Credit Suisse Asset Management (UK) Holding Limited and subsidiary

2021
Pillar 3 Disclosures

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Introduction

This document comprises the Pillar 3 disclosures for Credit Suisse Asset Management (UK) Holding Limited ('CSAMH') as at 31 December 2021. It should be read in conjunction with CSAMH's 2021 Annual Report, which will be available from Companies House, Crown Way, Cardiff, Wales, CF14 3UZ.

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.

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 International Financial Reporting Standards ('IFRS'), and accordingly, certain information in the Pillar 3 disclosures may not be directly comparable.

This Pillar 3 document has been verified and approved in line with internal policy. It has not been audited by CSAML's external auditors.

Basis of Consolidation

The CSAMH regulatory consolidation group ("the CSAMH Group" or "the Group") contains CSAMH and its subsidiary Credit Suisse Asset Management Limited ("CSAML" or "the Company"). CSAML is authorised and regulated by the Financial Conduct Authority ('FCA'). The Group is subject to consolidated regulatory supervision by the FCA.

As required by CRR Article 13, Pillar 3 disclosures are required in respect of the Group on a consolidated basis, and in respect of CSAML, on a solo basis, as it represents the principal operating ('significant') subsidiary in the Group. The disclosures for the Group are contained in this document with additional disclosures in respect of CSAML reported in Appendix 1.

The CSAMH regulatory consolidation does not differ from its accounting consolidation.

As the only subsidiary for CSAMH is CSAML, this document describes the risk measurement and management processes and framework of CSAML only. However, the financial numbers include additional values inherent in CSAMH.

Restrictions on Transfer of Funds or Regulatory Capital within the Group

In general, the restrictions around the repayment of liabilities and transfer of regulatory capital within the Group are related to constraints that are imposed on entities by local regulators. The movement of capital may also be subject to tax constraints where there are cross-border movements or thin capitalisation rules.

Remuneration

The remuneration disclosures required by CRR can be found in a separate document ('Pillar 3 – UK Remuneration Disclosures 2021') 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, the CSAMH Group 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.

Financial forecasts and capital plans are prepared by the CSAMH Group, taking into account its business strategy and the impact of known regulatory changes. For its only subsidiary CSAML, these plans are subjected to stress testing and scenario analysis as part of the annual Internal Capital Adequacy Assessment Process ('ICAAP'). Within the stress testing exercise, potential management actions are identified and assessed so as to remediate any capital shortfalls that could arise during the stress scenario. The ICAAP results are documented and reviewed by the CSAML Board of Directors.

Own Funds

The Group does not have issued any AT1 or Tier 2 capital instruments.

The Group's CET1 capital comprises ordinary shares. These shares carry voting rights and the right to receive dividends.

The Group's Pillar 1 capital requirement is calculated as the higher of:

- the sum of the credit and market risk capital requirements; and
- the 'Fixed Overheads Requirement'.

A summary of the Group's own funds is shown below. The Group is not required to prepare audited financial statements.

Capital Composition (£000s)

As at 31 December	**Notes**	**2021**	**2020**
		Own funds	Own funds
Tier 1 (and CET1) capital			
Ordinary shares		144,199	144,199
Capital contribution reserve		115,455	115,455
Share premium		23,198	23,198
Retained earnings		(44,780)	(57,058)
Tier 1 (and CET1) before regulatory deductions		**238,072**	**225,794**
Regulatory deductions			
Prudential Valuation	(1)	(3,935)	(2,803)
Total capital ('own funds')		**234,137**	**222,990**

Notes:
(1) A prudent valuation adjustment is applied in respect of fair valued instruments as required under CRD IV regulatory Capital rules [CRR Articles 34,105].

Key capital ratios for the Group are disclosed in the following table:

Capital Ratios

As at 31 December	**2021**	**2020**
Common Equity Tier 1	38.05%	42.60%
Tier 1	38.05%	42.60%
Total Capital	38.05%	42.60%

Risk-Weighted Asset and Capital Requirements

The Pillar 1 capital requirements of the Group are summarised below, along with risk-weighted asset ('RWA'). Credit risk capital requirements and RWA are further analysed by exposure class:

RWA and Capital Requirements (£000s)

As at 31 December	2021	2021	2020	2020
	RWAs	Capital Requirement	RWAs	Capital Requirement
Credit risk				
Standardised Approach				
Institutions	67,922	5,434	66,973	5,358
Units or shares in collective investment undertakings ("CIUs")	-	-	-	-
Other items	28,929	2,314	20,357	1,629
Securitisation positions	496,386	39,711	412,997	33,040
(i) Total credit risk	**593,237**	**47,459**	**500,327**	**40,026**
Market risk				
FCA Standard Rules				
Foreign exchange (Banking Book)	22,024	1,762	23,102	1,848
(ii) Total market risk	**22,024**	**1,762**	**23,102**	**1,848**
(iii) Total credit and market risk ((i) + (ii))	**615,261**	**49,221**	**523,429**	**41,874**
Other risks				
Fixed overhead requirement	87,592	7,007	76,537	6,123
(iv) Total other risks	**87,592**	**7,007**	**76,537**	**6,123**
Pillar 1 RWA and capital requirements (higher of (iii) or (iv))	**615,230**	**49,221**	**523,429**	**41,874**

Economic Environment

CSAMH continues to closely monitor changes in the dynamic operating environment and the effects on its subsidiary, CSAML.

Subsequent events

Russia's invasion of Ukraine

In late February 2022, the Russian government launched a military attack on Ukraine. In response to Russia's military attack, the US, EU, UK, Switzerland and other countries across the world imposed severe sanctions against Russia's financial system and on Russian government officials and Russian business leaders. CSAMH is assessing the impact of the sanctions already imposed, and potential future escalations, on its exposures and client relationships. CSAMH has no credit or country risk exposure to Russia. CSAMH does not expect that these recent developments will have a material impact on its financial performance, but with the developing nature of the crisis CSAMH continues to monitor the situation closely.

Regulatory Developments

Investment Firms Prudential Regime

The Investment Firms Prudential Regime ('IFPR') is the new prudential regime for Markets in Financial Instruments Directive ('MiFID') investment firms. The regime came into force on 1 January 2022. The IFPR aims to streamline and simplify prudential requirements for MiFID investment firms that are prudentially regulated in the UK (FCA investment firms). The new firm classification methodology under IFPR results in CSAML applying enhanced governance and remuneration requirements as a non-small and non-interconnected FCA investment firm ('Non-SNI'). Key changes to governance have been implemented including the introduction of remuneration and nominations committees. New regulatory returns are required to be submitted with key compliance dates spread across 2022, with the first regulatory reports due in Q1 2022. During 2021, CSAML established clear project governance with representation from impacted functions in order to ensure compliance with IFPR requirements by 1 January 2022. CSAML must continue to hold adequate capital and liquidity under benign and stressed economic conditions and to enable an orderly wind down. The approach of these requirements has changed to reflect the introduction of K-factors, the replacement of the Internal Capital Adequacy Assessment Process ('ICAAP') with the Internal Capital and Risk Assessment ('ICARA') and the establishment of a Basic Liquid Assets Requirement.

Risk Management

The CSAMH Group relies upon its sole regulated subsidiary, CSAML's risk management framework. This framework is detailed below.

CSAML's risk management framework is based on transparency, management accountability and independent oversight. Risk management plays an important role in CSAML's business planning process and is strongly supported by its senior management and the Board of Directors. The primary objectives of risk management are to protect CSAML's financial strength and reputation, while ensuring that capital and liquidity is well deployed to support business activities and grow shareholder value. CSAML receives support in all its risk management activities from the IWM UK Chief Risk Officer (CRO).

CSAML has a business strategic risk appetite which measures and manages key metrics including: Earnings at Risk, Assets at Risk, Cost:Income Ratio and Revenue Concentration Risk. The risk profile is further enhanced by the annual capital stress testing process.

CSAML Board of Directors

The CSAML Directors are ultimately responsible for reviewing the effectiveness of CSAML's risk management and systems of financial and internal control. These are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement, errors, losses or fraud. The CSAML Board of Directors considers that adequate systems and controls are in place with regard to CSAML's risk profile and strategy and an appropriate array of assurance mechanisms, properly resourced and skilled, has been established to avoid or minimise loss.

In addition, the CSAML Board of Directors has established a Board Risk Committee, as discussed below. Ordinary meetings of the Board Risk Committee are required to take place at least four times each year.

Recruitment to CSAML'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 the Board that is required to evaluate the balance of skills, knowledge and experience of the CSAML Board of Directors by reference to the requirements of the entity, and similarly to consider the skills, knowledge and experience of individual candidates for appointment. Consistent with the fact that the entity 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. The Board in 2021 exceeded its target of at least 25 percent female representation. The Board will continue to monitor its diversity (beyond just gender diversity) through periodic reviews of its structure, size, composition and performance. Details of the number of directorships held by Board Members are shown in Appendix 3.

Business Overview

CSAML's principal activities are management and advisory services, as well as placement agency and advisory services to third-party private equity managers. CSAML also has a distribution group providing sales and marketing support to the Global Asset Management group, which offers a wide range of investment products and functions across asset classes and investment styles. CSAML does not conduct business with private individuals directly.

The four main businesses within CSAML are the Credit Investments Group ('CIG'), the Private Fund Group ('PFG'), Distribution, and Real Estate:

- The CIG business manages and advises on diversified portfolios of non-investment grade credit strategies, including senior secured loans and high yield bonds. It also manages Collateralised Loan Obligations ('CLOs') and invests in those in accordance with the Capital Requirements Regulation ('CRR'). CIG also includes Private Credit Opportunities ('PCO') which was launched in 2020, and is an alternative investment business with a focus on direct lending.
- PFG business raises capital for private investment firms focused on a wide range of private equity investment activities. In addition, PFG has a dedicated Secondary Advisory team offering customised liquidity solutions to investment firms and general partners holding portfolios of private funds or individual assets;
- The UK Distribution team establishes relationships with clients seeking investment opportunities in CSAM's capabilities. It works with Institutions, like pension funds and insurers, third party platforms and partners with CSG's Investment Bank and Wealth Management divisions; and
- The Real Estate business provides a broad range of real estate and advisory solutions to the Real Estate teams in Zurich and Luxembourg.

Key Risks - Board of Directors

CSAML has implemented a risk management framework, including control systems and it works to limit the impact of negative developments by monitoring all relevant key risks including its business including credit, liquidity, market, country, legal and regulatory, operational, conduct and reputational risks. CSAML's Board of Directors is responsible for reviewing the effectiveness of CSAML's risk management framework and controls. These are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement, errors, losses or fraud.

CSAML's Overall Risk Profile associated with Business Strategy

The CSAML business strategy is pursued within the Risk Appetite Statement, as defined periodically by the Board of Directors. The Board of Directors expresses its risk appetite through a number of key metrics with associated thresholds which define the maximum level of risk acceptable across a broad range of risk categories. The Risk Appetite Statement further defines the responsibility for the monitoring of each risk type and appropriate escalation level, in case of a risk threshold breach.

Within the bounds of the overall risk appetite of CSAML, as defined by the thresholds set by the Board, the Risk Committee and CRO are responsible for setting specific risk controls deemed necessary to manage the concentration of risk within individual lines of business and across counterparties.

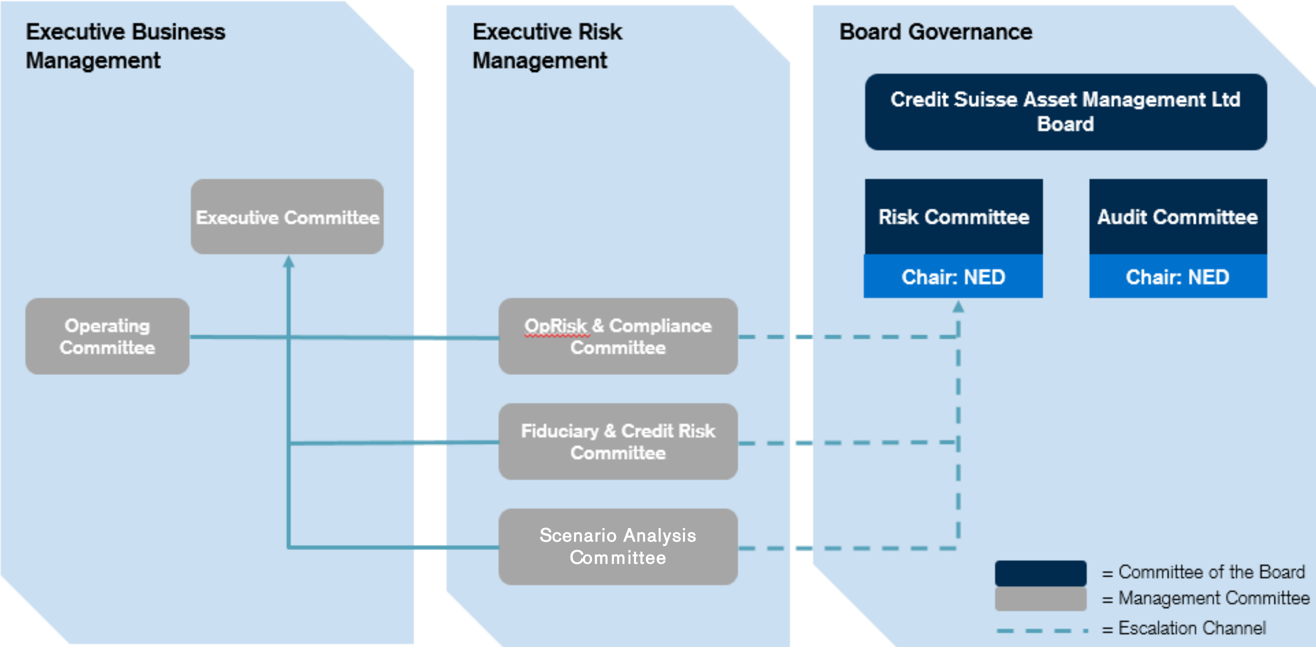
Risk Governance

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

- review and assess the integrity and adequacy of the risk management function of the Company, in particular as it relates to market, credit, and liquidity & funding risks and fiduciary risk;
- review the adequacy of CSAML's capital (economic and regulatory) and its allocation to CSAML's businesses;
- review certain risk thresholds and regular risk reports including updates to the Risk Appetite Statement and make recommendations to the Board of Directors;
- review the ICAAP and provide input into the range of scenarios and analyses that management should consider;
- review and assess the adequacy of the management of reputational risks, jointly with the Audit Committee;
- review and assess the adequacy of the management of operational and conduct risks including the adequacy of the internal control system, jointly with the Audit Committee;
- review CSAML policy in respect of corporate responsibility and sustainable development;
- review the liquidity risk framework.

CSAML'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 CSAML committee and the CS group Code of Conduct.

The CSAML governance and management structure is outlined in the following chart:



Board Committees Overview

Certain responsibilities are delegated by the Board to the Board Committees to help the Board in carrying out its functions and maintain independent oversight of internal control and risk management. Each Board Committee has its own terms of reference, which records the scope of delegated authority and the committee's responsibilities. The Chair of each Board Committee reports to the Board on the matters discussed at Committee Meetings.

- **Audit Committee**: The Audit Committee provides oversight of the integrity and adequacy of the financial reporting process, the audit process, accounting and internal controls, as defined by applicable law and regulations, articles of association and internal regulations. The Audit Committee is authorised to have direct access to, and receive regular reports from, the external and internal auditors as well as CSAML's management and employees. In reviewing CSAML's Annual Report and Financial Statements, the Audit Committee reviewed and approved the critical accounting estimates and judgements including going concern. The Audit Committee also considered the projected capital requirements in the next twelve months and, in this context, the continued access to appropriate funding to maintain adequate capital and liquidity positions.

- **Risk Committee**: The Risk Committee advises the Board on the risk appetite and provides oversight of the integrity and adequacy of risk management responsibilities including processes and organisational frameworks, as defined by applicable law and regulation, articles of association and internal regulations. In particular, the committee reviews and assesses the identification, measurement and management of the various risks within the entity, as presented in the ICAAP.

Executive Risk Management Committees Overview

Management Committees support the CEO and Executive Directors in the implementation of strategy as set by the Board. The principal Management Committee is the CSAML Executive Committee ('ExCo'), chaired by the CEO of CSAML, and is ultimately responsible for the management of the CSAML business and the execution of the strategy set by the Board. As a decision making forum, it may receive proposals escalated from other executive committees or from business unit managers.

- **CSAML Executive Committee** ('ExCo'): chaired by the CEO, the CSAML ExCo is ultimately responsible for the management of the CSAML business and the execution of the strategy set by the CSAML Board of Directors. As a decision-making forum, it may receive proposals escalated from other executive committees or from business unit managers.

- **CSAML Operating Committee** ('OPCO'): chaired by the Chief Operating Officer, this committee is responsible for monitoring key projects within the business, including reviewing the impact of regulatory matters, business improvement initiatives, the performance of the Shared Services divisions, reviewing platform procedures and operational policies.
- **Fiduciary and Credit Risk Committee** ('FCRC'): Oversees the assessment and management of all market, liquidity, fiduciary and credit risks taken by CSAML legal entity. The committee specifically discusses risks

associated with the management of collateralised loan obligations (CLO) vehicles and other investment funds by the entity.

- **Operational Risk and Compliance Committee** ('ORCC'): Primary function is to investigate risks relating to operational, compliance, financial crime, legal, personnel, conduct, reputational and regulatory, incorporating all outsourcing activities undertaken for the entity. Furthermore, the committee reviews the entity's annual Risk and Control Self-Assessment ('RCSA').
- **Scenario Analysis Committee** ('SAC'): Oversees the scenario analysis framework, including oversight of scenarios relating to capital specific stresses that captures credit & counterparty, market and fiduciary risks. The committee also reviews stress testing documentation, such as SR11-7, which outlines model governance, assumptions, model parameters and weaknesses and results.

Risk Organisation

Risks arise in all of the CSAML's business activities and cannot be completely eliminated, but they are monitored and managed through its internal control environment. The CSAML'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.

CSAML's independent risk management is headed by its CRO. The CRO and Compliance are responsible for overseeing CSAML's risk profile across all risk types.

The risk management function is responsible for providing oversight and establishing a framework to monitor and manage all risk matters. The risk function is embedded in the governance framework for CSAML, leading forums such as the ORCC, SAC and FCRC, as well as leading the CSAML ICAAP program. CSAML's risk function drives operational resilience and provides second line of defense challenge to control assessments conducted by first line and other second line functions. Additionally, CSAML benefits from CS group expertise from departments within the Group's Chief Risk and Compliance Officer Division (CCRO):

- Fiduciary Risk Management ('FRM') is responsible establishing the framework for treating clients with a prudent standard of care when acting in a fiduciary capacity as trustee, portfolio manager or investment advisor. FRM monitors investment performance, measures risks across discretionary client portfolios, and provides oversight on investment risk limits and collateral.
- Non-Financial Risk ('NFR') 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.

Risk Management Framework

Credit Suisse's risk framework, as per established best practice, utilises three lines of defence to ensure that risks are identified, assessed, escalated and managed in a controlled and effective manner.

First Line **Risk Owner**	Responsible for risk identification and management on a front-to-back basis, including design, operation and testing of controls required to comply with risk appetite and policies.
Second Line **Independent Risk Control**	Responsible for establishing risk management standards and providing advice and independent challenge of activities, processes and controls carried out by the first line.
Third Line **Independent Assurance**	Responsible for providing independent assurance about the adequacy of the overall risk control framework directly to the Audit Committee.

The three lines of defence model is designed to provide multiple opportunities to address risks before they become issues or incidents. Although each line is defined separately and has its own responsibilities, in practice they are required to work in co-operation to ensure that risks are addressed at the correct level.

First Line of Defence: Embedded Business Level Controls

Primary risk ownership resides with the business. The first line of defence is responsible for identification and management of risk, ensuring a strong control environment is in place, for the monitoring and reporting of risk profile and for ensuring compliance with established risk appetite and all associated policies, standards and guidelines.

CSAML's management continually monitors and manages the levels of exposure to ensure that risk and return are balanced.

Management has designed and implemented an effective supervisory structure and related risk and control functions to mitigate risk at the first line of defence. A quarterly Operational Risk and Compliance Committee (ORCC) reviews risk information and metrics, and provides review of risk incidents that have occurred and challenge to the first line of defence. The ORCC's responsibility is to provide information collation and advisory support for the governance and oversight structure of CSAML, to review and assess the control framework from both effectiveness as well as an efficiency perspective, and to assist in the preparation of the annual CSAML RCSA. The ORCC is also included in the governance framework for approving CSAML's ICAAP report.

Second Line of Defence: Independent Risk and Compliance Functions

The Second Line of Defence 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 Group.

The Compliance department provides a risk-based monitoring programme to determine whether regulatory controls are operating effectively and regulatory requirements have been complied with. Monitoring activities are determined according to the assessment of regulatory risk in each area of CSAML. The Compliance department provide updates to the Board of Directors and senior management as required.

The Non-Financial Risk department provides robust, independent assessment and active challenge on operational risks, processes and controls generated by the first line. Non-Financial Risk department conducts oversight and challenge on the basis of the first line's implementation of the CS group's Enterprise Risk Control Framework (ERCF), which provides a systematic approach to operational risk management, including conduct risk elements.

Additionally, further support from Corporate Functions within the CS group provide independent review and challenge as part of their day-to-day operations.

Third Line of Defence: Group Internal Audit Function

The Internal Audit department plays a vital role in evaluating the effectiveness of internal controls related to the Company. Control assessments performed are risk-based and process-oriented, generally covering front-to-back business flows with consideration of all relevant financial, operational and technology risks.

Internal Audit's mission is to help the Group deliver on its promises by:

- Understanding Group strategy and business objectives in an evolving industry and regulatory environment, focusing work on the highest risks;
- Using their judgement to apply the right mix of control, business and technical skills to provide reliable independent assurance and advice;
- Applying current industry knowledge, technical expertise and commercial awareness to challenge the business and share best practices;
- Anticipating the changing needs and circumstances of the Group and adapting their approach accordingly;
- Providing a supportive, learning-focused environment that allows people to realise their potential across the Group; and
- Establishing confidence that the Group can rely on its control framework and it can achieve its objectives.

Credit Risk

Overview

The Group has adopted the Standardised Approach to risk weights for the purposes of calculating Pillar 1 credit risk capital requirements. Under this approach, 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.

No credit risk mitigation ('CRM') techniques are applied, and no exposures are covered by funded or unfunded credit protection. The Group is not exposed to wrong-way risk.

Credit Exposures, RWA and Capital Requirements

The following tables represent analyses of exposures, RWA and capital requirements:

Credit Quality Step Analysis of post-CRM Exposure and Capital Deductions under the Standardised Approach (£000s)

As at 31 December 2021										
	Credit quality step						Unrated	Uniform regulatory treatment	**Total**	Deduction from capital resources
Standardised Approach - credit exposures	*1*	*2*	*3*	*4*	*5*	*6*				
Central governments and central banks	252	-	-	-	-	-	-	-	252	-
Institutions	272,647	-	13,393	-	-	-	-	-	286,040	-
Other items	-	-	10,732	-	-	-	7,279	-	18,010	-
Total	**272,899**	**-**	**24,124**	**-**	**-**	**-**	**7,279**	**-**	**304,303**	**-**

No credit risk mitigation is applied, and accordingly the pre- and post-CRM exposure values are equal.

Credit Exposures and RWA by Exposure Classes (£000s)

As at 31 December 2021					
	Exposure at default		RWA		Capital requirements
Credit exposures by regulatory approach:	Average for year	Year-end exposure	Average for year	Year-end	Year-end
Standardised Approach					
Central governments and central banks	104	252	-	-	-
Institutions	300,048	285,418	66,531	67,301	5,384
Corporates	540	-	540	-	-
Other items	17,887	18,632	22,013	29,550	2,364
Total Standardised Approach	**318,039**	**304,303**	**88,544**	**96,851**	**7,748**
Securitisation positions	226,583	243,966	476,256	496,386	39,711
Total	**544,622**	**548,269**	**564,801**	**593,237**	**47,459**

Credit Exposures - Analysed by Geographical Region (£000s)

As at 31 December 2021						
Credit exposures by regulatory approach:	UK	Other Europe	Switzerland	Americas	Asia Pacific	**Total**
Standardised Approach						
Central governments and central banks	252	-	-	-	-	252
Institutions	2,290	490	270,957	12,298	5	286,040
Other items	18,010	-	-	-	-	18,010
Total Standardised Approach	**20,552**	**490**	**270,957**	**12,298**	**5**	**304,303**
Securitisation positions	-	243,966	-	-	-	243,966

Total	**20,552**	**244,456**	**270,957**	**12,298**	**5**	**548,269**

Credit Exposures - Analysed by Industry (£000s)

As at 31 December 2021					
Credit exposures by regulatory approach:	Financial	Commercial	Consumer	Public Authorities	**Total**
Standardised Approach					
Central governments and central banks	-	-	-	252	252
Institutions	285,418	-	-	-	285,418
Other items	11,353	-	-	7,279	18,632
Total Standardised Approach	**296,771**	**-**	**-**	**7,531**	**304,303**
Securitisation positions	243,966	-	-	-	243,966
Total	**296,771**	**-**	**-**	**7,531**	**548,269**

Credit Exposures - Analysed by Residual Maturity (£000s)

As at 31 December 2021				
Credit exposures by regulatory approach:	Up to 12 months	1 – 5 years	Greater than 5 years	**Total**
Standardised Approach				
Central governments and central banks	252	-	-	252
Institutions	285,418	-	-	285,418
Other items	18,632	-	-	18,632
Total Standardised Approach	**304,303**	**-**	**-**	**304,303**
Securitisation positions	-	-	243,966	243,966
Total	**304,303**	**-**	**243,966**	**548,269**

Impaired Loans, Charges and Write-offs

The Group had no impaired loans, charges or write-offs during the year. The Group's accounting policies relating to impairment are described in the 'Significant Accounting Policies' Note of the CSAMH 2021 Annual Report.

Effect of a Credit Rating Downgrade

CSAMH itself is not a rated entity. CSAMH relies on other companies in the CS group for funding and capital, and therefore would be affected by any change to the ratings of those companies. The impact of downgrades of the CS group long-term debt ratings is considered in the stress assumptions used to determine CSAMH's internal capital assessment and would not be material to the CSAMH's capital and funding needs.

Securitisation

Overview

A securitisation is defined as a transaction or scheme where the payments are dependent upon the performance of a single exposure or pool of exposures and where the subordination of tranches determines the distribution of losses during the on-going life of the transaction or scheme.

Objectives in Relation to Securitisation Activity and CSAMH's Role

The Group's exposure to securitisation positions is related to CSAML's appointment as an Investment Manager of collateralised loan obligations ('CLOs') and the requirement to comply with the EU risk retention obligations which do not permit credit risk mitigation of these positions. The key risks retained are related to the performance of the underlying assets and all retained positions are held in a Banking Book. The exposures are valued and reported monthly for each CLO falling under the retention requirements, with the positions defined into classes and denoting the initial credit rating from Moody's and Fitch.

Management of Credit Risk

Investment in CLO instruments is governed by thresholds defined in the risk appetite statement set by the Board. For additional governance, new CLO launches require review and approval by the FCRC and notification to the Board. Risk Retention positions are reported each month at the relevant committees as well as quarterly at the Board.

The CLOs operate within tighly defined investment guidelines and thresholds to manage the inherent credit risk of their underyling loan positions

Accounting Policies

The Group's accounting policy with respect to special purpose entities is described in the 'Significant Accounting Policies' Note of the CSAMH 2021 Annual Report. Further information on the interest in other entities is disclosued in the 'Disclosures of interest in other entities' Note.

The accounting policy with respect to valuation of securitisation positions is described in the Financial Instruments Note of the CSAMH 2021 Annual Report.

The policies for recognising liabilities on the balance sheet for arrangements that could require the institution to provide financial support for securitised assets follow the same policies as for other provisions and financial guarantees. These policies are described in the Significant Accounting Policies Note of the CSAMH 2021 Annual Report.

Banking Book Securitisation Positions

These positions are regulator-imposed investment manager retention requirements. The Group has no Trading Book securitisation positions. Exposure to securitisations increased versus 2020 in line with regulatory retention requirements for new CLO funds launched during 2021.

The following tables detail the amount of exposures securitised by the Group and which were outstanding at 31 December 2021 and securitisation positions held at that date:

Outstanding Exposures Securitised - Banking Book (£000s)

As at 31 December 2021			Other role		
	Originator	Sponsor	Traditional	Synthetic	Total
Commercial mortgages	-	-	-	-	-
Loans to corporates or SMEs	77,219	166,747	243,966	-	243,966
Covered bonds	-	-	-	-	-
Total	**77,219**	**166,747**	**243,966**	**-**	**243,966**

Securitisation Exposures Purchased or Retained - Banking Book (£000s)

As at 31 December 2021	Banking Book	
	Traditional	Synthetic
Residential mortgages	-	-
Commercial mortgages	-	-
Loans to corporates or SMEs	243,966	-
Consumer loans	-	-
Total	**243,966**	**-**

Regulatory Approach – Banking Book

For the retained securitisation positions in the Banking Book, RWA are calculated under the Standardised Approach or External Ratings-based approach (ERBA).

Securitisation and Re-securitisation Exposures by Regulatory Capital Approach – Banking Book (£000s)

As at 31 December 2021	Securitisation exposure		Re-securitisation exposure		**Total**	
	EAD purchased or retained	RWA	EAD purchased or retained	RWA	**EAD purchased or retained**	**RWA**
Ratings-based approach (ERBA)	225,552	477,971	-	-	225,552	477,971
Supervisory formula approach (SFA)	-	-	-	-	-	-
Total IRB approaches	-	-	-	-	-	-
Standardised Approach	18,415	18,415	-	-	18,415	18,415
Total	**243,966**	**496,386**	**-**	**-**	**243,966**	**496,386**

Certain securitisation positions, those with a CQS of 17 and those that are unrated, have been risk weighted at 1,250% under ERBA. The total exposure value of these positions is equal to £15.0m with a total RWA of £187.5m.

Securitisation and re-securitisation exposures by rating grade – Banking Book (£000s)

As at 31 December 2021	Securitisation exposure		Re-securitisation exposure		Total	
	EAD - purchased or retained	Risk-weighted assets	EAD purchased or retained	Risk-weighted assets	EAD purchased or retained	Risk-weighted assets
AAA	142,471	32,570	-	-	142,471	32,570
AA	22,720	24,187	-	-	22,720	24,187
A	13,132	22,027	-	-	13,132	22,027
BBB	13,440	47,762	-	-	13,440	47,762
BB	12,835	100,217	-	-	12,835	100,217
B or lower or unrated	39,368	269,623	-	-	39,368	269,623
Total	**243,966**	**496,386**	**-**	**-**	**243,966**	**496,386**

Securitised Banking Book Exposures – Losses, Impaired and Past-due Assets

There were no losses related to securitisations during the period, nor were there any past due or impaired Banking Book assets at 31 December 2021.

Asset Encumbrance

Overview

The Group does undertake transactions which involve the encumbrance of assets.

Assets - Encumbered and Unencumbered Asset Analysis (£000s)

As at 31 December 2021	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of un-encumbered assets	Fair value of un-encumbered assets
Assets of the reporting institution			529,189	
Equity instruments	–		-	
Debt securities	–	–	**229,588**	**229,588**
of which: covered bonds	–	–	-	-
of which: asset-backed securities	–	–	229,588	229,588
of which: issued by general governments	–	–	-	-
of which: issued by financial corporations	–	–	229,588	229,588
of which: issued by non-financial corporations	–	–	-	-
Other assets	–		**299,153**	
of which: Cash and due from banks	–		272,508	

Appendix 1: Credit Suisse Asset Management Limited

Overview

CSAML is a wholly-owned subsidiary of CSAMH. As a significant subsidiary of the Group, certain additional disclosures in respect of CSAML are reported in this Appendix.

Capital Resources and Capital Requirements

An analysis of 2021 'own funds' (as calculated under CRD IV) and total equity from CSAML's 2021 Statement of Financial Position is presented as follows:

Capital Composition (£000s)

As at 31 December	2021	2021		2020
	Own funds	Statement of Financial Position	Difference	Own funds
Tier 1 (and CET1) capital				
Ordinary shares	45,020	45,020	-	45,020
Capital contribution reserve	57,243	57,243	-	57,243
Share premium	20,989	20,989	-	20,989
Retained earnings	87,701	87,701	-	75,762
Tier 1 (and CET1) before regulatory deductions	**210,953**	**210,953**	**-**	**199,014**
Regulatory deductions				
Prudential Valuation	(3,935)	-	(3,935)	(2,803)
Total capital ('own funds')	**207,018**	**210,953**	**(3,935)**	**196,211**

Capital Ratios

The CSAML's key capital adequacy ratios are detailed in the following table:

Capital Ratios

As at 31 December	2021	2020
Common Equity Tier 1	34.04%	38.25%
Tier 1	34.04%	38.25%
Total Capital	34.04%	38.25%

Capital requirements and RWA are set out below:

RWA and Capital Requirements (£000s)

As at 31 December	2021	2021	2020	2020
	RWAs	Capital Requirement	RWAs	Capital Requirement
Credit risk				
Standardised Approach				
Institutions	64,062	5,125	60,278	4,822
Other items	25,327	2,026	16,764	1,341
Securitisation positions	496,386	39,711	412,997	33,040
(i) Total credit risk	**585,775**	**46,862**	**490,038**	**39,203**
Market risk				
FCA Standard Rules				
Foreign exchange (Banking Book)	22,465	1,797	22,961	1,837
(ii) Total market risk	**22,465**	**1,797**	**22,961**	**1,837**
(iii) Total credit and market risk ((i) + (ii))	**608,240**	**48,659**	**512,999**	**41,040**
Other risks				

Fixed overhead requirement	77,752	6,220	72,582	5,807
(iv) Total other risks	**77,752**	**6,220**	**72,582**	**5,807**
Pillar 1 RWA and capital requirements (higher of (iii) or (iv))	**608,240**	**48,659**	**512,999**	**41,040**

Appendix 2: Key Risks, Risk Mitigation and Core Metrics

As at 31 December 2021

Key Risk	Risk Description	Risk Mitigation	Description of Key Risk Indicator (KRI) or Other Metric
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 dealt with 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)	• The Operational Risk and Compliance Committee considers the effectiveness of the conduct risk framework and challenges business leaders on the suitability and effectiveness of the measures and tools used in their businesses to identify, control and mitigate conduct risk. • Conduct Risk mitigation is embedded in the daily activities including training, review of supervisory Management Information, consideration of conduct risk in risk and control self assessments and disciplinary procedures. • Limit and control risk of adverse outcomes through policies, procedures and training.	• Block leave breaches • Personal Account Trading breaches • Staff sanctions due to inappropriate communication • Mandatory training not completed

As at 31 December 2021

Key Risk	Risk Description	Risk Mitigation	Description of Key Risk Indicator (KRI) or Other Metric
Credit Risk	Credit Risk refers to potential financial loss as a result of a borrower or counterparty failing to meet its financial obligations or as a result of a deterioration in the credit quality of the borrower or counterparty.	• Credit risk arises on fees receivable from third parties and other Credit Suisse group companies. Fees are accrued and billed in-line with the Investment Management Agreement. • CSAML invests in CLO funds for which the CSAML Credit Investments Group is the investment manager, in line with regulatory minimum risk retention requirements relating to securitisations. • Excess capital is invested with other Credit Suisse group companies.	• RWA/Capital • Aggregate Concentration by Issuer • Aggregate Concentration by Industry Sector • Credit ratings of the aggregate portfolio
Liquidity Risk	Risk to earnings, capital or the conduct of business arising from the inability to meet both expected and unexpected current and future cash flow and collateral needs without affecting either daily operations or the financial condition of the entity due to inability to access proper funding.	• Given CSAML does not maintain significant assets, market positions (other than risk retention CLOs) in any securities and does not have contractual obligations beyond fee receivables and normal costs of doing business for the entity, liquidity risk is minimised by ensuring that liquid assets and receivables are always greater than our payables over a 30 day period. • CS group continues to provide confirmation that it will ensure that the Company is able to meet its debt obligations and maintain a sound financial position.	• Counterbalancing capacity • Net cash position

As at 31 December 2021

Key Risk	Risk Description	Risk Mitigation	Description of Key Risk Indicator (KRI) or Other Metric
Operational Risk	Risk of loss resulting from inadequate or failed processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk.	• Business areas take responsibility for their operational risk management and are supported by operational risk teams who are responsible for the implementation of the CS group Operational Risk Management Framework, methodologies and reporting. • CS group-wide tools are employed including risk appetite statements, reporting of 'top' operational risks; utilising operational risk registers; risk and control indicators; risk and control self-assessments; analysis of internal operational risk incident data; review of external loss events. • Internal Audit performs regular reviews and operates as an independent check on the effectiveness of internal controls. External auditors provide additional feedback on the control environment and the overall effectiveness of the operational risk management framework.	• Annual cumulative Operational Risk events • Expected and unexpected loses • Key man risks • IT risks • “Best execution” policy • Tasks past due • Outsourcing reviews • Breaches of third-party and outsourcing agreements
Reputational Risk	Risk of the possible loss of the organisation’s reputational capital, or risk of loss resulting from damages to an entity reputation, in lost revenue, increased operating, capital or regulatory costs	• Where the presence of factors gives rise to potential reputational risk for CS group, the relevant business proposal is required to be submitted to CS group's Reputational Risk Review Process. • Vetting of the proposal by senior business management, and its subsequent referral to one of CS group's Reputational Risk Approvers, each of whom is independent of the business divisions and has authority to approve, reject, or impose conditions on CS group's participation.	• New business risks and conditions

As at 31 December 2021

Key Risk	Risk Description	Risk Mitigation	Description of Key Risk Indicator (KRI) or Other Metric
Market Risk	The Risk of potential financial losses arising from adverse changes in market factors such as equity, commodity, foreign exchange prices, interest rates, credit spreads, volatilities, correlations, cross market risks, basis and spreads risks or other relevant market factors (including concentration and illiquidity) on positions held.	• Regulatory capital requirement thresholds in place to monitor market risk exposure. • CSAML does not trade on its own account and does not take proprietary market risk positions, with the exception of any risk retention requirements in respect of its CLOs. • A Foreign Currency Exposure Management process.	• FX risk regulatory capital requirements • CS employee share plan volatility • Monthly Valuation reporting • Monthly price testing • Aggregate mark-to-market on CLO book for CSAML
Legal and Regulatory Risk	Risk of a change in regulations and law that might affect an industry or a business.	• Compliance standards are monitored and communicated with regular mandatory training completed by all staff on a range of compliance issues. • The approval process for new business activity assesses proposed projects to ensure compliance with all applicable rules and regulations, requiring multi-level approval before a new product or business process is launched. • Completion of 'know your client' and anti-money laundering checks and controls when onboarding a new client. • Systems and controls to ensure that all employees adhere to local rules and regulations and the second line of defence monitors compliance with those rules, escalating breaches to senior management.	• Internal or external audit findings • Breaches of market abuse policy • Breaches of cross-border policy • Regulatory breaches or fines • Client money breaches • New business conditions overdue & Post Implementation Reviews • Monitoring of metrics on annual compliance training requirements. • Post-implementation reviews conducted for new business initiatives. • Completion of annual compliance reviews

Appendix 3: Directorships

CSAMH's Board Members hold the following number of directorships as at 01 March 2022:

CSAMH Directorships

Name	Gender	Independent	Appointment Date*	Total Number of Directorships
M Berryman	M	-	12/06/2020	1
T Cherrington	F	-	21/07/2014	1

*Non-executive Directors are typically appointed for a two-year term, and the non-executive Chair a three-year term. The Board may invite a Director to serve additional periods. All terms are subject to review by the Nomination Committee. The Board and Board Committees are subject to an annual Board Evaluation.

Notes:
- Caron Hughes resigned as of 23 November 2021

CSAML's Board Members hold the following number of directorships as at 01 March 2022:

CSAML Directorships

Name	Gender	Independent	Appointment Date*	Total Number of Directorships
M Berryman	M	-	23/09/2020	1
T Cherrington	F	-	11/08/2014	1
A Henderson	F	Independent	13/01/2016	3
R Lister	M	Independent	26/09/2012	5
M Murphy	M	-	16/04/2016	1

*Non-executive Directors are typically appointed for a two-year term, and the non-executive Chair a three-year term. The Board may invite a Director to serve additional periods. All terms are subject to review by the Nomination Committee. The Board and Board Committees are subject to an annual Board Evaluation.

Notes:
- Caron Hughes resigned as of 23 November 2021

Appendix 4: List of Abbreviations and Glossary

Term	Definition
A	
ALM	Asset and liability management.
AM	Asset management.
AT1	Additional Tier 1 capital: a form of capital eligible for inclusion in Tier 1, but outside the definition of CET1.
ATS	Audit tracking system.
AuM	Assets under management.
B	
Banking Book	Classification of assets outside the definition of Trading Book (also referred to as the 'Non-Trading Book').
C	
CCB	Countercyclical 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.
CCR	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 RWA.
CIG	Credit Investment Group: a CSAML line of business.
CLO	Collateralised loan obligation.
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 IV	EU legislative package implementing Basel III in the EU.
CRR	Capital Requirements Regulation: EU legislation implementing Basel III in the EU
E	
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 requirements.
IFRS	International Financial Reporting Standards.
ILS	Insurance-linked Strategies: a CSAML line of business.
ISDA	International Swaps and Derivatives Association.
ISDA master agreement	Standardised contract developed by ISDA to facilitate bilateral derivatives trading.
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.
MICOS	An internal system used to track the progress of regular control activities that CSAML performs.
P	
PFG	Private Fund Group: a CSAML line of business.
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.
R	
RCSA	Risk and control self-assessment.

Term	Definition
RWA	Risk-weighted asset: derived by assigning risk weights to an exposure value.
S	
SRB	Systemic risk buffer: a capital buffer under CRDIV deployed by EU member states to reduce build-up of macro-prudential risk.
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 RWA.
Tier 2 capital	A lower quality of capital (with respect to ‘loss absorbency’) also known as ’gone concern’ capital.
V	
VaR	Value-at-risk: loss estimate from adverse market movements over a specified time horizon and confidence level.

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, or in emerging markets, the economic disruptions caused by pandemic COVID-19 in 2022 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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