



**REGULATIONS OF THE BOARD OF DIRECTORS OF
CREDIT SUISSE BANK (EUROPE), SOCIEDAD ANÓNIMA**

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TITLE I - GENERAL PROVISIONS

Article 1.- Purpose

- (A) The purpose of the regulations of the Board of Directors (the “**Regulations**”) of CREDIT SUISSE BANK (EUROPE), SOCIEDAD ANÓNIMA (the “**Company**”) is to establish the operating principles for the activities of said body, the basic rules for the organization and functioning thereof and the rules of conduct for the directors.
- (B) The directors and, as appropriate, senior officers of the Company, shall be obliged to be acquainted with the provisions of the Regulations and to enforce and comply with their contents.

Article 2.- Interpretation

The Regulations shall be interpreted in accordance with the law and the corporate bylaws of the Company (the “**Corporate By-Laws**”). Any doubts which may arise in connection with the interpretation of the Regulations shall be settled by the Board of Directors.

Article 3.- Modification

The Board of Directors shall be responsible, following a report by the Audit Committee, for approving any amendments to the Regulations.

Article 4.- Dissemination

The Regulations shall take effect as from the date indicated by the Board of Directors at the time of their express approval. The Regulations shall be communicated to the Bank of Spain.

TITLE II - MISSION OF THE BOARD OF DIRECTORS

Article 5.- Role, responsibilities and functions

- (A) The Board of Directors is, in accordance with the applicable law and the terms of the Corporate By-Laws, the body responsible for the administration, supervision and representation of the Company, and is authorised, as a result thereof, to carry out, within the scope of the corporate activities defined in the Corporate By-Laws, the commercial acts and legal business necessary for the carrying out of the corporate activities, with the exception of the acts and activities reserved by the law or by the Corporate By-Laws to the General Shareholders Meeting.
- (B) The Board of Directors shall define, approve and oversee the implementation of the Company's strategic objectives, risk strategy and internal governance that ensure the effective and prudent management of the Company.

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- (C) As a general rule, the Board of Directors, which has the widest powers and authority to manage, direct, administer, supervise and represent the Company.
- (D) The powers reserved by law or the Corporate By-Laws for the direct consideration of the Board of Directors shall not be delegated. For the foregoing purposes, the Board of Directors undertakes, in particular, to directly exercise the following powers:
- i. To prepare the Company's annual accounts, management report and proposed allocation of profit/loss and the financial information which the Company is periodically required to disclose.
 - ii. To prepare any report required by law from the Board of Directors.
 - iii. To appoint directors by co-option and submission of proposals to the Shareholders' Meeting for the appointment, ratification, re-election or removal of directors.
 - iv. The appointment and removal of the Secretary and the Deputy Secretary of the Board of Directors.
 - v. To adopt decisions relating to directors' remuneration, pursuant to the Corporate By-Laws and the applicable remuneration policy.
 - vi. The authorisation or waiver of the obligations deriving from the duty of loyalty in accordance with the provisions of the law, including actual or potential conflicts of interest involving directors.
 - vii. The designation and renewal of internal offices on the Board of Directors and of the members and offices of the Board of Directors' committees, as well as appointment and removal of the Chief Executive and establishment of his/her contractual conditions and to adopt decisions concerning the appointment and removal of the Company's senior executives who report directly to the Board of Directors, as well as the establishment and review of the basic terms of their contracts, including their remuneration and any compensation in the event of their removal.
 - viii. To supervise the effective functioning of any committees or delegated bodies created by the Board of Directors and the conduct of the Chief Executive and the executives appointed by the Board of Directors.
 - ix. To oversee and monitor the management decision-making and actions and provide effective oversight of the Board of Directors in its management function, including monitoring and scrutinizing its individual and collective performance.
 - x. The approval of the strategy and general policies of the Company and the

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preparation of the programs and establishment of objectives for the implementation of the corporate purpose, as well as the promotion and supervision of the management of the Company and compliance with the established objectives.

- xi. To assess, on a periodically basis, the effectiveness of the Company's internal governance framework and take appropriate steps to address any identified deficiencies.
- xii. To supervise the amounts, types and distribution of both internal capital and regulatory capital to adequately cover the risks of the Company and the targets for the liquidity management.
- xiii. To ensure that the heads of internal control functions are able to act independently and, regardless the responsibility to report to other internal bodies, business lines or units, can raise concerns and warns to the Board of Directors when adverse risk developments affect or may affect the Company.
- xiv. The submission of proposals to the Shareholders' Meeting regarding any amendments to the Corporate By-Laws.
- xv. To call of the Shareholders' Meeting, drawing up of the agenda and preparation of proposed resolutions, including the proposed appointment or re-election of the auditor of the Company.
- xvi. To implement the resolutions approved by the Shareholders' Meeting and exercise of any functions entrusted to it by the Shareholders' Meeting, including the exercise of any powers delegated to it by the Shareholders' Meeting, unless it has been expressly authorised by the Shareholders' Meeting to sub-delegate them.
- xvii. To define the structure of the general powers of the Company to be granted by the Board of Directors or by its delegated corporate bodies.
- xviii. To decide on any matters which, falling within its competences, are considered in the opinion of the Board of Directors to be in the Company's interests or which are reserved pursuant to the Regulations to the plenary session of the Board of Directors.
- xix. The establishment of its own organisation and functioning and approval and amendment of the Regulations.

TITLE III - COMPOSITION OF THE BOARD OF DIRECTORS

Article 6.- Qualitative composition

- (A) The directors shall be classified into executive and non-executive or external members and, within the category of non-executive or external members, they may

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be nominee directors, independent directors or other external directors, all of the foregoing in accordance with the provisions of applicable law.

- (B) The Board of Directors, in the exercise of its powers to submit proposals to the General Shareholders Meeting and its co-option rights for filling any vacancies, shall ensure that in the composition of the Board the external directors constitute a significant majority of the members and that the number of executive directors thereof represents the minimum number necessary, taking into account the complexity of the Company and its shareholding.
- (C) The Board of Directors shall use its best endeavours to ensure that the number of independent directors represents, at least, a one third of the total Board members rounded down to the nearest unit.
- (D) In order to establish a reasonable balance between the nominee directors and the other non-executive directors, the Board shall take into account the property structure of the Company, such that the percentage of nominee directors in relation to the total non-executive directors does not exceed the proportion that exists between the share capital of the Company that is represented by said directors and the rest of the share capital, without prejudice to the cases in which it may be necessary to relax said criteria.
- (E) The category of each director shall be detailed by the Board of Directors. Furthermore, said category shall be reviewed annually by the Board of Directors, after the prior verification by the Nominations Committee.
- (F) The provisions of this article shall be applicable without prejudice to the right of proportional representation that is legally recognised in favour of the shareholders and of the competencies and powers of the General Shareholders Meeting.

Article 7.- Quantitative composition

- (A) The Board of Directors shall be formed by the number of directors that is determined by the General Shareholders Meeting within the limits established by the Corporate By-Laws of the Company.
- (B) The Board of Directors shall propose to the General Shareholders Meeting the number of directors that, in accordance with the circumstances of the Company, is most appropriate in order to ensure the necessary representativeness and the effective functioning of the Board.

TITLE IV - STRUCTURE OF THE BOARD OF DIRECTORS

Article 8.- The Chairman of the Board of Directors

- (A) The Board of Directors, after the prior report from the Nominations Committee, shall elect, from among its members, a Chairman of the Board.

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- (B) As a general principle, the Chairman should be a non-executive member. Without prejudice to the foregoing, in case an executive director, to the extent permitted by law, is appointed as Chairman, the Board of Directors should implement the necessary measures that guarantee a property supervision and management of the Company. The appointment of the Chief Executive as Chairman of the Board of Directors shall be preceded of a specific report of the Board and, if so required by the applicable law, will need to be previously authorized by the competent authorities.
- (C) In addition to the powers that correspond thereto pursuant to the law, the Corporate By-Laws and the Regulations, the Chairman shall also exercise the following powers:
- i. To chair the General Shareholders Meeting and to manage and control the discussions and deliberations thereof.
 - ii. To call and chair the meetings of the Board of Directors, in the form established under the Corporate By-Laws and under the Regulations, and to determine the agenda to the meetings.
 - iii. To supervise, with the collaboration of the Secretary of the Board of Directors, that the directors receive, beforehand, the sufficient information in order to deliberate on the points included in the agenda to the meeting.
 - iv. To manage the discussions and deliberations of the Board of Directors, and to promote the debate and the active involvement of the directors during the meetings, safeguarding the decision-making freedom thereof, and ensuring that sufficient time is dedicated to discuss the strategic issues.
 - v. To encourage the active commitment by all directors to the responsible, diligent and loyal performance of their functions.
 - vi. To monitor the correct implementation of the decisions adopted by the Board.
 - vii. Where appropriate, to act as the top representative of the Company before public agencies and external bodies.
 - viii. In general, to promote the highest standards of corporate governance and ensure compliance by the Board of Directors.
- (D) Ordinarily, the Chairman shall be responsible for calling the Board of Directors, for drafting the agenda to the meeting and for controlling the debates thereof. The Chairman, however, must call the Board of Directors, in relation to the applicable matters and issues, when requested by the Deputy Chairman, the Lead or Senior Independent Director or three or more directors, and furthermore must include new points to the agenda to the meeting when requested by any director.

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- (E) Furthermore, in collaboration with the Chairman of the Nominations Committee, the Chairman of the Board of Directors must organise and coordinate the periodic evaluation of the Board of Directors, its Committees, its members and the chief executive of the Company, in accordance with the provisions of the Regulations.

Article 9.- The Deputy Chairman of the Board of Directors

- (A) The Board of Directors may elect, from among its members, and subject to a prior report from the Nominations Committee, one or more Deputy Chairmen that shall temporarily substitute the Chairman of the Board of Directors in the case of any vacancy, absence, illness or impossibility thereof.
- (B) The Deputy Chairman shall call the Board of Directors in the case the Chairman has not acted upon the request thereof.
- (C) In the case that more than one Deputy Chairman exists, the Deputy Chairman that shall substitute the Chairman shall be determined pursuant to the order established at the time of the appointment thereof.

Article 10.- The Lead or Senior Independent Director

- (A) The Board of Directors, at the proposal of the Nominations Committee and with the abstention of the executive directors, may appoint an independent director as the Lead or Senior Independent Director.
- (B) The Lead or Senior Independent Director shall be authorised to carry out the following activities:
- i. To request the calling of the Board of Directors.
 - ii. To coordinate and meet with the non-executive directors and to forward to the Chairman their concerns.
 - iii. To chair the Board of Directors in the absence of the Chairman and of the Deputy Chairman, as the case may be.

Article 11.- The Secretary of the Board of Directors

- (A) The Board of Directors shall appoint, at the proposal of the Chairman and subject to a prior report from the Nominations Committee, a Secretary of the Board of Directors, and the same procedure must be followed for the removal thereof.
- (B) The Secretary of the Board of Directors does not necessarily have to be a director.
- (C) The functions assigned to the Secretary, in addition to those corresponding to the office pursuant to the law and the Corporate By-Laws, shall be as follows:
- i. To keep custody of the corporate documents, duly record the proceedings of

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- meetings in the minute books and attest to the resolutions adopted by the corporate decision-making bodies.
- ii. To ensure the formal and substantive legality of all action taken by the Board and its delegated corporate bodies, as well as compliance with relevant regulations and Corporate By-Laws' provisions, and ensure observance of the principles or standards of corporate governance of the Company and the provisions of the Regulations.
 - iii. To verify compliance with orders of regulatory entities, and that the recommendations thereof, if any, are taken into consideration.
 - iv. Generally, to act as a channel in relations between the Company and the directors in connection with all matters relating to the operation of the Board, in compliance with the Chairman's instructions.
 - v. To process all requests from the directors regarding the information and documentation of those matters that fall within the purview of the Board.
 - vi. Assist the Chairman to ensure that the directors receive the relevant information for the performance of their functions sufficiently in advance and in the appropriate format.
 - vii. Act as secretary for the Shareholders' Meeting.
- (D) Without prejudice to the Secretary's reporting to and assisting the Chairman, the Secretary shall act in an independent and impartial manner in the professional performance of the duties provided for in the law, the Corporate By-Laws and the Regulations.
- (E) Unless the Board of Directors resolves otherwise, it shall be understood that the Secretary of the Board shall be the lawyer advising the Board of Directors for the purposes of Law 39/1975 of 31st October.

Article 12.- The Deputy Secretary of the Board of Directors

- (A) The Board of Directors, at the proposal of the Chairman thereof, and subject to a prior report from the Nominations Committee, may appoint a Deputy Secretary of the Board of Directors to assist and, as the case may be, substitute the Secretary in the exercise of the functions thereof in the case of absence, illness or impossibility, and the same procedure must be followed for the removal thereof. The Deputy Secretary does not necessarily have to be a Board Member.
- (B) Unless otherwise decided by the Board of Directors, the Deputy Secretary may attend the meetings of the Board of Directors and assist the Secretary in drafting the minutes of such meetings.

TITLE V - FUNCTIONING OF THE BOARD OF DIRECTORS

Article 13.- Meetings and call

- (A) The Board of Directors shall meet whenever the Chairman sees fit or whenever so requested by at least one-third of the directors or as provided for under article 8(D), indicating the agenda, if, having made a request to the Chairman, the Chairman fails to call a meeting to be held within one (1) month without just cause. In this last case, the Chairman may not delay the call of the meeting for more than eight (8) days as from the date of the request.
- (B) The call notice for the Board meeting shall be sent in accordance with the provisions of article 28 of the Corporate By-Laws.
- (C) The Board of Directors, duly called, shall be validly assembled where more than half of the members of the Board are present, in person or by proxy.
- (D) The Board of Directors shall be validly constituted, without prior call, where all of the directors are present, in person or by proxy, and they unanimously agree to hold the meeting. The Board of Directors may also adopt resolutions: (i) in writing without holding a meeting, following the procedure for casting votes in writing if none of the directors objects to such procedure and (ii) by means of meetings held by telephonic or other electronic means provided that all members of the Board of Directors have access to the means to connect among themselves and the Chairman is capable of recognizing all the members present at the meeting.
- (E) Resolutions must be adopted by an absolute majority of the votes cast, calculated according to the number of directors present, in person or by proxy, when the Board meeting was constituted. The Chairman shall direct deliberations, establishing at his/her discretion, the order thereof and the manner of voting.
- (F) The call notice must always include, except when justified, the agenda to the meeting (that shall state the matters in respect of which the Board of Directors is to adopt a decision or resolution) and shall be accompanied, as the case may be, by the information that is deemed necessary. When, exceptionally and for reasons of urgency, the Chairman requests to submit for the approval of the Board of Directors any decisions or resolutions that are not included in the agenda to the meeting, the prior express consent of the majority of the directors at the meeting shall be necessary, which must be formally recorded in the Minutes.
- (G) Any director may request the Chairman to include matters within the agenda to the meeting and the Chairman shall be obliged to include said matters when the request has been presented at least three days prior to the date of the meeting.
- (H) The extraordinary meetings of the Board of Directors may be called by telephone and by any other means as provided for under article 28 of the by-laws of the and the foregoing notice period and the other requirements provided for under this

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article shall not be applicable thereto, when, in the judgement of the Chairman the circumstances justify the calling of said extraordinary meeting.

- (I) The Board of Directors must meet at least once a year, in order to evaluate: (i) the functioning of the Board of Directors; (ii) the performance of the functions by the Chairman and by the Chief Executive, based upon the report issued for said purposes by the Nominations Committee; and (iii) the functioning of the committees of the Board of Directors, as well as to propose, in light of the year's results thereof, an action plan to correct any deficiencies detected.
- (J) The Chairman may invite to Board meetings any individuals, in-house or external, who may help to enhance the information available to directors.

Article 14.- Quorum at meetings and representation

- (A) The Board of Directors shall be validly constituted if more than half of the directors are present, in person or by proxy.
- (B) The directors shall make every effort to attend Board of Directors' meetings. Notwithstanding the above, all directors may cast their vote through and grant a proxy to another director, although non-executive directors may only grant a proxy to other non-executive director. Proxies must be granted in writing, addressed to the Chairman or to the Secretary and must be granted specifically for each meeting. For such purposes, a message addressed to the Chairman or the Secretary by letter, fax, telegram, e-mail shall be valid.
- (C) No director may hold more than three proxies, with the exception of the Chairman, who shall not be subject to such limit but may not represent more than half of the directors. The director granting the proxy shall endeavour, where possible, to include voting instructions in the proxy letter.

Article 15.- Deliberation and adoption of resolutions

- (A) The Chairman shall organise the debate, encouraging the participation of all directors in the deliberations.
- (B) Resolutions shall be adopted by an absolute majority (that is, by more than half) of the votes present, in person or by proxy, except where they refer to the permanent delegation of powers and the designation of the directors that are to exercise such powers, in which case the affirmative vote of at least two-thirds of the total number of directors shall be required. This shall be without prejudice to those cases in which the law, the Corporate By-Laws or the Regulations provide for a greater majority or the rules applicable on non delegable powers and authorities by the board of directors.

TITLE VI – APPOINTMENT AND REMOVAL OF DIRECTORS

Article 16.- Appointment of Board Members

- (A) The directors shall be designated by the General Shareholders Meeting or by the Board of Directors in accordance with the provisions of applicable law.
- (B) The proposals for the appointment of directors that the Board submits to the General Shareholders Meeting for consideration and the decisions for the appointment thereof that are adopted by the Board by virtue of the co-option powers legally vested in it, must be preceded by the corresponding proposal (in the case of independent directors) or by the report (in the case of the rest of the directors) of the Nominations Committee. When the Board of Directors diverges from recommendations of the Nominations Committee, the reasons for said divergence must be justified and formally recorded in the minutes of the meeting.
- (C) In any event, the proposal must be accompanied by a report of the Board of Directors, justifying the appointment or re-election proposal and evaluating the skills, experience and merits of the proposed candidate.
- (D) The foregoing shall also be applicable to the natural persons that are designated as the legal representatives of a corporate director. The proposal for the natural person legal representative must be the subject of a report by the Nominations Committee.
- (E) The Board of Directors must ensure that the director's selection procedures promote gender diversity, and the diversity of experiences and knowledge, and are not subject to any implicit bias that could imply any type of discrimination whatsoever and, in particular, that promote the selection of women directors.

Article 17.- Term of office

- (A) The directors shall hold office for the period provided for in the Corporate By-Laws, and may be re-elected in the terms provided for therein.
- (B) The directors designated by way of co-option shall exercise office until the date of the meeting of the next General Shareholders Meeting, without prejudice to the ratification or re-election thereof.

Article 18.- Re-election of Board Members

- (A) At the end of their appointment's term, directors may be re-elected one or more times for periods of equal duration to that set forth in the Corporate By-Laws.
- (B) The proposals for re-election of directors that the Board of Directors resolves to submit to the decision of the Shareholders' Meeting shall be approved on the proposal of the Nominations Committee, in the case of independent directors, and subject to a report from the Nominations Committee in all other cases. The proposal or report of the Nominations Committee shall be prepared having given due regard

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to the performance, commitment, ability and availability of the director to continue to contribute to the Board with the knowledge, skills and experience required.

- (C) To this end, the directors sitting on the Nominations Committee shall be evaluated by the Nominations Committee itself, and each of them shall abstain from participating in the debate and voting that may affect them.

Article 19.- Resignation and removal

- (A) The directors shall cease to hold office when the term of office for which they were appointed expires and they are not re-appointed or whenever so decided by the Shareholders' Meeting.
- (B) Notwithstanding the above, a director must place his/her position at the disposal of the Board of Directors and, at its request, formally resign from office in the following cases:
- i. When the director ceases to hold the executive positions to which his/her appointment as director is linked, or when the reasons for which he was appointed no longer exist. In particular, in the case of nominee directors, when the shareholder(s) that proposed, requested or determined their appointment sell or transfer their holding in whole or in part, so that such holding has no longer the status of significant or is not sufficient to justify the appointment.
 - ii. When, due to supervening circumstances, the director is subject to any of the grounds for incompatibility or prohibition provided for in the law, the Corporate By-Laws or these Regulations.
 - iii. When the director is prohibited by law from acting as a director.
 - iv. When the director ceases to have the good standing, suitability, reliability, competence, availability or commitment to office necessary to be a director of the Company.
 - v. When his/her or her presence on the Board of Directors might jeopardize, for any reason, directly, indirectly or through any person related to him, the loyal and diligent exercise of his/her functions in accordance with the corporate interest.
 - vi. When his/her or her remaining on the Board of Directors might affect the Company's credit or reputation in the market or otherwise jeopardizes its interests.
- (C) The Board of Directors may only propose the removal of an independent director before the end of the mandate established in the Corporate By-Laws when it considers there is just cause, following a report by the Nominations Committee. For

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these purposes, just cause shall be deemed to exist when the director takes up new positions or enters into new obligations that prevent him from dedicating the necessary time to the performance of the duties inherent in his/her office, breaches the duties inherent to the office or unexpectedly becomes subject to any of the circumstances provided for in section B of this article. The removal may also be proposed as a result of takeover bids, mergers or other similar corporate transactions that determine a material change to the shareholding structure of the Company.

TITLE VII - REMUNERATION OF THE DIRECTORS

Article 20.- General rule

The office of director is not remunerated, save in the case of Executive Directors and Independent Directors.

Article 21.- Remuneration of Executive and Independent Directors

The remuneration of the Executive and Independent Directors shall be governed by Article 24 of the Corporate By-Laws.

The remuneration of the Executive and Independent Directors must adjust at all times to the remuneration policy approved by the General Shareholders Meeting.

TITLE VIII - DUTIES AND RIGHTS OF THE DIRECTORS

Article 22.- General duty of diligence and loyalty

- (A) Directors shall comply with the duties imposed by the law, the Corporate By-Laws and the Regulations. In particular, they shall act with the diligence of an orderly businessman and the loyalty of a faithful representative, taking into account the nature of the office and the functions allocated to each director, acting in good faith and in defense of the corporate interest.
- (B) Directors shall perform their duties pursuant to the principle of personal liability, with freedom of opinion and judgement, and independently of third-party ties and instructions.
- (C) With regard to strategic and business decisions, subject to business judgement, the standard of diligence of an orderly businessman shall be deemed fulfilled where the director has acted in good faith without personal interest in the matter being decided upon, with sufficient information and pursuant to an adequate decision-making procedure.

Article 23.- Duty of confidentiality

- (A) Directors shall keep secret any information, data, reports or background information to which they may have access in the discharge of their office, except

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where permitted or required by law.

- (B) The directors' confidentiality obligation shall subsist even after they have vacated office.

Article 24.- Duty of non-competition

- (A) Directors may not pursue activities for their own account or on account of others that entail effective competition, actual or potential, with the Company or that in any other way place them in a permanent conflict of interest with the Company. The waiver of the non-competition obligation may only be agreed in the event that no damage to the Company is expected or, if expected, it is offset by the envisaged benefits to be obtained from the waiver.
- (B) The waiver shall be granted, in the cases required by the law, by the Shareholders' Meeting by means of an express resolution and under a separate item on the agenda. In other cases, the waiver may be granted by the Board of Directors, following a report by the Nominations Committee.

Article 25.- Conflicts of interest

- (A) Directors shall adopt the measures necessary to avoid becoming subject to conflicts of interest in accordance with the provisions of the law and the conflicts of interest policy applicable to the Company.
- (B) A conflict of interest shall be deemed to exist in the situations provided for in the law and, in particular, where the interests of the director, whether for his/her own account or on account of others, may be in conflict with the corporate interest or with his/her duties to the Company. The director shall be deemed to have an interest where the matter affects him or a related person within the meaning established in the law.
- (C) Without prejudice to the provisions of section B above, conflicts of interest shall be governed by the following rules:
- i. Notification: directors must notify the Board of Directors, through the Chairman or the Secretary or Deputy Secretary, of any conflict of interest to which they may be subject.
 - ii. Abstention: directors must absent themselves from the meeting during deliberation and voting on any matters in which they are subject to a conflict of interest, and shall be excluded from the number of members in attendance for the purposes of calculating the quorum and voting majorities. In particular, any directors affected by proposals for appointment, re-election or dismissal shall refrain from taking part in the discussions and voting in respect of such matters.

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- iii. Transparency: the Company shall provide information, as required by the law, on any conflict of interest to which the directors have been subject in the course of the year in question and of which it has become aware as notified by the affected party or by any other means.

Article 26.- Determination of the existence of conflicts of interest

- (A) Conflict of interest shall be deemed to exist vis-à-vis the director in the situations in which the interests of the Company are incompatible or clash, either directly or indirectly, with the professional, personal financial, and political interests of the director. Personal interests of the director shall exist when the matter in question relates thereto or relates to any Related Party thereof or, in the case of a nominee director, when the matter relates to the shareholder or shareholders that proposed or ratified the appointment thereof or to any Related Party thereof.

For the purposes of these Regulations, a “**Related Party**” of a director shall be deemed to mean the persons set out in Section 231 of the Corporate Enterprises Act as well as any company in which the director exercises any administrative or management position or in which the director holds a significant shareholding.

- (B) The directors must notify the Board of Directors, through the Chairman or the Secretary or deputy Secretary thereof, of any situation of conflict of interest, whether direct or indirect, that exists in relation thereto.

Article 27.- Use of corporate assets

- (A) Directors may not use the Company’s assets or profit from their position at the Company in order to obtain any financial benefit, unless adequate consideration has been paid.
- (B) Directors shall refrain from using the name of the Company or invoking their status as Company directors in order to exert undue influence on the performance of private transactions for their own account or on account of Related Persons.
- (C) Directors may not take advantage, for their own benefit or the benefit of related persons, of business opportunities of the Company, unless the business opportunity has previously been offered to the Company, the Company has chosen not to pursue it with no influence from the director, and the director has been authorised by the Board of Directors to pursue such opportunity.

TITLE IX - BOARD COMMITTEES

Article 28.- Executive committee and managing directors

The Board of Directors may create, as delegated bodies reporting to the Board of Directors, an executive committee and/or one or more Chief Executives, regulating in such case their operation and designating for such offices the directors it sees fit,

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delegating to such bodies any powers attributed to the Board of Directors by law or the Corporate By-Laws, save for any powers that cannot be delegated by operation of law.

Article 29.- Mandatory committees

- (A) In all cases, the Board of Directors must have, on a permanent basis, at least an Audit Committee, a Nominations Committee, a Remuneration Committee and a Risk Committee, with the composition and functions established in the law, the Board Regulations and, as the case may be, the specific regulations of each committee.
- (B) The composition of the committees shall not be identical save in the case of combined committees pursuant to Article 34.

Article 30.- Audit Committee

- (A) The Audit Committee shall be made up of no less than three and no more than five non-executive directors appointed by the Board of Directors, with the dedication, capacity and experience necessary to carry out their function. The members of the Audit Committee, and particularly its chairman, shall be appointed in light of their knowledge and experience on accounting and audit matters, and at least one of them shall have recent and relevant financial experience.
- (B) A majority of the members of the Audit Committee shall be independent directors.
- (C) The Board of Directors shall designate an Audit Committee chairman from among the independent directors who must be replaced at least every four years and may stand for re-election one year after vacating office. The Secretary or his/her nominee shall act as secretary to the Audit Committee.
- (D) Without prejudice to the other tasks assigned to it by the law, the Corporate By-Laws or the Board of Directors, the Audit Committee shall have the following powers:
- i. In relation to the Shareholders' Meeting: to report to the Shareholders' Meeting on questions raised in relation to any matters under the Committee's competence and, in particular, on the results of the statutory audit explaining how this has contributed to the integrity of the financial information and the role that the Committee has performed in this process.
 - ii. With regard to the external auditor:
 - To submit to the Board of Directors the proposals on the selection, appointment, reappointment and substitution of the auditor, assuming responsibility for the selection process, and the terms of its engagement, its remuneration (ensuring its independence and quality are not compromised), the scope of its professional mandate and the revocation

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or renewal of its appointment.

- To regularly collect information from the auditors on the audit plan and its implementation, as well as preserving their independence in the exercise of their functions. In particular, to ensure that the Company and the external auditor complies with the current legislation on provision of non-audit services, the limits on the auditor's business concentration and, in general, any other rules regarding auditor independence.
- To oversee compliance with the audit agreement, ensuring that the opinion concerning the annual accounts and that the principal contents of the audit report are drafted in a clear and precise manner.
- To serve as a channel for communication between the Board of Directors and the auditors, to assess the results of each audit and the response by the management team to their recommendations, and to mediate in the event of disputes between the auditors and the management team in relation to the principles and methods used in preparing the annual accounts.
- To review the effectiveness of the external audit process.
- To establish the appropriate relationships with the external auditor in order to receive information on matters which may jeopardize its independence and on any other matters relating to the audit process, and, as appropriate, the authorization of permissible non-audit services as legally established, as well as any other communications provided for in the audit legislation and standards.
- To issue on an annual basis, prior to the issue of the auditor's report, a report expressing an opinion on whether the independence of the auditor is compromised. This report must contain, in all cases, the assessment of the provision of the additional services referred to in the preceding paragraph, taken individually and as a whole, other than the statutory audit and in relation to the rules on independence or to audit regulations.
- In the event of the external auditor's resignation, to review any underlying circumstances and, in general, to oversee that the Company discloses the change of auditor as price sensitive information if applicable (relevant fact), including a statement regarding any possible discrepancies with the departing auditor and, if any exist, their content.

iii. In relation to internal control and reporting systems:

- To supervise the effectiveness of the internal control and risk

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management of the Company, the internal auditing and to discuss with the auditor any significant weaknesses in the internal control systems identified in the course of the audit.

- To ensure the independence and efficiency of the internal audit function, which will functionally report to the chairman of the Audit Committee; to propose the selection, appointment, reappointment and removal of the head of the internal audit service; to validate the department's budget; to approve its annual work plan and focus, ensuring that its activity is focused principally on the significant risks faced by the Company; to receive periodic information on its activities, as well as on any incidents arising; and to check that senior management takes into account the conclusions and recommendations contained in its reports.

iv. In relation to financial information:

- To supervise the process for the preparation and presentation of the required financial information and report to the Board of Directors on the financial information that the Company is periodically required to disclose.
- To review the Company's accounts, monitor compliance with legal requirements, the appropriate definition of the scope of consolidation and the correct application of generally accepted accounting principles. To review significant financial reporting judgements in the Company's accounts. To monitor the functioning of the internal financial control manuals and procedures adopted by the Company, to verify compliance with them and review the designation and replacement of the persons responsible for them.
- To report to the Board of Directors on the steps taken by management to ensure that the Annual Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy.
- To report to the Board of Directors on the steps taken by management to assess the viability of the Company, including whether there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due.

v. Other responsibilities:

- To report on related transactions or on transactions that entail or may entail a conflict of interest.

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- To report to the Board of Directors, prior to the adoption by it of the corresponding decision, regarding the creation or acquisition of interests in special purpose entities or entities registered in countries or territories regarded as tax havens, as well as any other transactions or operations of a similar nature that, due to the complexity thereof, might detract from the transparency of the Group.
 - To receive information on any relevant structural or corporate transactions that the Company plans to undertake, for its analysis and subsequent report to the Board of Directors on its economic conditions and accounting impact and particularly, when applicable, on the exchange ratio proposed.
- (E) The Audit Committee shall meet whenever convened by its chairman, at his/her own initiative, or at the request of at least two of its members and at least once every three months and, in all cases, where the Board of Directors requests the issue of reports, the presentation of proposals or the adoption of resolutions within the scope of its functions.
- (F) The chairman of the Audit Committee shall have the power to call Committee meetings and to establish the agenda. The Audit Committee shall be validly convened without prior call when all of its members are present and unanimously agree to hold a meeting. The call notice for ordinary meetings shall include the agenda, shall be served in writing sufficiently in advance to ensure that members receive it no later than three days before the date of the meeting and shall be authorised by the signature of the chairman or the Secretary or whomsoever acts as such. Extraordinary meetings may be called by telephone and the above requirements shall not apply when the chairman deems that the circumstances justify it.
- (G) The Audit Committee shall be validly convened where more than half of its members are present, in person or by proxy, and decisions shall be adopted by an absolute majority of the members present, in person or by proxy.
- (H) The Audit Committee may call any employee or officer of the Company and may even order them to appear without the presence of any other officer.

Article 31.- Risk Committee

- (A) The Risk Committee shall be made up of no less than three and no more than five non-executive directors appointed by the Board of Directors, with the dedication, capacity and experience necessary to carry out their function. The members of the Risk Committee, and particularly its chairman, shall be appointed in light of their knowledge and experience on risk management matters.
- (B) A majority of the members of the Risk Committee shall be independent directors.

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- (C) The Board of Directors shall designate the Risk Committee chairman from among the independent directors, who must be replaced at least every four years and may stand for re-election one year after vacating office. The Secretary or his/her nominee shall act as secretary to the Risk Committee.
- (D) Without prejudice to the other tasks assigned to it by the law, the Corporate By-Laws or the Board of Directors, the Risk Committee shall have the following powers:
- i. To analyse and assess proposals related to the Company's risk management, control and strategy.
 - ii. To advise and support the Board of Directors in its supervisory function regarding the monitoring of the Company's overall actual and future risk appetite and strategy, taking into account all types of risks, to ensure that they are in line with the business strategy, objectives, corporate culture and values of the Company.
 - iii. To evaluate all aspects of the non-financial risks the Company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.
 - iv. To monitor the functioning of the Company's risk control and management unit, accountable for: (a) ensuring that risk control and management systems are functioning correctly and, specifically, that major risks the Company faces are correctly identified, managed and quantified; (b) participating actively in the preparation of risk strategies and in key decisions about their management; and (c) ensuring that risk control and management systems are mitigating risks effectively in accordance with the policy drawn up by the Board of Directors.
 - v. To analyse and assess the control and management policies for the Company's different risks and information and internal control systems.
 - vi. To monitor the implementation of the strategies for capital and liquidity management.
 - vii. To provide the Board of Directors in its supervisory function with recommendations on necessary adjustments to the risk strategy resulting from, inter alia, changes in the business model of the institution, market developments or recommendations made by the risk management function.
 - viii. To assess the appointment of external consultants for advice or support regarding risk management.
 - ix. To review a number of possible scenarios, including stressed scenarios, to assess how the Company's risk profile would react to external and internal

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events.

- x. To oversee the alignment between the material financial products and services offered to clients and the business model and risk strategy of the Company.
 - xi. To assess the recommendations of internal or external auditors and follow up on the appropriate implementation of measures taken.
 - xii. To analyse, prior to submitting them to the Board of Directors, those risk transactions that must be put to its consideration.
 - xiii. To participate in the process of establishing the remuneration policy, checking that is consistent with sound and effective risk management and does not encourage risk-taking that exceeds the level of tolerated risk of the Company.
 - xiv. To verify the Company has the means, systems, structures and resources in line with best practices that enable it to implement its risk-management strategy, ensuring that the entity's risk management mechanisms are matched to its strategy.
 - xv. Any other duties that may have been allocated under these Regulations or attributed to the Committee by a Board of Directors resolution or by applicable legislation.
- (E) The provisions of sections E, F, G and H of article 30 in relation to the Audit Committee shall apply, mutatis mutandis, to the Risk Committee.
- (F) In case, the Board of Directors, subject to the requirements established in the law decides not to create the Risk Committee, the functions referred in section D above shall be assumed by the Audit Committee.

Article 32.- Remuneration Committee

- (A) The Remuneration Committee shall be made up of no less than three and no more than five non-executive directors appointed by the Board of Directors, with the dedication, capacity and experience necessary to carry out their function.
- (B) A majority of the members of the Remuneration Committee shall be independent directors and one of them shall be the Chairman.
- (C) The Board of Directors shall designate a Remuneration Committee Chairman from among the independent directors, who must be replaced at least every four years and may stand for reelection one year after vacating office. The Secretary shall act as secretary to the Committee.
- (D) Without prejudice to other tasks assigned to it by the law, the Corporate By-Laws

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or the Board of Directors, the Remuneration Committee shall have the following powers:

- i. To propose to the Board of Directors the system and amount of the annual remuneration for directors, as well as the individual remuneration of the executive directors and the other terms of their contracts, pursuant in all cases to the provisions of the Corporate By-Laws.
 - ii. To report to the Board of Directors on the contractual terms on termination for the senior executives, including executive directors, and to ensure that any payments made are fair to the individual and the Company, that failure is not rewarded and the duty to mitigate loss is fully recognised.
 - iii. To report to the Board of Directors on the senior executive remuneration policy and the basic terms of their contracts.
 - iv. To report on incentive plans and pension arrangements.
 - v. To periodically review the remuneration policy for directors and senior executives, taking into account their suitability and performance and how they reflect and support the Company strategy.
 - vi. To monitor compliance with the Company's remuneration policy.
 - vii. Any other powers attributed to it by the Corporate By-Laws, these Regulations or the Board of Directors itself.
- (E) The provisions of sections E, F, G and H of article 30 in relation to the Audit Committee shall apply, mutatis mutandis, to the Remuneration Committee.

Article 33.- Nominations Committee

- (A) The Nominations Committee shall be made up of no less than three and no more than five non-executive directors appointed by the Board of Directors, with the dedication, capacity and experience necessary to carry out their function.
- (B) A majority of the members of the Nominations Committee shall be independent directors and one of them shall be the Chairman.
- (C) The Board of Directors shall designate a Nominations Committee Chairman from among the independent directors who must be replaced at least every four years and may stand for re-election one year after vacating office. The Secretary shall act as secretary to the Nominations Committee.
- (D) Without prejudice to other tasks assigned to it by the law, the Corporate By-Laws or the Board of Directors, the Nomination Committee shall have the following powers:

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- i. To evaluate the competencies, knowledge and experience necessary on the Board of Directors and report on and review the criteria to be followed for its composition and the selection of candidates, defining the necessary functions and skills and evaluating the time and dedication required to correctly perform its remit.
 - ii. To submit to the Board of Directors the proposed appointments of independent directors for their designation by co-option or, as the case may be, to submit the decision to the Shareholders' Meeting, as well as proposals for the reappointment or removal of such directors by the Shareholders' Meeting.
 - iii. To report on the proposals of the Board of Directors for the appointment of the remaining directors for their designation by co-option or, as the case may be, to submit the decision to the Shareholders' Meeting, as well as proposals for the re-appointment or removal of such directors by the Shareholders' Meeting.
 - iv. To report on the proposed designation or removal from offices on the Board of Directors (including the Secretary and the Deputy Secretary) and propose to the Board of Directors the members that are to form each of the Board of Directors committees and their chairmen.
 - v. To put in place plans for the succession of directors, in particular, the succession of the Chairman and the Chief Executive and, as the case may be, to make proposals to the Board of Directors so that such succession occurs in a planned and orderly manner.
 - vi. To oversee and establish guidelines relating to the appointment, recruitment, career, promotion and dismissal of senior executives in order to ensure that the Company has the highly-skilled personnel required for its management.
 - vii. To report on the proposed appointment and/or removal of senior executives of the Company.
 - viii. To identify directors qualified to fill vacancies on any committee of the Board of Directors.
 - ix. Any other powers attributed to it by the Corporate By-Laws, these Regulations or the Board of Directors itself.
- (E) The provisions of sections E, F, G and H o article 30 in relation to the Audit Committee shall apply, mutatis mutandis, to the Nominations Committee.

Article 34.- Combined Committees

(A) Subject to the requirements established in the law, the Board of Directors may

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- combine the Nominations Committee with the Remuneration Committee, and the Audit Committee with the Risk Committee. In such case, the Audit and Risk Committee and the Nominations and Remunerations Committee shall assume the functions assigned to both the Audit and Risk Committees and to both the Nominations and Remuneration Committee, respectively.
- (B) The Board of Directors shall prepare an internal report justifying the reasons that underlie the combination of the corresponding committees and shall periodically assess the convenience of maintaining the combined committees.
- (C) The member of the combined committees shall have, individually and collectively, the necessary knowledge, skills and expertise to fully perform the functions assigned to corresponding committee.