Credit Suisse (UK) Limited

Basel III
Pillar 3 Disclosures 2014

Index

Introduction

This document comprises the Pillar 3 disclosures for Credit Suisse (UK) Limited ('CSUK' or 'the Bank') as at 31 December 2014. It should be read in conjunction with CSUK's 2014 Annual Report which will be available from Companies House, Crown Way, Cardiff, Wales, CF14 3UZ.

The Basel II Framework was updated by the introduction of Basel III and the amended regime was implemented in the EU from 1 January 2014 by means of a Directive and a Regulation, collectively known as 'CRDIV'. These Pillar 3 disclosures are prepared to meet the regulatory requirements set out in Part Eight of the Capital Requirements Regulation ('CRR'). Pillar 3 aims to promote market discipline and transparency through the publication of key information on capital adequacy, risk management and remuneration.

CSUK is authorised by the Prudential Regulatory Authority ('PRA') and regulated by the Financial Conduct Authority ('FCA') and the PRA.

Basis and frequency of disclosures

Where disclosures have been withheld, as permitted, on the basis of confidentiality, materiality, or being proprietary in nature, this is indicated. Pillar 3 disclosures are published annually and concurrently with the annual report. The annual report is prepared under IFRS and accordingly, certain information in the Pillar 3 disclosures may not be directly comparable. A reconciliation of regulatory 'own funds' calculated under CRDIV with CSUK's 2014 IFRS Statement of Financial Position is presented in the Capital Management section below.

As noted, CRDIV was implemented from 1 January 2014, so any prior year (2013) comparatives provided were prepared under the previous Basel II regime and this is indicated where applicable.

This Pillar 3 document has been verified and approved in line with internal policy. It has not been audited by CSUK's external auditors unless, where, it refers to information extracted from CSUK's 2014 Annual Report.

Basis of disclosure

These Pillar 3 disclosures are prepared on a solo basis. CSUK has two subsidiaries, Buckmore Nominees Limited and Credit Suisse London Nominees Limited, whose aggregate net asset value as at 31 December 2014 was de minimis.

These subsidiaries are not consolidated in CSUK's 2014 Annual Report.

Remuneration disclosures

The remuneration disclosures required by CRR Art 450 can be found in a separate document 'Pillar 3 – UK Remuneration Disclosures 2014' on the Credit Suisse website at: *www.credit-suisse.com*

Capital management

Overview

The Credit Suisse group ('CS group') considers a strong and efficient capital position to be a priority. Consistent with this, CSUK closely monitors its capital position on a continuing basis to ensure ongoing stability and support of its business activities. This monitoring takes account of the requirements of the current regulatory regime and any forthcoming changes to the capital framework.

Multi-year business forecasts and capital plans are prepared by CSUK, taking into account the business strategy. These plans are subjected to various stress tests, reflecting both macroeconomic and specific risk scenarios, as part of the Internal Capital Adequacy Assessment Process ('ICAAP'). Within these stress tests, potential management actions, that are consistent with both the market conditions implied by the stress test and the stress test outcome, are identified. The results of these stress tests and associated management actions are updated regularly, as part of the ICAAP, with results documented and reviewed by the Board of Directors. The ICAAP then forms the basis for any SREP ('Supervisory Review and Evaluation Process') review that the PRA conducts when assessing an institution's level of regulatory capital.

Own funds

Article 437 of the CRR requires disclosure of the main features of any Common Equity Tier 1 ('CET1'), Additional Tier 1 ('AT1') and Tier 2 instruments that make up an institution's regulatory own funds (or capital resources). CET1 capital comprises ordinary shares. These shares carry voting rights, but do not carry the right to receive dividends. CSUK has not issued any AT1 instruments and Appendix 2 details the principal terms of CSUK's issued Tier 2 subordinated loan capital.

CSUK's capital composition and principal capital ratios are presented in the tables below, together with a reconciliation to CSUK's 2014 Statement of Financial Position and subordinated debt. No amount shown in 2014 'own funds' is subject to CRDIV transitional provisions.

Capital composition (£000s)

As at 31 December		2014	2014		2013
		Own funds (under CRD IV)	Statement of Financial Position (1)	Difference	Own funds (under Basel II)
	Note	(a)	(b)	(a) - (b)	
Tier 1 (and CET1) capital					
Ordinary shares		245,230	245,230	0	168,230
Share premium		11,200	11,200	0	11,200
Accumulated losses		(90,494)	(90,494)	0	(83,290)
Capital contribution reserve		27,500	27,500	0	27,500
Accumulated and comprehensive income		3,193	3,193	0	3,059
Tier 1 (and CET1) before regulatory deductions		**196,629**	**196,629**	**0**	**126,699**
Regulatory deductions					
Intangible assets	(2)	(27,310)	0	(27,310)	(2,980)
Gain on AFS equities	(3)	(3,193)	0	(3,193)	(3,059)
Total Tier 1 (and CET1) capital		**166,126**	**196,629**	**(30,503)**	**120,660**
Tier 2 capital					
Subordinated loans	(4)	25,000	25,216	(216)	25,000
Gain on AFS equities		0	0	0	3,059
Total Tier 2 capital		**25,000**	**25,216**	**(216)**	**28,059**
Total capital ('own funds')		**191,126**	**221,845**	**(30,719)**	**148,719**

Capital ratios

As at 31 December	2014	2013
Common Equity Tier 1 (and CET1)	11.0%	N/A
Tier 1	11.0%	9.1%
Total Capital	12.7%	11.3%

Notes
(1) CSUK's 2014 Statement of Financial Position is prepared under IFRS.
(2) Intangible assets and goodwill do not qualify as capital for regulatory purposes under CRDIV [CRR Articles 36 (1) (b), 37].
(3) Represents unrealised gains on an 'available for sale' ('AFS') equity investment derecognised under CRDIV, but recognised in Tier 2 capital under Basel II.
(4) Subordinated debt is accrual accounted under IFRS (eg. including accrued interest) whereas own funds recognises subordinated debt at par value.

Capital resources requirement

The components of CSUK's risk-weighted assets ('RWAs') Pillar 1 capital requirements are summarised below:

RWAs and capital requirements (£000s)

As at 31 December	2014	2014	2013	2013
	RWAs (CRD IV)	Capital Requirement (CRD IV)	RWAs (Basel II)	Capital Requirement (Basel II)
Credit and counterparty risk				
Standardised Approach				
Institutions	1,511	121	562	45
Corporates	12,475	998	6,495	520
Secured by mortgages on immovable property	425,058	34,004	364,907	29,192
Retail	15,734	1,259	6,388	511
Claims on institutions and corporates with a short-term credit assessment	90,741	7,259	72,810	5,825
Other items	222,134	17,771	137,088	10,967
Total Standardised Approach	**767,653**	**61,412**	**588,250**	**47,060**
Credit Valuation Adjustment (CVA)				
CVA - Standardised Method	3,012	241	0	0
Total CVA	**3,012**	**241**	**0**	**0**
(i) Total credit and counterparty credit risk	**770,665**	**61,653**	**588,250**	**47,060**
Market risk (PRA Standard Rules)				
Foreign exchange	52	4	37	3
(ii) Total market risk	**52**	**4**	**37**	**3**
Other risks				
Operational risk - Basic Indicator Approach (including buffer)	739,289	59,143	731,238	58,499
(iii) Total other risks	**739,289**	**59,143**	**731,238**	**58,499**
Grand total RWA and capital requirements (i) - (iii)	**1,510,006**	**120,800**	**1,319,525**	**105,562**

Credit valuation adjustment capital charge

Credit valuation adjustment ('CVA') is a capital charge introduced by CRDIV in respect of potential mark-to-market losses on OTC derivative exposures caused by fluctuations in counterparty credit spreads. CVA represents the difference between the risk-free value of an OTC portfolio and the likely realisable value of that portfolio.

CSUK uses the Standardised Method to calculate CVA, which is the method as prescribed by the CRR formula with the underlying OTC exposure derived using the non-model exposure calculation (CCR Mark to Market Method ('CCRMTM')).

Countercyclical capital buffer ('CCB')

The Financial Policy Committee ('FPC') of the Bank of England is responsible for setting the UK CCB rate ie. the CCB rate that applies to UK exposures of banks, building societies and large investment firms incorporated in the UK. In setting the CCB, the FPC considers a number of core indicators such as credit to GDP ratios. CRDIV, as implemented in the UK, includes a transitional period, during which the FPC is responsible for deciding whether CCB rates set by EEA States should be recognised and for taking certain decisions about third country rates, including whether a higher rate should be set for the purposes of UK institutions calculating their CCBs.

CCBs can be applied at a CS group, sub-consolidated or legal entity basis. CRDIV also includes the potential for a Systemic Risk Buffer ('SRB') which could be similarly applied.

No CCB or SRB rates have been set for 2014.

Risk management

Overview

CSUK's risk management framework is based on transparency, management accountability and independent oversight. Risk management plays an important role in CSUK's business planning process and is strongly supported by senior management and the Board of Directors. The primary objectives of risk management are to protect CSUK's financial strength and reputation, while ensuring that capital is well deployed to support business activities and grow shareholder value.

Board of Directors

CSUK has implemented risk management processes and control systems and it works to limit the impact of negative developments by monitoring all relevant risks including credit, strategic, conduct, operational, and reputational. The Board of Directors considers that the risk management systems put in place are adequate with regard to CSUK's risk profile and strategy. These processes are subject to continuous internal challenge and development to ensure that they remain so.

Details of directorships held by Board Members as well as disclosures required under Article 435 (2) (a) – (d) of the CRR are provided in Appendix 3.

Risk profile associated with business strategy

The prudent taking of risk is in line with CSUK's strategic priorities. CSUK's risk appetite establishes a direct link between its strategy and performance management, its risk management and its capital structure. This approach ensures that CSUK incorporates risk factors in any major strategic or tactical decision, so that actions are compatible with an agreed appetite for risk as follows:

- risk tolerances are considered for the key risks identified by the risk management process. This will determine the specific maximum risk that CSUK is willing to accept for each risk category;
- risk-adjusted returns are also considered to establish the optimal level of risk that CSUK wishes to take with respect to a specific business objective or strategy which reflects a target rate of return and CSUK's capacity to manage the marginal risk arising; and
- risk tolerances may be established to monitor the actual risk against the target, with any breaches triggering appropriate corrective actions.

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

Risk tolerances are established by key risk category and reported to the CSUK Risk Committee and to the Board of Directors. These risk categories are constantly reviewed as part of CSUK's ongoing risk assessment process with, for example, CSUK's Risk Appetite last approved by the Board of Directors in December 2014.

Key risk categories, their mitigation and associated key risk indicators and metrics are discussed further in Appendix 2, with additional disclosures on CSUK's risk management framework detailed in the CSUK 2014 Annual Report.

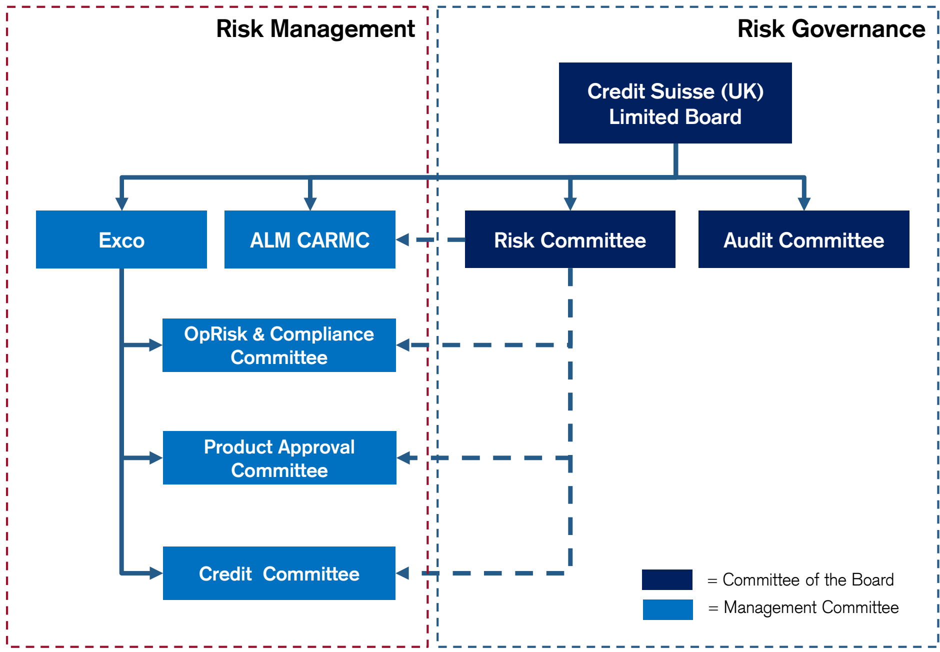
Risk governance

The Board of Directors sets the overall framework for risk appetite and is advised by the CSUK Risk Committee ('CSUK RC'), which is chaired by a non-Executive Director. The purpose of the CSUK RC is to:

- ensure that proper standards for risk oversight and management are established;
- define and implement a risk appetite framework covering, inter alia, market, credit and operational risks and make recommendations to the Board of Directors on risk appetite;
- review and approve the ICAAP, together with the ALM Capital Allocation and Risk Management Committee ('ALM CARMC');
- allocate risk capital and establish risk limits for individual businesses within authorities delegated by the Board of Directors; and
- review the risk portfolio, recommend limits and ceilings and other appropriate measures to monitor and manage the risk portfolio for the Bank.

CSUK's corporate governance policies and procedures are aligned with the Credit Suisse group policies. Other relevant corporate governance documents include the Articles of Association, the Organisational Guidelines and Regulations, the Charters of the Board of Directors, the Terms of Reference of each CSUK committee and the CS Group Code of Conduct.

The CSUK governance structure is outlined in the following chart:



The roles of CSUK's committees are outlined below.

- Audit Committee: reviews the Internal Audit Plan to ensure its adequacy, reports on systems of accounting, internal controls and risk management systems, and compliance with regulatory and legal requirements, including litigation. Additionally, the Audit Committee reviews accounting, valuation and tax policies, as well as the quality and accuracy of all financial reporting.

- Executive Committee ('EXCO'): the EXCO is chaired by the CEO of CSUK. The members of the EXCO are the various heads of the business who form part of the management team, providing day-to-day direction for the business and management of risks.

- Credit Committee: The members of the Credit Committee consist of senior management who review issues and risks relating to the credit exposures arising from the business activities. In addition to considering credit exposures, the Committee also reviews adherence to the Credit Risk Appetite, CSUK's loan book, 'pipeline deals', credit approvals and breaches, and conducts periodic stress testing of the Banking Book.

- ALM Capital Allocation & Risk Management Committee ('ALM CARMC'): The CSUK ALM CARMC is chaired by the CS group's EMEA CFO. It is responsible for the management of Asset and Liability Management ('ALM') risks, including: the CSUK capital and liquidity position versus internal and external limits; current, future and stressed liquidity and capital positions of CSUK; and, the impact of current and future regulatory changes on the capital and liquidity position. Additionally, ALM CARMC advises the CSUK Board in respect of capital and liquidity stress testing, capital and liquidity buffers and the setting of risk tolerances, and has oversight of the ICAAP and ILAA processes.

- Operational Risk ('OpRisk') & Compliance Committee: The OpRisk & Compliance Committee is responsible for maintaining sound and robust controls by acting as a central business governance committee to discuss, understand, measure and assess key operational and compliance risks and to assist EXCO in the management of these risks. The Committee recommends risk appetite tolerances for OpRisk, monitors key risk indicators ('KRIs') and key control indicators ('KCIs'), periodically assesses the effectiveness of the Operational Risk Framework to ensure ongoing compliance with internal requirements and regulations, and serves as a forum for discussing and escalating emerging risks.

- Product Approval Committee ('PAC'): The PAC is the main forum for considering all matters relating to new investment products and services developed and/or offered for sale by CSUK. The responsibility and authority of the Committee is to review, identify and consider potential issues that may affect the sale of any product or service.

Risk organisation

Risks arise in all of CSUK's business activities and they are monitored and managed through its internal control environment. CSUK's risk management organisation reflects the specific nature of the various risks in order to ensure that risks are taken within limits set in a transparent and timely manner.

CSUK's independent risk function is headed by CSUK's CRO, who reports to CSUK's CEO. The CRO is responsible for overseeing CSUK's risk profile across all risk types. The non-executive directors are responsible for ensuring independence of the risk management function.

The CRO function is responsible for providing oversight and establishing a framework to monitor and manage all risk matters. Additionally, CSUK benefits from CS group expertise in four primary risk departments:

- Enterprise Risk Management ('ERM') assesses CSUK's overall risk profile on a strategic basis, recommending corrective action where necessary, and manages CSUK's market risk, including measurement and limits;
- Risk and Finance Data Analytics and Reporting ('RFDAR') is responsible for reporting, risk model validation, systems implementation and policies;
- Credit Risk Management ('CRM'), which includes the Credit Analytics function, is responsible for developing and administering credit policies and procedures, risk analytics, approving credit limits, monitoring and managing individual exposures and assessing and managing the quality of credit portfolios and allowances; and
- Operational Risk Management ('ORM') is responsible for establishing a framework for managing operational risks, including ensuring that operational risk policies are consistently implemented and helping to understand, assess, and mitigate operational risks.

The CRO function is also responsible for business critical frameworks, such as reputational and conduct risk, and technology risk management, with business continuity risk the responsibility of CSUK's Chief Operating Officer ('COO').

As part of the framework, CS Group committees are implemented at a senior management level to support risk management activity. The Reputational Risk and Sustainability Committee sets policies and reviews processes and significant cases relating to reputational risks. The Risk Processes and Standards Committee ('RPSC') is responsible for establishing and approving standards regarding risk management and risk measurement, including methodology and parameters, for all CS group entities, including CSUK. The Credit Portfolio and Provisions Review Committee review the quality of the credit portfolio with a focus on the development of impaired assets and the assessment of related provisions and valuation allowances.

Risk management framework

The CSUK Board of Directors is responsible for the risk management of the business and the CRO assists and supports the Board of Directors in carrying out this responsibility. CSUK operates 'three lines of defence' within a governance and policy framework described below.

- First line of defence

  CSUK's business areas are responsible for ensuring that a risk and control environment is established as part of operational management and managed through CSUK's Executive Committee.

  Business Risk Management ('BRM') supports the business by ensuring that existing and emerging risks in CSUK's business are identified and that controls are established to effectively mitigate and manage these risks. The Head of BRM also chairs the Operational Risk and Compliance Committee and partners with other teams and functions in CSUK to raise risk awareness and embed accountability.

  CRM is independent from the Front Office and is managed by CSUK's Location Head of CRM. CRM is responsible for: assessing, approving and declining credit limits; monitoring, reporting and managing clients' exposures against limits and collateral; reviewing and managing the quality of the credit portfolio; and managing the work-out/arrears process. Additionally, CRM monitors out-of-policy loans, specific property limits and single client exposure.

- Second line of defence

  This sets risk boundaries for the business, drafts and implements policies and procedures and provides oversight of risks and governance across the risk management framework. The CRO is responsible for adherence to risk appetites, advises the business on inherent risks in relation to the risk appetite and ensures that a prudent and risk-aware culture is embedded in the Bank.

  The Advisory and Control Group ('ACG') is an independent control function providing legal and compliance support and guidance to CSUK. ACG provides interpretation and analysis of all legal and regulatory developments which affect the platform and its business. This includes documentation, procuring external legal counsel, approval of financial promotions, complaints handling and interfacing with regulators.

The Central Compliance Group ('CCG') establishes, enforces and monitors CS global compliance standards and policies. CCG is an independent function and works with Regional General Counsels, Regional Chief Compliance Officers, ACG and Litigation and Regulatory Affairs divisions across the CS group to drive consistency and effectiveness of compliance policies. Additionally, CCG aims to ensure that the vision and strategy are appropriately aligned with CSUK compliance standards. CCG is responsible for, inter alia, Client Identification, PEP assessments, prevention of financial crime (eg. money laundering, fraud, corruption), and adherence to policies regarding sanctions.

- Third line of defence
  This provides independent assurance through systematic reviews of the activities and results of first and second lines of defence. External audit assesses CSUK's risk identification and management process. Internal audit also perform regular reviews and operates as an independent check on the effectiveness of the internal control framework.

Credit risk

Overview

CSUK undertakes secured lending activity to a client base that comprises individuals, trusts and small corporates.

Collateral is pledged via effective security agreements and charges over properties to support the following two categories of lending:

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

Provisions against clients in default have been historically low and concentration risk is managed via limits setting and sub-participation.

Credit limits, approval and reviews

Effective credit risk management is a structured process to assess, price, monitor and manage risk on a consistent basis. This requires careful consideration of any proposed granting of credit, the setting of specific limits, diligent ongoing monitoring during the life of the exposure, active use of credit risk mitigation tools and a structured approach to recognising credit impairment.

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

- an individual client and transaction rating system;
- consideration of individual client and overall relationship credit exposures across the CS Group;
- country, regional and sector concentration limits (specific to Lombard lending);
- ongoing monitoring of the credit portfolio; and
- a credit risk provisioning methodology.

Credit risk mitigation and collateral

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

Collection of financial collateral is a key risk management tool for securities financing transactions through Lombard lending. Subject to legally enforceable agreements, collateral may be accepted in many different currencies and jurisdictions, and the collateral process creates potentially significant legal, tax, credit, regulatory and operational issues for the business, in addition to the liquidity issues involved in managing a large portfolio of collateral assets and liabilities. CSUK's strategy with respect to collateral is subject to a robust collateral policy, which details standards of acceptable collateral (including collateral type, liquidity, quality and jurisdiction), valuation frequency, haircuts and agreement type. Utilisation under the facility is restricted to the lower of the credit limit or the collateral value held. Additionally, thresholds are established for the management of collateral concentrations to ensure there is no significant build-up of specific collateral types on a portfolio basis.

The policies and processes for collateral valuation and management are driven by: a legal document framework that is bilaterally agreed with clients; and a collateral management risk framework enforcing transparency through self-assessment and management reporting. For portfolios collateralised by marketable securities, the valuation is performed daily. Exceptions are governed by the calculation frequency described in the legal documentation. The mark-to-market prices used for valuing collateral are a combination of internally calculated and market prices sourced from trading platforms and service providers, where appropriate. The management of collateral is standardised and centralised to ensure complete coverage of traded products.

Collateral securing loan transactions primarily includes:

- financial collateral pledged against loans collateralised by securities; and
- physical collateral.

Reverse repurchase agreements entered in to by CSUK are typically fully collateralised instruments. CSUK monitors the fair value of securities borrowed and loaned on a daily basis with additional collateral called as necessary. Collateral held against financial guarantees and loan commitments typically includes securities and letters of credit.

Netting

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

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

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

At 31 December 2014, CSUK had no legal netting agreements with non-CS group counterparties.

Regulatory risk weighting approach

CSUK applies the Standardised Approach in determining the risk weights applied for the calculation of Pillar 1 regulatory capital requirements for credit and counterparty risk. With the exception of any balances held with external banks (minimal as at 31 December 2014), CSUK's credit exposures are not externally rated. Where exposures are rated, CSUK uses Standard & Poor's ratings.

Under the Standardised Approach to risk weights, ratings published by External Credit Assessment Institutions ('ECAIs') are mapped to Credit Quality Steps ('CQS') according to mapping tables laid down by the European Banking Authority ('EBA'). The CQS value is then mapped to a risk-weight percentage as illustrated in the following table:

Credit quality steps and corresponding risk weights under the Standardised Approach

	Credit rating agency			Risk weights (%)		
Credit quality step	Standard and Poor's	Moody's	Fitch	Central government and central banks	Corporate	Institutions greater than 3 months maturity
1	AAA to AA-	Aaa to Aa3	AAA to AA-	0	20	20
2	A+ to A-	A1 to A3	A+ to A-	20	50	50
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	50	100	50
4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	100	100	100
5	B+ to B-	B1 to B3	B+ to B-	100	150	100
6	CCC+ and below	Caa1 and below	CCC+ and below	150	150	150

Credit quality step analysis of pre-CRM exposure and capital deductions under the Standardised Approach (£000s)

As at 31 December 2014

	Credit quality step						Unrated	**Total**	Deduction from capital resources
Standardised Approach - credit exposures	*1*	*2*	*3*	*4*	*5*	*6*			
Central governments and central banks	0	0	0	0	0	0	730	**730**	0
Institutions	0	0	0	0	0	0	5,204	**5,204**	0
Corporates	0	0	0	0	0	0	16,545	**16,545**	0
Secured by mortgages on immovable property	0	0	0	0	0	0	1,080,408	**1,080,408**	0
Retail	0	0	0	0	0	0	43,446	**43,446**	0
Claim on institutions and corporates with a short-term credit assessment	0	0	0	0	0	0	1,079,719	**1,079,719**	0
Other items	0	0	0	0	0	0	333,501	**333,501**	0
Total	**0**	**0**	**0**	**0**	**0**	**0**	**2,559,553**	**2,559,553**	**0**

Credit quality step analysis of post-CRM exposure and capital deductions under the Standardised Approach (£000s)

As at 31 December 2014

	Credit quality step						Unrated	**Total**	Deduction from capital resources
Standardised Approach - credit exposures	*1*	*2*	*3*	*4*	*5*	*6*			
Central governments and central banks	0	0	0	0	0	0	730	**730**	0
Institutions	0	0	0	0	0	0	5,204	**5,204**	0
Corporates	0	0	0	0	0	0	12,475	**12,475**	0
Secured by mortgages on immovable property	0	0	0	0	0	0	1,075,318	**1,075,318**	0
Retail	0	0	0	0	0	0	20,832	**20,832**	0
Claim on institutions and corporates with a short-term credit assessment	0	0	0	0	0	0	90,749	**90,749**	0
Other items	0	0	0	0	0	0	220,035	**220,035**	0
Total	**0**	**0**	**0**	**0**	**0**	**0**	**1,425,343**	**1,425,343**	**0**

Credit exposures, RWAs and capital requirements

The following table contains an analysis of CSUK's credit exposures, RWAs and capital requirements by exposure class:

Credit exposures and RWAs by exposure classes (£000s)

As at 31 December 2014

	Exposure at default (pre-CRM)		RWAs		Capital requirement
Credit exposures by regulatory approach:	Average exposure for year	Year-end exposure	Average for year	Year-end	Year-end
Standardised Approach					
Central governments and central banks	513	730	0	0	0
Institutions	8,628	5,204	1,946	1,511	121
Corporates	16,660	16,545	12,042	12,475	998
Secured by mortgages on immovable property	966,262	1,080,408	387,821	425,057	34,004
Retail	39,191	43,446	14,459	15,734	1,259
Claim on institutions and corporates with a short-term credit assessment	1,000,069	1,079,719	91,953	90,741	7,259
Other items	275,720	333,501	186,456	222,135	17,771
Total	**2,307,043**	**2,559,553**	**694,677**	**767,653**	**61,412**

The following table contains a geographical analysis of credit exposures (before the effects of credit risk mitigation):

Credit exposures - analysed by geographical region (£000s)

As at 31 December 2014

Credit exposures by regulatory approach:	UK	Other Europe	Americas	Middle East and Africa	Asia Pacific	Total
Standardised Approach						
Central governments and central banks	730	0	0	0	0	730
Institutions	1,276	3,928	0	0	0	5,204
Corporates	3,901	8,976	3,668	0	0	16,545
Secured by mortgages on immovable property	1,080,408	0	0	0	0	1,080,408
Retail	5,782	28,460	2,330	6,577	297	43,446
Claim on institutions and corporates with a short-term credit assessment	992,890	47,466	36,664	2,699	0	1,079,719
Other items	245,905	51,175	15,128	18,108	3,185	333,501
Total	**2,330,892**	**140,005**	**57,790**	**27,384**	**3,482**	**2,559,553**

The following table contains an analysis of credit exposures by type of industry (before the effects of credit risk mitigation):

Credit exposures - analysed by industry (£000s)

As at 31 December 2014

Credit exposures by regulatory approach:	Financial	Commercial	Consumer	Public Authorities	Total
Standardised Approach					
Central governments and central banks	0	0	0	730	730
Institutions	5,204	0	0	0	5,204
Corporates	0	16,545	0	0	16,545
Secured by mortgages on immovable property	0	81,225	999,183	0	1,080,408
Retail	0	0	43,446	0	43,446
Claim on institutions and corporates with a short-term credit assessment	988,970	90,749	0	0	1,079,719
Other items	0	332,101	0	1,400	333,501
Total	**994,174**	**520,620**	**1,042,629**	**2,130**	**2,559,553**

The following table contains an analysis of credit exposures by residual maturity (before the effects of credit risk mitigation):

Credit exposures - analysed by residual maturity (£000s)

As at 31 December 2014				
Credit exposures by regulatory approach:	Up to 12 months	1 - 5 years	Greater than 5 years	Total
Standardised Approach				
Central governments and central banks	730	0	0	730
Institutions	5,204	0	0	5,204
Corporates	11,589	4,956	0	16,545
Secured by mortgages on immovable property	150,816	929,592	0	1,080,408
Retail	36,170	7,276	0	43,446
Claim on institutions and corporates with a short-term credit assessment	1,018,363	50,109	11,247	1,079,719
Other items	302,897	30,604	0	333,501
Total	**1,525,769**	**1,022,537**	**11,247**	**2,559,553**

Impaired and past due exposures, credit risk adjustments and specific and general credit risk adjustments

CSUK's loan exposures are accounted for on an amortised cost basis and the statement of financial position amount of these loans was £1.3bn at 31 December 2014 (2013: £1.2bn).

CSUK's accounting policies relating to impairment can be found in the 2014 Annual Report, pages 22 and 23, along with the definition for accounting purposes of 'past due' and 'impaired'. Information on impairment losses can be found in Note 13 – Other loans and receivables on page 35.

Approaches and methods adopted for determining specific and general credit risk requirements are discussed in Note 32 (b)(iv) on pages 69 to 75 of CSUK's 2014 Annual Report.

The following tables analyse impaired loans and credit loss allowances and by significant industry and geographical areas:

Industry distribution of allowances and impaired loans (£000s)

As at 31 December 2014						
Industry	Specific allowances	Inherent credit loss allowances	**Total allowances**	Loans with specific allowances	Loans with inherent credit loss allowances	**Total impaired loans**
Consumer	0	0	**0**	922	0	**922**
Total	**0**	**0**	**0**	**922**	**0**	**922**

Geographic distribution of allowances and impaired loans (£000s)

As at 31 December 2014						
	Specific allowances	Inherent credit loss allowances	**Total allowances**	Loans with specific allowances	Loans with inherent credit loss allowances	**Total impaired loans**
EMEA (excluding UK)	0	0	**0**	922	0	**922**
Total	**0**	**0**	**0**	**922**	**0**	**922**

The total provision of £0.922m at 31 December 2014 reduced from £0.978m at 31 December 2013 as a result of gains on foreign currency translation of £0.56m.

Effect of a credit rating downgrade

CSUK itself is not a rated entity. CSUK relies on other CS group entities for funding and capital and therefore would be impacted by any downgrade of their credit rating.

Counterparty credit risk

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

The CRR framework permits regulated firms to use the Internal Model Method ('IMM') and the supervisory non-model approaches to compute their counterparty credit exposure on OTC derivatives. CSUK uses the non-model CCRMTM Method.

Net derivatives credit exposure (£000s)

As at 31 December 2014

	Gross positive fair value of contracts (i)	Netting benefits	**Netted current credit exposure**	Collateral held	**Net derivatives credit exposure**
CCR Mark-to-market Method	27,267	(4,589)	22,678	0	22,678
Total	**27,267**	**(4,589)**	**22,678**	**0**	**22,678**

(i) including Gross PFCE

Exposures covered by credit risk mitigation

The following table analyses the amount of regulatory exposure covered by funded credit risk mitigation, reported by risk weight methodology and exposure class:

Analysis of credit exposures covered by funded credit protection (£000s)

As at 31 December 2014

Credit exposures by regulatory approach:	Financial Collateral
Standardised Approach	
Corporates	4,070
Secured by mortgages on immovable property	5,090
Retail	22,614
Claim on institutions and corporates with a short-term credit assessment	988,970
Other items	113,466
Total	**1,134,210**

CSUK has no exposures covered by unfunded credit risk mitigation.

Market risk

Overview

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

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

Exposure to market risk

At the CSUK level, exposure to market risk typically arises from two sources:

- structural interest rate and structural FX risk arise primarily from the loan and deposit books. CSUK aims to avoid carrying material open interest or FX rate positions; and
- foreign exchange (FX) risk arising from trades undertaken on behalf of clients. CSUK will aim to ensure net FX risks are 'flat' or matched currency positions resulting in minimal net daily profit and loss.

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

Criteria for inclusion in the Trading Book

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

The criteria for Trading Book classification are, broadly, that the position must be a transferable or a hedgeable financial instrument; that there must be trading intent or a hedging relationship with another Trading Book item; and that daily fair value methodology must be applied for regulatory and risk management purposes. The fair value methodology is itself the subject of policies, procedures and verification controls that exist separately as part of the overall valuation process operated across the CS group.

Scenario analysis

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

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

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

Interest rate risk in the Banking Book

Overview

CSUK manages Banking Book interest rate risk, including monitoring the potential impact of changes in interest rates. CSUK's interest rate risk exposures in these non-trading positions arise from treasury and funding activity and are centrally managed by Group Treasury on a portfolio basis within approved limits using appropriate hedging instruments. Credit Suisse's Board of Directors defines interest rate risk appetite for the Group and its subsidiaries, including CSUK, on an annual basis. Within those limits, the Risk Committee has set specific CSUK limits and has defined early warning triggers.

Risk measurement

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

- Interest rate sensitivity ('DV01'): expresses the linear approximation of the impact on a portfolio's fair value resulting from a one basis point (0.01%) parallel shift in yield curves.
- VaR: a statistical indicator of the potential fair value loss, taking into account the observed interest rate moves across yield curve tenors and currencies. In addition, VaR takes into account yield curve risk, spread and basis risks, as well as foreign exchange and equity risk.
- Economic value scenario analysis: expresses the impact of a pre-defined scenario (eg. instantaneous changes in interest rates) on a portfolio's fair value. This metric does not rely on statistical inference.

The measures listed above focus on the impact on a fair value basis, taking into account the present value of all future cash flows associated with the current positions. More specifically, the metrics estimate the impact on the economic value of the current portfolio, ignoring dynamic aspects such as the time schedule of how changes in economic value materialise in profit and loss (since most non-trading books are not marked-to-market) and the development of the portfolio over time. Consistent with industry practice, CSUK uses two key measures of interest rate risk: adverse parallel shifts in interest rates of 200 basis points, and adverse interest rate shifts calibrated to a one-year holding period with a 99% confidence level. The economic impacts of both these metrics were significantly below the threshold of 20% of eligible regulatory capital used by regulators to identify excessive levels of non-trading interest rate risk.

Monitoring and review

Limits and other interest rate risk metrics are monitored by Risk Management at least monthly or more frequently as deemed necessary, with any limit breaches escalated appropriately.

Fair value impact of change in interest rates on non-trading positions (£ million equivalent)

As at 31 December 2014

Basis points movement + / (-)	USD	GBP	EUR	CHF	Other	Total
200	0.3	(0.1)	0.0	0.0	0.0	0.2
100	0.1	0.0	0.0	0.0	0.0	0.1
(100)	(0.1)	0.1	0.0	0.0	0.0	0.0
(200)	(0.1)	0.1	0.0	0.0	0.0	0.0

Leverage ratio

Overview

The leverage ratio was introduced by the CRR from 2014, although prescribed regulatory requirements will not be binding on financial institutions until 2018. Subsequent amendments to the leverage ratio calculation methodology (including treatment of securities financing transactions, cash variation margin and credit default swap notional values) were proposed by the Basel Committee on Banking Supervision ('BCBS') and these impacts will be monitored from 2015 by CSUK.

In conjunction with other regulatory and capital metrics such as RWA levels, leverage ratios are actively monitored and managed within CSUK's capital and risk management governance processes. Similar to the CS group level, internal targets (including the setting of internal management buffers where required) are developed and monitored and this process is flexible, reflecting changing regulatory expectations. Longer-term strategies will consider the leveraging or deleveraging impacts resulting from both business development and the impact of future regulatory change to ensure CSUK continues to meet external and internal expectations. CSUK's stress testing framework will consider the impact on leverage ratios of both internal and regulator-prescribed stress tests.

Factors impacting on leverage ratio during the period

CSUK's leverage ratio improved to 9.9% by 31 December 2014 from 9.6% at 31 March 2014. This was primarily driven by capital accretion including a Tier 1 capital injection of £77.0m during the year.

The following tables are presented as prescribed under EBA Implementing Technical Standards:

Summary reconciliation of accounting assets and leverage ratio exposures (£000s)

As at 31 December 2014	
Total assets as per financial statements	2,469,539
Adjustments for derivative financial instruments	1,495
Adjustments for securities financing transactions	(973,956)
Other adjustments	210,985
Leverage ratio exposure prior to regulatory adjustments	1,708,063
Regulatory adjustments - Tier 1	(27,310)
Leverage ratio exposure	**1,680,753**

Leverage ratio common disclosure (£000s)

As at 31 December 2014	
On-balance sheet exposures (excluding derivatives and SFTs)	
On-balance sheet items (excluding derivatives and SFTs, but including collateral)	1,573,545
(i) Total on-balance sheet exposures (excluding derivatives and SFTs)	**1,573,545**
Derivative exposures	
Replacement cost associated with derivatives transactions	10,796
Add-on amounts for PFE associated with derivatives transactions	11,882
(ii) Total derivative exposures	**22,678**
Securities financing transaction exposures	
SFT exposure according to Article 220 of the CRR	0
SFT exposure according to Article 222 of the CRR	0
(iii) Total securities financing transaction exposures	**0**
Off-balance sheet exposures	
Off-balance sheet exposures at gross notional amount	84,530
(iv)Total off-balance sheet exposures	**84,530**
(v) Exposures of financial sector entities according to CRR Article 429(4)	**0**
Total Exposures ((i) - (v))	**1,680,753**
Tier 1 capital	**166,126**
Leverage Ratios	
End of quarter leverage ratio	9.9%
Leverage ratio (average of the monthly leverage ratios over the quarter)	10.4%

Split of on balance sheet exposures by Banking and Trading Book (excluding derivatives and SFTs) (£000s)

As at 31 December 2014	
Banking Book exposures	
Exposures treated as sovereigns	730
Institutions	106,181
Secured by mortgages of immovable properties	1,080,408
Corporate	16,545
Retail	43,446
Other exposures (eg. equity, securitisations, and other non-credit obligation assets)	315,440
Total Banking Book exposures	1,562,749
Trading Book exposures	10,796
Total on-balance sheet exposures (excluding derivatives and SFTs):	**1,573,545**

Asset encumbrance

Overview

CSUK does not undertake transactions which involve the encumbrance of assets to finance trading or other activities.

The encumbered asset amount shown below (£0.73m) relates to CSUK's required cash ratio deposit held with the Bank of England, which is categorised as encumbered for the purposes of this disclosure.

Assets - encumbered and unencumbered asset analysis (£000s)

As at 31 December 2014	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets	**Total asset carrying amount**	**Total fair value of assets**
Assets of the reporting institution						
Loans on demand	0	0	123,801	123,801	**123,801**	**123,801**
Equity instruments	0	0	3,122	3,122	**3,122**	**3,122**
Debt securities	0	0	0	0	**0**	**0**
Loans and advances other than loans on demand	0	0	2,272,456	2,272,456	**2,272,456**	**2,272,456**
Other assets	730	730	69,430	69,430	**70,160**	**70,160**
Total assets	**730**	**730**	**2,468,809**	**2,468,809**	**2,469,539**	**2,469,539**

Appendix 1: Main features of Tier 2 capital

Tier 2 instrument

No.	Term	Tier 2 instrument
1	Date of Agreement	31-May-2006
2	Issuer/Lender	CSFB Finance BV
	Borrower	CSUK
3	Governing Law	English
	Regulatory treatment	
4	Transitional CRR Rules	Tier 2
5	Post-transitional CRR Rules	Tier 2
6	Eligible at solo and / or consolidated basis?	Solo
7	Instrument type	Subordinated debt
8	Amount recognised in regulatory capital as at 31 December 2014 (million)	£25.0
9	Nominal amount of instrument (million)	£25.0
10	Issue price	Par
11	Redemption price	Par
12	Accounting classification	Liability -amortised cost
13	Original date of issuance	07-Jan-2011
14	Perpetual or dated	Dated
15	Original maturity date	31-May-2031
16	Repayment option	Subject to prior PRA approval (not within 5 years and 1 day of Advance)
	Coupons	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	£ 3-month Libor + 310bps
19	Optional Deferral	None
20	Existence of step-up or other incentive to redeem	No
21	Convertible or non-convertible	Non-convertible
22	Non-compliant transitional features	No

Appendix 2: Key risks, risk mitigation and core metrics

31 December 2014

Key risk	Risk description	Risk mitigation	Indicative core metrics monitored
Credit risk	The risk to earnings (and potentially solvency) in the event of counterparties failing to meet their obligations and/or impairment of collateral.	■ The credit risk management framework covers five core components. ■ Collateral as security in the form of an asset or third-party obligation that either substitutes the borrower default risk or improves recoveries in the event of default. ■ CSUK also transacts under International Swaps and Derivatives Association ('ISDA') Master Agreements which provide for the net settlement of all transactions under the agreement. CSUK only deposits cash with other CS group entities. ■ Country limits are approved annually for emerging markets. ■ CSUK maintains capital adequacy in excess of regulatory requirements.	■ Sector concentration ■ Counterparty concentration ■ Unsecured facilities ■ Impaired loans
Operational risk	The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.	■ Business areas take responsibility for their operational risk management and are supported by operational risk teams who are responsible for the implementation of the operational risk management framework, methodologies and reporting. ■ CS group-wide tools are employed including risk appetite tolerances, reporting of 'top' operational risks; utilising operational risk registers; risk and control indicators; risk and control self-assessments (RCSAs); analysis of internal operational risk incident data; review of external loss data; operational risk scenario development.	■ Internal fraud ■ External fraud ■ Employment practice ■ Clients, products and business practices ■ Business and system disruption ■ Damage to physical assets

31 December 2014

Key risk	Risk description	Risk mitigation	Indicative core metrics monitored
Liquidity risk	The risk that CS-idiosyncratic and/or systemic shocks could trigger a run on CSUK, impairing its ability to meet obligations.	■ Liquidity and funding and management of FX positions is centrally managed by CS Group Treasury to stay within agreed metrics. Oversight provided by the ALM CARMC with ultimate responsibility of CSUK's Board of Directors. ■ Funding is a component of a conservative asset-liability management ('ALM') strategy aimed at maintaining a funding structure with long-term stable funding sources. ■ A liquidity buffer is also maintained to sustain operations for extended periods of time in the event of systemic and other crisis. ■ CSUK has a Contingency Funding Plan ('CFP') for use in the event of such a crisis.	■ Net stable funding ratio (NSFR) ■ Individual Liquidity guidance (ILG) ratio ■ Liquidity Coverage Ratio (LCR)
Market risk	Potential risk to earnings, primarily through FX positions, arising as a consequence of the lending book characteristics, and intraday exposures from FX trading on behalf of clients. Potential risk to earnings arising primarily as a consequence of the Banking Book, and to a lesser extent, other interest-rate sensitive earnings.	■ CSUK has a policy of not taking proprietary market positions. ■ Trading transactions are generally entered into on either an agency or 'back-to-back' basis. ■ The Board of Directors sets limits on the level of exposure by single currency and in aggregate for both overnight and intra-day positions which are monitored daily.	■ Funding gaps in the Banking Book ■ Net open FX positions ■ Interest rate sensitivity to a +/- 200 basis point shift ■ Model VaR and EaR on a yield curve shift
Reputational risk	Risk of loss of reputation (and the financial consequences thereof) through transacting business or behaving in a way that does not meet CSUK's core ethical values.	■ The Reputational Risk and Sustainability Committee sets policies, and reviews processes and significant cases relating to reputational risk. ■ Business proposals are submitted to the CS group's Reputational Risk Review Process which includes submitting a proposal to CS Reputational Risk Approvers who are independent of the business division.	■ Approved/declined applications in period ■ Monitoring of enhanced due diligence clients
Strategic risk	The risk of negative outcomes which impair the ability of CSUK to execute its strategic business plans.	■ Focus on identifying, mitigating and systematically managing risks to strategic objectives. Monitored by CSUK's Executive and Risk Committees.	■ Earnings at risk ■ Focus on Risk Adjusted returns

31 December 2014

Key risk	Risk description	Risk mitigation	Indicative core metrics monitored
Strategic risk (continued)		■ Proactive management by the business via Exco to reduce barriers that would otherwise prevent CSUK from achieving its strategic objectives. ■ Seek to be anticipatory and preventative, not reactive, in addressing Strategic Risk.	■ Target earnings stability (or volatility) against strategy / forecast
Pension risk	Contingent liability arising from a Defined Benefits scheme (now closed). Market risk (which is hedged) and longevity risk.	■ Contingent liability arising from a Defined Benefit Scheme (now closed). The risk manifests in market risk (actively hedged) and longevity risk. ■ Seek to manage the residual risk, maintaining adequate provisions for potential shortfalls.	■ Monitoring potential level of provisioning for any contingent liability ■ Tri-annual review with Plan Manager
Conduct risk	The risk that the conduct of Credit Suisse, its employees, associates or representatives gives rise to: ■ financial or non-financial detriment to clients, customers, or counterparties, whether we deal with them directly or via third parties ■ damage to the integrity of the financial markets ■ ineffective competition in the markets in which Credit Suisse participates ■ Non-compliance with the law or the requirements and expectations of regulators, shareholders or other relevant stakeholders (eg. government bodies and tax authorities)	■ Primary responsibility lies with CSUK's senior business line managers. CSUK participates in the Credit Suisse London Conduct Risk Committee (LCRC). ■ The LCRC considers CSUK's compliance and other policies and efficacy of employee training sessions to mitigate conduct risk. ■ Limit and control risk of adverse outcomes through policies, procedures and training.	■ Products reaching target audiences and performing as expected ■ Front Office behaviour via scorecards

Appendix 3: Directorships and related disclosures

CSUK's Board Members hold the following number of directorships as at the date of signing of the financial statements (14 April 2015).

Directorships

	CS group (including CSUK)	External	**Total**
Philip Brewster	1	0	**1**
Michael Bussey	1	2	**3**
Gael de Boissard	4	0	**4**
Garrett Curran	1	0	**1**
Ian Hale	1	0	**1**
Philip Harris	1	0	**1**
Walter Sperb	2	0	**2**

Disclosures with regard to Article 435 (2) (a) – (d)

Recruitment to CSUK's Board of Directors is governed by a nominations policy that is applied consistently to all subsidiaries within the CS group. At local level, this policy is implemented by a nominations committee that is required to evaluate the balance of skills, knowledge and experience of the Board of Directors by reference to CSUK's requirements, and similarly to consider the skills, knowledge and experience of individual candidates for appointment. Consistent with the fact that CSUK is an Equal Opportunities Employer, recruitment at all levels is based on consideration of a diverse range of candidates without discrimination or targets on the basis of any protected category.

CSUK has established a Risk Committee, distinct from the Board of Directors. Ordinary meetings of the Risk Committee are required to take place at least four times each year.

Appendix 4: List of abbreviations and glossary

Term	Definition
A	
ACG	*The Advisory and Control Group (of the CS group).*
ALM	*Asset and liability management.*
ALM CARMC	*ALM Capital Allocation and Risk Management Committee.*
AT1	*Additional Tier 1 capital*: a form of capital eligible for inclusion in Tier 1, but outside the definition of CET1.
B	
Banking Book	Classification of assets outside the definition of Trading Book (also referred to as the 'Non-Trading Book').
BCBS	*Basel Committee on Banking Supervision*.
C	
CCB	*Countercylical capital buffer*: prescribed under Basel III and CRDIV and aims to ensure that capital requirements mitigate potential future losses arising from excess credit growth and hence increased system-wide risk.
CCG	*The Central Compliance Group (of the CS group).*
CCR	*Counterparty credit risk*.
CCRMTM	*Counterparty credit risk mark-to-market method*: a regulatory prescribed method for calculating exposure values in respect of counterparty credit risk.
CET1	*Common Equity Tier 1:* the highest quality level of regulatory capital prescribed under Basel III (and by CRD IV in the EU).
CET 1 ratio	CET1 expressed as a percentage of RWAs.
CQS	*Credit quality step:* a supervisory credit quality assessment scale, based on the credit ratings of ECAIs, and used to assign risk weights under the Standardised Approach.
CRD	*Capital Requirements Directive*: EU legislation implementing Basel III (and previously Basel II) in the EU.
CRR	*Capital Requirements Regulation*: EU legislation implementing Basel III in the EU.
CSUK RC	*CSUK Risk Committee.*
CVA	*Credit valuation adjustment:* a capital charge under Basel III (CRD IV) covering the risk of mark-to-market losses on expected counterparty risk on derivative exposure arising from deterioration in a counterparty's credit worthiness.
E	
EBITDA	*Earnings before interest, taxation, depreciation and amortisation*.
ECAI	*External Credit Assessment Institutions*.
F	
FCA	*Financial Conduct Authority*.
I	
ICAAP	*Internal capital adequacy assessment process*: a risk-based assessment of the level of regulatory capital to be held by a bank or firm. This may exceed the Pillar 1 capital requirement.
IFRS	*International Financial Reporting Standards*.
ILAA	*Individual Liquidity Adequacy Assessment.*
ISDA	*International Swaps and Derivatives Association*.
ISDA master agreement	Standardised contract developed by ISDA to facilitate bilateral derivatives trading.
L	
Leverage ratio	A calculation prescribed under Basel III (and CRDIV) to measure the ratio of total exposures to available Tier 1 capital.
M	
Master netting agreement	An agreement between two counterparties who have multiple contracts with each other that provides for the net settlement of all contracts in the event of default on, or termination of any one contract.

Term	Definition
P	
PEP	*Politically exposed person.*
PFCE	*Potential future credit exposure*.
Pillar 1	Minimum regulatory capital requirements to be held by a bank or investment firm as prescribed by Basel III (and CRDIV).
Pillar 2	Regulator imposed risk-based capital requirements to be held in excess of Pillar 1.
Pillar 3	CRDIV prescribed capital, risk and remuneration disclosure requirements.
PRA	*Prudential Regulation Authority.*
R	
RCSA	*Risk and control self-assessment.*
RFDAR	*Risk and Finance Data and Reporting*.
RWA	*Risk-weighted asset*: derived by assigning risk weights to an exposure value.
S	
SFT	*Securities financing transaction*: lending or borrowing of securities (or other financial instruments), a repurchase or reverse repurchase transaction, or a buy-sell back or sell-buy back transaction.
SRB	*Systemic risk buffer*: a capital buffer under CRDIV deployed by EU member states to reduce build-up of macro-prudential risk.
SREP	*Supervisory Review and Evaluation Process*.
T	
Tier 1 capital	A component of regulatory capital, comprising CET1 and AT1 capital.
Tier 1 capital ratio	The ratio of Tier 1 capital to total RWAs.
Tier 2 capital	A lower quality of capital (with respect to 'loss absorbency') also known as 'gone concern' capital.
Trading Book	Positions held with intent to trade or to hedge other items in the Trading Book.
U	
UK IB RMC	*UK Investment Bank Risk Management Committee*.
V	
VaR	*Value-at-risk*: loss estimate from adverse market movements over a specified time horizon and confidence level.

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Cautionary statement regarding forward-looking information

Pillar 3 disclosures contain statements that constitute forward-looking statements. In addition, in the future Credit Suisse may make statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the following:

- plans, objectives or goals;
- future economic performance or prospects;
- the potential effect on future performance of certain contingencies; and
- assumptions underlying any such statements.

Words such as "believes," "anticipates," "expects," "intends" and "plans" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Credit Suisse does not intend to update these forward-looking statements except as may be required by applicable securities laws.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. A number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include:

- the ability to maintain sufficient liquidity and access capital markets;
- market and interest rate fluctuations and interest rate levels;
- the strength of the global economy in general and the strength of the economies of the countries in which Credit Suisse conducts operations, in particular the risk of continued slow economic recovery or downturn in the US or other developed countries in 2015 and beyond;
- the direct and indirect impacts of deterioration or slow recovery in residential and commercial real estate markets;
- adverse rating actions by credit rating agencies in respect of sovereign issuers, structured credit products or other credit-related exposures;
- the ability to achieve strategic objectives, including improved performance, reduced risks, lower costs and more efficient use of capital;
- the ability of counterparties to meet their obligations to Credit Suisse;
- the effects of, and changes in, fiscal, monetary, trade and tax policies, and currency fluctuations; political and social developments, including war, civil unrest or terrorist activity;
- the possibility of foreign exchange controls, expropriation, nationalisation or confiscation of assets in countries in which Credit Suisse conducts operations;
- operational factors such as systems failure, human error, or the failure to implement procedures properly;
- actions taken by regulators with respect to business and practices in one or more of the countries in which Credit Suisse conducts operations;
- the effects of changes in laws, regulations or accounting policies or practices;
- competition in geographic and business areas in which Credit Suisse conducts operations;
- the ability to retain and recruit qualified personnel;
- the ability to maintain Credit Suisse's reputation and promote its brand;
- the ability to increase market share and control expenses;
- technological changes;
- the timely development and acceptance of new products and services and the perceived overall value of these products and services by users;
- acquisitions, including the ability to integrate acquired businesses successfully, and divestitures, including the ability to sell non-core assets;
- the adverse resolution of litigation and other contingencies;
- the ability to achieve cost efficiency goals and cost targets; and
- Credit Suisse's success at managing the risks involved in the foregoing.

The foregoing list of important factors is not exclusive.

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