Credit Suisse Asset Management Limited

2022
MIFIDPRU Disclosures

Contents

Introduction

This document comprises the Markets in Financial Instruments Directive ('MIFIDPRU') disclosures for Credit Suisse Asset Management Limited ('CSAML' or 'the Firm') as at 31 December 2022. It should be read in conjunction with CSAML 2022 Annual Report, which will be available from Companies House.

CSAML is a private company limited by shares, domiciled and registered in the United Kingdom ('UK'). CSAML is authorised and regulated by the Financial Conduct Authority ('FCA') under firm reference number 114627. CSAML is a part of the Credit Suisse Group AG ('CSG'), which is the parent of the worldwide group of companies within Credit Suisse (collectively referred to as the 'CS group'). CSAML also has Product, Distribution and Chief Operating Officer ('COO') & Business Risk Management teams that provide support to Credit Suisse Asset Management globally.

CSAML is subject to the prudential requirements of the Investment Funds Prudential Regime ('IFPR') and contained in the MIFIDPRU Prudential sourcebook for MiFID Investment Firms of the FCA Handbook. The disclosures are prepared to meet the requirements outlined in Chapter 8 of MIFIDPRU ('MIFIDPRU 8 disclosures') and covering risk management, governance arrangements, own funds, own funds requirements, remuneration, and investment policy. These replace the previous set of Pillar 3 disclosures made under the Banks, Building Societies and Investment Firms ('BIPRU') 11 regulation.

Basis and Frequency of Disclosures

CSAML, as a solo FCA regulated firm, is required to make disclosure on an individual basis in the manner set out under MIFIDPRU 8. CSAML is classified as a non-small and non-interconnected ('non-SNI') MIFIDPRU investment firm under the IFPR's firm categorisation thresholds. The disclosed information is proportionate to CSAML's size and organisation, and to the nature, scope and complexity of its activities. Where disclosures have been withheld, as permitted, on the basis of confidentiality, materiality, or being proprietary in nature, this is indicated. MIFIDPRU 8 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 MIFIDPRU 8 disclosures may not be directly comparable.

This MIFIDPRU 8 disclosures document has been verified and approved in line with internal disclosure policy. It has not been audited by CSAML's external auditors.

Remuneration Disclosures

The remuneration disclosures for CSAML can be found in a separate disclosure on the Credit Suisse website at: www.credit-suisse.com.

Subsequent Events

Merger of Credit Suisse Group AG and UBS Group AG

On 19 March 2023, it was announced that Credit Suisse Group AG and UBS Group AG have entered into a an agreement and plan of merger ('the merger'), to be completed at a date yet to be determined, CSAML is a consolidated subsidiary of Credit Suisse Group AG, and as such the future operations and financial performance of CSAML may be impacted as a result of the merger. There can be no assurance that CSAML will not itself become liquidated or otherwise merged with another UBS Group AG subsidiary following completion of the merger.

Risk Management Objectives & Policies (MIFIDPRU 8.2)

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.

Risk Management Policies and Governance

The corporate governance policies and procedures in respect of the organisation and management of CSAML are aligned with the Credit Suisse AG ('CSAG') policies. Other relevant corporate governance documents include the Articles of Association, the Organisational Guidelines and Regulations, the Terms of Reference of the Board and of each of its sub-committees, and the CSG Code of Conduct.

More information on the Board and management governance can be found in the Governance Arrangements section.

Risk Appetite

CSAML bases its business operations on conscious and disciplined risk-taking. The Firm believes that independent risk management, compliance and audit processes with proper management accountability are critical to the interests and concerns of its stakeholders. CSAML's risk culture is supported by the following principles:

- Establish a clear risk appetite that sets out the types and levels of risk the Firm is prepared to take;
- Risk management and compliance policies set out authorities and responsibilities for taking and managing risks;
- Actively monitoring risks and take mitigating actions where they fall outside accepted levels;
- Breaches of risk limits are identified, analysed and escalated, and large, repeated or unauthorised exceptions may lead to terminations, adverse adjustments to compensation or other disciplinary action; and
- Seek to establish resilient risk constraints that promote multiple perspectives on risk and reduce the reliance on single risk measures.

CSAML actively promotes a strong risk culture where employees are encouraged to take accountability for identifying and escalating risks and for challenging inappropriate actions. The businesses are held accountable for managing all of the risks they generate, including those relating to employee behaviour and conduct, in line with our risk appetite. Expectations on risk culture are regularly communicated by senior management, reinforced through policies and training, and considered in the performance assessment and compensation processes and, with respect to employee conduct, assessed by formal disciplinary review committees.

The Firm's risk appetite framework is governed by an overarching global policy that encompasses the suite of specific policies, processes and systems with which the risk constraints are calibrated and the risk profile is managed. The framework is guided by the following strategic risk objectives:

- Maintaining capital adequacy above minimum regulatory requirements under both normal and stressed conditions;
- Promoting stability of earnings to support performance in line with financial objectives;
- Ensuring sound management of liquidity and funding risk in normal and stressed conditions;
- Proactively controlling concentration risks;
- Managing operational and compliance risk within the Non-Financial Risk Framework to ensure sustainable performance;
- Minimising reputational risk; and
- Managing and mitigating conduct risk.

The risk appetite is determined in partnership with the financial and capital planning process on an annual basis, based on bottom-up forecasts that reflect planned risk usage by the businesses and top-down, Board-driven strategic risk objectives and risk appetite. Stressing of financial and capital plans is an essential element in the risk appetite calibration process as a key means through which the strategic risk objectives, financial resources and business plans are aligned. The risk appetite is approved through a number of internal governance forums and subsequently, by the Board.

The top-down and bottom-up risk appetite calibration process includes the following key steps:

Top-down

- Strategic objectives are agreed by the Board in line with CSAML's financial and capital objectives.
- Top-down risk capacities and risk appetites are determined with reference to available resources and key thresholds, such as minimum regulatory requirements.
- A Risk Appetite Statement ('RAS') is determined and approved annually by the Board, and is based on the strategic objectives, the comprehensive stress testing of CSAML's forecasted financial results and capital requirements, and its economic capital framework. The RAS comprises quantitative and qualitative risk measures necessary for adequate control of the risk appetite across the organisation.

Bottom-up

- Planned business levels and related requirements are provided by front office business experts in conjunction with financial and capital plans in order to ensure consistency with the risk strategy. Plans are reviewed by the relevant risk management committees such as Risk Committee, Operational Risk and Compliance Committee ('ORCC') and Fiduciary and Credit Risk Committee ('FCRC').
- The effectiveness of the risk appetite in support of business strategy execution and delivery against financial objectives is assessed and coordinated by the Chief Risk Officer ('CRO'). This framework assists senior management and the Board in ensuring that appropriate levels of risk appetite are set and that the subsequent risk constraints are appropriately calibrated.
- Risk, financial and capital plans are reviewed and approved by the Board.

Risk Assessment

The effectiveness of CSAML's risk management processes are driven by reviewing each of the components that are used in the development of the risk management framework. Examples are included below:

- The effectiveness of the annual RAS setting is determined by how the business performed in relation to the risk thresholds set across multiple risk parameters. Where there were close breaches and/or actual breaches, CSAML investigates the reason and seeks to bring exposures back within risk thresholds. Annually, the RAS is re-calibrated in line with the CSAML business strategy to ensure the RAS is capturing the necessary risks effectively, including adequate risk threshold settings.
- The effectiveness of self identified risks, and corresponding additional own funds presented in the Internal Capital and Risk Assessment ('ICARA'), is reviewed annually using methodologies to best reflect possible risks the entity may face over a 12 month period. The additional owns fund amounts are reviewed against actual harms to firm, market and client on an annual basis to ensure sufficient capital is available to mitigate possible losses. Methodologies are also reviewed annually to ensure effective calibration of risk identification and measurement.
- Effectiveness of risk processes relating to people, processes, systems and external events are analysed through CSAML's bottom-up Risk Control Self Assessment ('RCSA') process, with remediation plans in place for high and very high residual risks. As part of the RCSA, controls are tested independently on a frequent basis based on the initial inherent risk rating.
- Periodically, Internal Audit independently reviews aspects of the risk management processes and escalates concerns to the required governance committees, based on their findings.

Three Lines of Defence Model

To further demonstrate risk process effectiveness, CSAML follows the three lines of defence model. This 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 **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.

First Line of Defence ('1LoD'): Embedded Business Level Controls

Primary risk ownership resides with the business. The 1LoD 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 1LoD. The quarterly 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.

Second Line of Defence ('2LoD'): Independent Risk and Compliance Functions

The 2LoD 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 Firm.

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 1LoD. Non-Financial Risk department conducts oversight and challenge on the basis of the first line's implementation of the CS group's Non-Financial Risk Framework, 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 ('3LoD'): Group Internal Audit Function

The Internal Audit department plays a vital role in evaluating the effectiveness of internal controls related to the Firm. 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 CSAML deliver on its promises by:

- Understanding the Firm's 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 Firm and adapting their approach accordingly;
- Providing a supportive, learning-focused environment that allows people to realise their potential across the Firm; and
- Establishing confidence that the Firm can rely on its control framework and it can achieve its objectives.

Own Funds Requirements

CSAML closely monitors its capital position on a continuing basis to ensure ongoing stability and support of its business activities. This monitoring also takes account of the requirements of the current regulatory regime and any forthcoming changes. On a monthly basis, the firm assesses the adequacy of its capital against the own funds requirements and the ICARA assessment. The Chief Financial Officer ('CFO') organisation actively manages the bank's capital, funding, liquidity and expenses to ensure it is well-capitalised and has a strong enough balance sheet to withstand adversity and uncertainty.

MIFIDPRU 7.4.7 requires CSAML, at all times to hold own funds and liquid assets which are adequate, both as to their amount and their quality, to ensure that:

- CSAML is able to remain financially viable throughout the economic cycle, with the ability to address any material potential harm that may result from its ongoing activities; and
- CSAML's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

CSAML's own funds comprise Common Equity Tier 1 ('CET1') capital and is adequate to cover the own funds requirements under MIFIDPRU 4.3. Additional details on the Firm's own funds and own funds requirements are disclosed separately in this document.

Concentration risk

Concentration risk is managed by an array of CS group policies, including the CSG Concentration Risk Framework (GP-00106), to which CSAML adheres to when taking exposure to counterparties.

Concentration risk for CSAML is mainly driven by:

- Credit risk to the underlying risk retention positions taken when issuing a Collateralised Loan Obligation ('CLO'), via its Credit Investments Group ('CIG') business.
- Credit risk concentration taken when CSAML places its cash balances with CS group entities.

Both instances of concentration risk is within CSAML's Risk Appetite, and processes in place to mitigate some of this risk.

Credit Concentration Risk in CLOs

While the Herfindahl-Hirschman Index may be used to calculate single name issuer, geography and sectoral concentration, CSAML performs a look-through of the CLOs to better analyse the diversification of single name issuer, geography and sectoral concentration of the underlying economic exposures.

Under single name issuer concentration, the top ten issuers each hold a small portion (around 1.5% of each counterparty name) of the total Assets under Management ('AUM') across the CLOs managed by CSAML. Therefore there is a large degree of diversification within each of the CLOs.

Under sectoral concentration, the top ten sectors account for over 70% for the credit exposure, thus creating a diversified portfolio by industry sector too.

The investment mandate for CLOs have very specific tests and scores to maintain external ratings and existing structures. CSAML ensures all tests are met at adequate levels to ensure prudent credit risk measurement and to prevent harms to the Firm and client. These tests include:

Coverage Tests

- Par Value Test
- Interest Coverage Test

Collateral Quality Tests

- Weighted Average Rating Factor (rating agency)
- Minimum Diversity Tests (rating agency)
- Minimum Weighted Average Recovery Rate Test (rating agency)
- Weighted Average Coupon Test
- Weighted Average Life Test
- Weighted Average Spread Test

Portfolio Profile – Concentration/Diversification Tests

- Security Type Concentration (Senior Leveraged Loans, High yield bonds, etc.)
- Highest Single Obligors
- Industry Concentrations
- CAA Obligations

Concentration Risk in Cash Placed with CS AG

Credit Suisse's global policy Investment of Excess Funds (GP-00003) requires that excess funds, unless granted an exemption, must be placed exclusively with the designated central funding desks and appropriate authorised CSG personnel. This policy applies to all employees of CSG and CSAG and its branches, subsidiaries and representative offices.

Excess funds are defined as the net liabilities of the balance sheet regardless of source (capital, retained earnings and surplus client deposits, for example) that are not used to fund client-driven business (core business) or operational costs. This policy regulates the usage of these funds, which impacts the corresponding assets of each legal entity. As a consequence, CSAML places its excess funds entirely within CS group.

Key control activities that monitor and mitigate the consequences of concentration risk and harm to firm and market, associated with our deposits with CS group are:

- The banking relationship with CSG operating the same as any third party institution, with a dedicated relationship management team and controls around access and authority to instigate transactions, notably via the Credit Suisse Direct banking system, with a register of authorised signatories maintained by the relationship team.
- CFO monitoring the cash position as part of its monthly ledger control activities, with each bank statement entry reviewed to ensure correct accounting, but also to identify any unusual transactions for escalation. Movements in cash are reported as part of the financial position and performance reporting to the Board Audit Committee ('BAC') and Board.
- Credit Suisse International ('CSi') operating as the paying agent for CSAML's payroll and accounts payable, with CSAML reimbursing CSi as part of a periodic inter-company settlement process. This mitigates somewhat the risk of a loss of access to funding impacting CSAML's ability to pay suppliers and employees.
- CSAML being excluded from any group-wide liquidity scheme, other than receiving funding from CSAG upon request to fund its activities. CSAML does not provide liquidity to the CS group other than holding its cash in bank accounts.

The CSAML Board are comfortable with the levels of concentration risk, including mitigants and confirm this as part of the review and approval of the CSAML ICARA (Section 5.2.5.9).

Liquidity

From a liquidity perspective, CSAML is focused on having sufficient cash to operate its business and investment decisions that are under its control without the need to take into account unexpected cashflow demands from third parties other than CS group entities. As part of the overall financial adequacy rule, CSAML is required to hold adequate liquid assets to ensure that the Firm is able to remain financially viable throughout the economic cycle, with the ability to address any potential harm that may result from its ongoing activities and business can be wound down in an orderly manner.

CSAML regularly analyses its liquidity position in respect to the Basic Liquid Assets Requirement ('BLAR') and the Liquid Asset Threshold Requirement ('LATR'). CSAML is required by the FCA to ensure it can cover its LATR with liquid (both core and non-core) assets. There is a requirement to cover its BLAR by core liquid assets. The remainder of the LATR can be covered by the remaining core liquid assets or non-core liquid assets.

For purpose of the BLAR, CSAML has a requirement to hold core liquid assets equal to the sum of

- one third of the amount of its fixed overhead requirement; and
- 1.6% of the total amount of guarantees provided to clients.

As CSAML does not hold any guarantees provided to clients, CSAML's BLAR includes just one third of the fixed overhead requirement.

To comply with the overall financial adequacy rule, CSAML is required to hold the sum of the BLAR and the higher of:

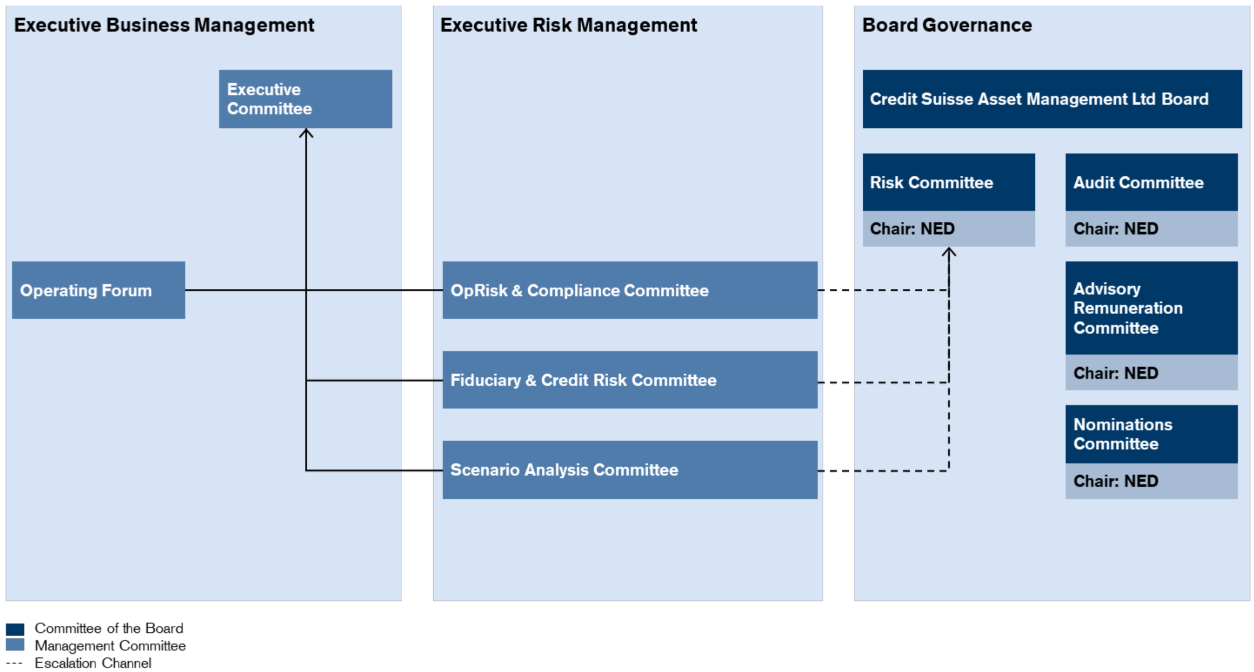
- the amount of liquid assets that CSAML requires to fund its ongoing business operations, taking into account potential periods of financial stress during the economic cycle; or
- the additional amount of liquid assets that CSAML would need to hold when commencing its wind-down process to ensure that CSAML could be wound down in an orderly manner.

The ongoing operations assessment in the ICARA was larger than the wind-down which resulted in this being used for the calculation of the LATR plus CSAML's BLAR. CSAML's Board of Directors and management have applied an internal buffer calculated as 20% of the LATR in order to actively manage the liquidity position.

Governance Arrangements (MIFIDPRU 8.3)

Oversight of Governance Arrangements

The diagram below illustrates the risk governance for CSAML:



Board Responsibility

The Board is responsible for governance arrangements that ensure effective and prudent management of CSAML, including the segregation of duties and the prevention and/or management of conflicts of interest. The Board oversees the implementation of strategic objectives, risk strategy and internal governance; ensures the integrity of the accounting and financial reporting systems; oversees disclosure and communications processes; provides effective oversight of senior management; and assesses the effectiveness of governance arrangements.

The Board's duties involve setting the strategy and overseeing management; ensuring a strong 'tone from the top' in relation to conduct, ethics and culture; ensuring its risk management and financial reporting and internal control frameworks are appropriate, in line with the Board Terms of Reference.

The directors are ultimately responsible for the effectiveness of internal controls at CSAML. Policies and procedures have been designed for safeguarding assets, for maintaining proper accounting records, and for assuring the reliability of financial information used within the business, and for that provided to regulators and external users. Such policies and procedures are designed to mitigate and 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. Procedures are also in place to ensure internal controls remain effective, and have been in place throughout the year and up to the date of approval of the Annual Report and Financial Statements.

Key risks are formally reviewed and assessed on a quarterly basis by the Board and the Risk Committee. In addition, key business risks are identified, evaluated and managed by management on an ongoing basis by means of policies and processes, such as credit and market risk limits and other operational metrics, including authorisation limits, and segregation of duties. The Board receives regular reports on any risk matters that need to be brought to its attention, with additional reporting provided to the Board when required. Significant risks identified in connection with the development of new activities are subject to consideration by the Board.

The Board receives regular reports detailing the performance of CSAML and variances against budget, prior year and other performance data.

During 2022, the Board has taken decisions in line with its duties and the Board, Audit Committee, Risk Committee, Nominations Committee and Advisory Remuneration Committee Objectives. These include reviewing and approving the CSAML strategy and Financial Plan, the ICARA, the Financial Crime Compliance Risk Assessment and the Money Laundering Reporting Officer's Report, the list of authorised signatories, the Annual Report and Financial Statements and the Pillar 3 Disclosures, and the Modern Slavery Statement.

Members of the Board and Board Committees

The Board of Directors is responsible for governance arrangements that ensure effective and prudent management of CSAML, including the segregation of duties and the prevention and/or management of conflicts of interest. The Board approves and oversees the implementation of strategic objectives, risk strategy and internal governance; ensures the integrity of the accounting and financial reporting systems; oversees disclosure and communications processes; provides effective oversight of senior management; and assesses the effectiveness of governance arrangements.

Below are the changes in the Board's composition during 2022:

Board Chair:

- Independent Non-Executive ('iNED') Director Robert Lister resigned as Board Chair on 20 July 2022.
- iNED Angela Henderson was appointed the Interim Board Chair from 20 July 2022 until her resignation on 17 October 2022.
- Ian Hale was appointed as Non-Executive Director ('NED') on 10 October 2022 and received approval from the FCA to become the Board Chair on 2 November 2022.

Tracy Cherrington stepped down as CSAML Chief Executive Officer ('CEO') on 4 October 2022. Colin Fitzgerald had been expected to succeed Tracy Cherrington as the CEO but his departure from the firm was confirmed on 28 September 2022. In his place**,** Jo McCaffrey was appointed as CEO, with full FCA approval being received on 23 January 2023.

Justin Gillott was also appointed as an Executive Director on 19 January 2023. Michael Murphy resigned as an Executive Director on 28 March 2023.

Board and Board Committee Composition

Name	Title	Appointment	Resignation	Audit Committee	Risk Committee	Advisory Remuneration Committee	Nominations Committee
Ian Hale	Board Chair / NED	2022	–	Member	Chair	–	Chair
Robert Lister	Board Chair / iNED	2012	2022	Chair	Member	Member	Chair
Nicole Coll	iNED	2022	–	Chair	Member	Chair	Member
Angela Henderson	Interim Board Chair / iNED	2016	2022	Member	Chair	Chair	Member
Jo McCaffrey	CEO / Executive Director	2023	–	–	–	Member	–
Tracy Cherrington	CEO / Executive Director	2014	2022	–	–	–	–
Marc Berryman	Executive Director	2020	–	–	–	–	–
Michael Murphy	Executive Director	2014	2023	–	–	–	–
Justin Gillott	Executive Director	2023	–	–	–	–	–

Board and Board Committee Meetings

Seven Board Meetings were held in 2022, three of which were ad hoc Meetings. The Audit Committee, Risk Committee and Advisory Remuneration Committee met quarterly, and there was also an ad hoc Audit Committee Meeting, along with one Nominations Committee Meeting during 2022.

Board members also attended briefing sessions to prepare for technical Board discussions.

All members of the Board are expected to spend the necessary time outside of these meetings needed to discharge their responsibilities appropriately. The Chair calls the meetings with sufficient notice and prepares an agenda for each meeting. The Chair has the discretion to invite management or others to attend the meetings. Minutes are kept of the Board Meetings.

Board Committees

Board Audit Committee ('BAC')

The BAC 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 BAC 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 BAC reviews and approves the critical accounting estimates and judgements including going concern. The BAC 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.

Board Risk Committee ('BRC')

The BRC advises the Board on CSAML's 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 BRC reviews and assesses the identification, measurement and management of the various risks within the entity, as presented in the the ICARA. The BRC meets at least quarterly with the relevant delegates from Risk, Business Risk Management, Compliance and Legal.

Board Advisory Remuneration Committee ('RemCo')

The RemCo advises and makes recommendations to the CSG Compensation Committee on matters relating to remuneration for CSAML employees, including members of the CSAML Executive Committee and Material Risk Takers, as well as on the compliance of the CS group Compensation Policy with all relevant UK compensation regulations.

Board Nominations Committee ('Nom Com')

The Nom Com is responsible for the identification and recommendation for approval by CSG / CS AG of candidates to fill vacancies on the CSAML Board, making recommendations to the Board concerning the role of the Chair and membership of the Board and Board Committees.

Each Board Committee has Terms of Reference, recording the scope of delegated authority and the committee's responsibilities.

Executive Risk Management Committees ('ExCo')

Management Committees support the Chief Executive Officer ('CEO') and Executive Directors in the implementation of strategy as set by the Board. The principal Management Committee is the 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.

The CSAML ExCo has delegated a number of functions and responsibilities to the following risk and business management committees:

- **CSAML Operational Risk and Compliance Committee**: Chaired by the CRO, the committee is responsible for maintaining sound and robust non-financial risk management across CSAML by measuring and assessing key operational and compliance risks to CSAML. This committee also discusses conduct risk related issues.

- **CSAML Fiduciary and Credit Risk Committee**: Chaired by the CRO, the committee meets to discuss issues and risks relating to the credit exposures arising from the risk retention CLO activities and fiduciary risk associated with its asset management activities.

- **CSAML Scenario Analysis Committee**: Chaired by the CRO, the committee provides oversight of the Scenario Analysis Framework for CSAML, and ensures model design, scenarios and stress test methodologies are fit for purpose for the CSAML entity and aligned with the Group's stress testing framework Credit Suisse Global Policy GP-00099.

- **CSAML Financial Crime ("FCC") Governance Forum**: Chaired by the UK Money Laundering Reporting Officer ('MLRO'), this monthly forum provides for FCC and CSAML senior management to effectively manage the financial crime risks to which CSAML is exposed. This forum is a sub-committee of the CSAML ORCC. 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.

Additional Governance Arrangements - Skills of Members

Board Evaluation

The Board undertakes an annual evaluation of the performance and effectiveness of the Board and Board Committees to decide on future objectives and focus topics, and to identify internal briefings and training required by individual directors. The Board Evaluation also assists the Board in assessing the structure, size and composition of the Board, including the knowledge, skills, experience and diversity of Board Members, and assists with Board succession planning.

The Board performed a self-evaluation of its performance in March 2022, concluding that the Board and its Committees are operating effectively. Given the level of changes in Board composition in 2022, the next Board Evaluation will take place later in 2023. The Board also reviews and approves the Board and Board Committee objectives annually.

Board Training

Directors undertake internal briefings and training on matters which align with the Board's objectives or legal/regulatory developments. Topics in 2022 included the IFPR, the ICARA, sustainable investing and Consumer Duty. All new directors are offered a full induction programme. Directors also undertake other external courses for professional development, as necessary.

Directorships

CSAML's Board Members hold the following number of directorships as at 14 April 2023:

CSAML Directorships

Name	Gender	Independent	Appointment Date*	Total Number of Directorships
Marc Berryman	M	–	23/09/2020	1
Nicole Coll	F	Independent	17/10/2022	3
Justin Gillott	M	–	19/01/2023	1
Ian Hale	M	–	10/10/2023	1
Jo McCaffrey	F	–	23/01/2023	1

*Notes:

- Robert Lister resigned from the Board on 20 July 2022.
- Angela Henderson resigned from the Board on 17 October 2022.
- Tracy Cherrington resigned from the Board on 4 October 2022.
- Michael Murphy resigned from the Board on 28 March 2023.

Diversity

CSAML recognises and embraces the benefits of building a diverse and inclusive culture and having a diverse Board. A diverse Board will include and make good use of differences in the skills, regional and industry experience, independence and knowledge, background, race, gender and other distinctions between directors. The Board via the CSAML Nominations Committee, considers these attributes in determining the optimum composition of the Board and when possible will be balanced appropriately.

The Board in 2022 exceeded its target of at least 25 percent female representation. The Board will continue to monitor its diversity (in all forms) through periodic reviews of its structure, size, composition and performance.

Own Funds (MIFIDPRU 8.4)

CSAML's Tier 1 capital consisted of fully issued ordinary shares, satisfying all the criteria for a Tier 1 instrument as outlined in IFPR. CSAML does not have any Additional Tier 1 ('AT1') or Tier 2 capital instruments. The CET1 capital comprises ordinary shares. These shares carry voting rights and the right to receive dividends. As at the year end 31 December 2022, CSAML complied with the relevant capital regulatory obligations as outlined in the IFPR.

Under MIFIDPRU 8.4, CSAML is required to disclose information on calculation of own funds, its reconciliation with the capital in the audited financial statements; and a description of its main features. These are presented in the three tables below and are based on audited figures as at 31 December 2022.

The table below provides a reconciliation of common equity tier 1 items and the applicable filters and deductions applied in order to calculate the own funds of the firm.

Table OF1: Composition of regulatory own funds			
	Item	**Amount (GBP thousands)**	**Source based on reference numbers/ letters of the balance sheet in the audited financial statements**
1	**OWN FUND**	197,955	Note 12
2	**TIER 1 CAPITAL**	197,955	Note 12
3	**COMMON EQUITY TIER 1 CAPITAL**	197,955	Note 12
4	Fully paid up capital instruments	45,020	Note 12
5	Share premium	20,989	Page 23
6	Retained earnings	136,420	Page 23
7	Accumulated other comprehensive income	—	
8	Other reserve	—	
9	Adjustments to CET1 due to prudential filters	(4,474)	Note 13
10	Other funds	—	
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(4,474)	Note 13
12	CET1: Other capital elements, deductions and adjustments	—	
13	**ADDITIONAL TIER 1 CAPITAL**	—	
14	Fully paid up, directly issued capital instruments	—	
15	Share premium	—	
16	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	—	
17	Additional Tier 1: Other capital elements, deductions and adjustments	—	
18	**TIER 2 CAPITAL**	—	
19	Fully paid up, directly issued capital instruments	—	
20	(-) TOTAL DEDUCTIONS FROM TIER 2	—	
21	Tier 2: Other capital elements, deductions and adjustments	—	

The table below details the reconciliation with own funds in the balance sheet, in the audited financial statements, as at 31 Dec 2022.

Table OF2: Reconciliation of regulatory own funds to balance sheet in the audited financial statements			
		Balance sheet as in published/audited financial statements	**Cross- reference to template OF1**
As at period ended (GBP thousands)		**2022**	
Assets - *Breakdown by asset classes according to the balance sheet in the audited financial*			
	Current assets:		
1	Cash and due from banks	208,523	
2	Amounts owed by CS group companies	14,906	
3	Fees and other receivables	22,296	
4	Current tax assets	1,557	
	Non-current assets:		
5	Deferred tax assets	5,190	
6	Non-trading financial assets:		
	- *mandatorily at fair value through profit or loss*	253,306	
	Total Assets	**505,778**	
Liabilities - *Breakdown by liability classes according to the balance sheet in the audited financial*			
	Current liabilities:		
1	Due to banks	4	
2	Current tax liability	3,302	
3	Amounts owed to CS group companies	5,806	
4	Other liabilities	19,509	
5	Short term borrowings	260,692	
	Non current liabilities:		
6	Amounts owed to CS group companies	4,298	
7	Other liabilities	9,738	
	Total Liabilities	**303,349**	
Shareholders' Equity			
1	Called up share capital	45,020	Item 4 in OF1
2	Capital contribution reserve	57,243	Item 6 in OF1
3	Share premium account	20,989	Item 5 in OF1
4	Retained earnings	79,177	Item 6 in OF1
	Total Shareholders' Equity	**202,429**	

Note: There is no difference between accounting and regulatory scope of consolidation. For this reason, only balances under financial statements are disclosed.

The table below provides information on the CET1 Instruments issued by CSAML.

Table OF3: Main features of own instruments issued by the firm	
Issuer	CSAML
Public or private placement	Private
Instrument type	Ordinary share
Amount recognised in regulatory capital (GBP thousands, as of most recent reporting date)	45,020
Issue price (GBP whole number)	0.1
Redemption price	N/A
Accounting classification	Called up shared capital
Original date of issuance	N/A
Perpetual or dated	Perpetual
Maturity date	N/A
Issuer call subject to prior supervisory approval	N/A
Optional call date, contingent call dates and redemption amount	N/A
Subsequent call dates, if applicable	N/A
Coupons/dividends	N/A
Fixed or floating dividend/coupon	N/A
Coupon rate and any related index	N/A
Existence of a dividend stopper	N/A
Convertible or non-convertible	N/A
Write-down features	N/A
Link to the terms and conditions of the instrument	N/A

Own Funds Requirement (MIFIDPRU 8.5)

As a non-SNI firm, CSAML is required to calculate its own funds requirement as the highest of:
- its permanent minimum capital requirement under MIFIDPRU 4.4;
- its fixed overheads requirement under MIFIDPRU 4.5; or
- its K-factor requirement under MIFIDPRU 4.6.

The K-factor requirement, broken down as follows:
- the sum of the K-AUM requirement, the K-CMH requirement and the K-ASA requirement;
- the sum of the K-COH requirement and the K-DTF requirement; and
- the sum of the K-NPR requirement, the K-CMG requirement, the K-TCD requirement and the K-CON requirement.

There are two K-Factors that apply to CSAML:
- K-AUM: (Client AUM and ongoing advice), which captures the risk of harm to clients from the poor management or execution of client portfolios. By defining a need to hold capital against this risk, it provides support and client benefits in terms of the continuity of service.
- K-COH: (Client Orders Handled), which captures the risk to clients of an investment firm that executes orders in the names of clients, and not in the firm's name, say in providing execution-only services or when a firm is part of a chain of client orders.

As at 31 December 2022, the FOR is the highest of the three components and drives the own funds requirement for CSAML.

Table OF4: Own Funds Requirement	**GBP thousands**
Fixed Overheads Requirement (FOR)(1)	9,742
Permanent Minimum Requirement (PMR)	75
K-Factors	
K-AUM	1,496
K-COH	5
Total K-Factor Requirement (KFR)	1,501
Own Funds Requirement (higher of FOR, PMR and KFR)	**9,742**

(1) FOR calculation is based on CSAML's audited financial statement for year ended 2022.

Approach to assess overall financial adequacy

CSAML carries out an annual ICARA exercise in accordance with the FCA rules and the guidance in MIFIDPRU 7.4. The purpose of the ICARA is to assess if CSAML has appropriate resources in relation to the regulated activities that it carries out and to demonstrate that it is able to maintain these adequate financial resources. In particular, the ICARA helps to determine if CSAML is financially viable throughout its economic cycle, with the ability to address any potential material harms that may result from its ongoing activities, and to identify an orderly wind-down plan while minimising harm to consumers or to other market participants, and without threatening the integrity of the wider UK financial system. The ICARA takes into account CSAML's business strategies, as well as the overall RAS embedded within the entity to ensure that risks are identified, measured, managed and monitored in a robust and transparent manner to meet the business strategy.

The ICARA contains a point-in-time assessment of all risks to which the firm is exposed (31 December 2021 for the risks that CSAML is exposed to and the harms it can create for clients, markets and itself as a firm, and whether these are adequately mitigated) and a forward looking base and stressed plan over a 3 year period. Risks identified and assessed include: credit, fiduciary, market, liquidity, operational, financial crime, conduct, reputational, regulatory, shared services, strategic, pension and tax risk. The approach to assessing each risk is a composite of CS group and CSAML-specific applicable frameworks. Capital sufficiency is based on the aggregate outcome of each risk assessment, assuming no diversification effects.

Own Funds Threshold Requirement ('OFTR')

The OFTR is the amount of own funds that a firm is required at any given time in order to comply with the overall financial adequacy rule. The overall financial adequacy rule requires a firm to hold adequate own funds to ensure that:

- CSAML is able to remain viable throughout the economic cycle, with the ability to address any potential harm that may result from its ongoing activities; and
- CSAML's business can be wound down in an orderly manner.

The OFTR is the higher of the following components:

- the K-Factors requirement and any additional own funds that CSAML deems are required for it ongoing activities; or
- the FOR and any additional own funds that CSAML requires for an orderly wind-down; or
- CSAML's PMR.

The ongoing operations assessment was larger than the wind down which resulted in this being used for the calculation of OFTR in addition to CSAML's K-Factors requirement. The Early Warning Indicator ('EWI') is calculated as 110% of the OFTR.

Under IFPR, CSAML is required by the FCA to manage its own funds in relation to its EWI. In line with CSAML's risk appetite, CSAML is required to hold both an economic stress buffer and an internal management buffer to ensure it can manage effectively in periods of stress.

Liquid Asset Threshold Requirement (‘LATR’)

The overall financial adequacy rule requires a firm to hold adequate liquid assets to ensure that:

- CSAML is able to remain financially viable throughout the economic cycle, with the ability to address any potential harm that may result from its ongoing activities; and
- CSAML business can be wound down in an orderly manner.

To comply with the overall financial adequacy rule, CSAML must therefore hold the sum of the BLAR and the higher of:

- the amount of liquid assets that CSAML requires to fund its ongoing business operations, taking into account potential periods of financial stress during the economic cycle; or
- the additional amount of liquid assets that CSAML would need to hold when commencing its wind-down process to ensure that CSAML could be wound down in an orderly manner.

The ongoing operations assessment was larger than the wind-down that resulted in this being used for the calculation of LATR in addition to CSAML's BLAR.

CSAML's management have applied an internal buffer calculated as 20% of the LATR in order to actively manage the liquidity position. CSAML is required by the FCA to ensure it can cover its LATR with liquid (both core and non-core) assets. There is a requirement to cover its BLAR by core liquid assets. The remainder of the LATR can be covered by the remaining core liquid assets or non-core liquid assets.

Investment Policy (MIFIDPRU 8.7)

Asset managers, to the extent consistent with their particular investment strategies and in line with contractual obligations, local laws and regulations should engage with, and exercise, their voting rights attached to the shares of the companies in which they invest, where possible or administratively feasible and the investment is material in size, in order to maintain and/or enhance long-term value of their clients' assets.

The Credit Suisse Engagement Policy Statement provides its stakeholders with an overview on how certain CS legal entities that provide asset management services adopt controls and procedures to ensure compliance with Article 3g of the Shareholder Rights Directive II and adherence to the European Fund and Asset Management Association ('EFAMA') Stewardship Code.

Further information can be obtained from https://am.credit-suisse.com/content/dam/csam/docs/publications/regulatory/csam-engagement-policy-en.pdf]

CSAML does not invest directly or indirectly in equity listed on regulated markets. It may from time to time hold an equity instrument in one of the funds for which it acts as portfolio manager where such instruments arise from a debt to equity restructuring. During 2022, the Firm did not hold any equity instruments with 5% or more of the voting rights. In accordance with MIFIDPRU 8.7.6, CSAML is not required to make any disclosures on its investment policy.

Appendix: List of Abbreviations and Glossary

AT1	Additional Tier 1 Capital	**KFR**	K Factor Regime
AUM	Asset Under Management	**K-ASA**	K Factor based on assets safeguarded and administered
BLAR	Basic Liquid Assets Requirement	**K-AUM**	K Factor required based on assets under management
BIPRU	Prudential Sourcebook for Banks, Building Societies and Investment firms	**K-CMG**	K Factor based on Clearing Margin Given
BRC	Board Risk Committee	**K-CMH**	K Factor based on Client Money Held
CCO	Chief Compliance Officer	**K-CON**	K Factor based on Concentration Risk
CET1	Common Equity Tier 1	**K-DTF**	K Factor based on Daily Trading Flow
CEO	Chief Executive Officer	**K-NPR**	K Factor based on Net Position Risk
CFO	Chief Financial Officer	**K-TCD**	K Factor based on Trading Counterparty Default
CCO	Chief Compliance Officer	**MiFID**	Markets in Financial Instruments Directive
CRO	Chief Risk Officer	**MRT**	Material Risk Taker
CRD	Capital Requirements Directive	**NED**	Non-Executive Director
CRR	Capital Requirements Regulation	**NomCo**	Nomination Committee
EMEA	Europe Middle East and Africa	**Non-SNI**	Non Small and Non Interconnected
EWI	Early Warning Indicator	**OF**	Own Funds
ExCo	Executive Committee	**OFAR**	Overall Financial Adequacy Rule
FCA	Financial Conduct Authority	**OFTR**	Own Funds Threshold Requirement
FINMA	Financial Market Supervisory Authority	**TPRM**	Third Party Risk Management
FOR	Fixed Overhead Requirements	**RAS**	Risk Appetite Statement
HHI	Herfindahl-Hirschman Index	**RCSA**	Risk Control Self Assessment
IFPR	Investment Firms Prudential Regime	**SYSC**	Senior Management Arrangements, Systems and Controls
ICAAP	Internal Capital Adequacy Assessment Process	**Tier1**	Tier 1 Capital
ICARA	Internal Capital Adequacy and Risk Assessment	**Tier2**	Tier 2 Capital
PMR	Permanent Minimum Capital Requirement	**TP**	Transitional Provision
PRA	Prudential Regulatory Authority	**SMCR**	Senior Managers and Certification Regime

Cautionary Statement regarding Forward-looking Information

This document contains forward looking statements that involve inherent risks and uncertainties, and we might not be able to achieve the predictions, forecasts, projections and other outcomes we describe or imply in forward looking statements. In addition to our ability to successfully implement our strategic objectives, a number of important factors could cause results to differ materially from the plans, targets, goals, expectations, estimates and intentions we express in these forward looking statements.

Words such as “may,” “could,” “achieves,” “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. We do not intend to update these forward-looking statements. 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. We caution you that a number of important factors could cause results to differ materially from the plans, targets, goals, expectations, estimates and intentions expressed in such forward-looking statements. Additionally, many of these factors are beyond our control. These factors include, but are not limited to:

a. the ability to maintain sufficient liquidity and access capital markets;
b. market and interest rate fluctuations and interest rate levels;
c. 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 but not limited to, the risk of negative impacts of COVID-19 on the global economy and financial markets, Russia’s invasion of Ukraine, the resulting sanctions from the US, EU, UK, Switzerland and other countries and the risk of continued slow economic recovery or downturn in the EU, the US or other developed countries or in emerging markets in 2023 and beyond;
d. the emergence of widespread health emergencies, infectious diseases or pandemics, such as COVID-19, and the actions that may be taken by governmental authorities to contain the outbreak or to counter its impact;
e. potential risks and uncertainties relating to the severity of impacts from the COVID-19 pandemic, including potential material adverse effects on our business, financial condition and results of operations;
f. the direct and indirect impacts of deterioration or slow recovery in residential and commercial real estate markets;
g. adverse rating actions by credit rating agencies in respect of us, sovereign issuers, structured credit products or other credit-related exposures;
h. adverse rating actions by credit rating agencies in respect of sovereign issuers, structured credit products or other credit-related exposures;
i. the ability to achieve strategic objectives, including improved performance, reduced risks, lower costs and more efficient use of capital;
j. the ability of counterparties to meet their obligations to Credit Suisse;
k. 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;
l. the possibility of foreign exchange controls, expropriation, nationalisation or confiscation of assets in countries in which Credit Suisse conducts operations;
m. operational factors such as systems failure, human error, or the failure to implement procedures properly;
n. actions taken by regulators with respect to business and practices in one or more of the countries in which Credit Suisse conducts operations;
o. the effects of changes in laws, regulations or accounting policies or practices;
p. competition in geographic and business areas in which Credit Suisse conducts operations;
q. the ability to retain and recruit qualified personnel;
r. the ability to maintain Credit Suisse’s reputation and promote its brand;
s. the ability to increase market share and control expenses;
t. technological changes;
u. the timely development and acceptance of new products and services and the perceived overall value of these products and services by users;
v. acquisitions, including the ability to integrate acquired businesses successfully, and divestitures, including the ability to sell non-core assets;
w. the adverse resolution of litigation and other contingencies;
x. the ability to achieve cost efficiency goals and cost targets; and
y. Credit Suisse’s success at managing the risks involved in the foregoing.

The foregoing list of important factors is not exclusive. When evaluating forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, including the information set forth in our Annual Report 2022.

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