affect CS' shareholders and creditors.
7. Intense competition in all financial services markets, which has increased as a result of consolidation, as well as emerging technology and new trading technologies (including trends towards direct access to automated and electronic markets and the move to more automated trading platforms). In such a highly competitive environment, CS' performance is affected by its ability to recruit and retain highly skilled employees and maintain its reputation for financial strength and integrity, which could be harmed if its procedures and controls fail (or appear to fail).