

*If you are in doubt as to any aspect of this document, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.*

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**Base Listing Document relating to  
Non-collateralised Structured Products to be issued by**

**CREDIT SUISSE** 

**Credit Suisse AG**

*(incorporated with limited liability under the laws of Switzerland)*

This document, for which we accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **listing rules**) for the purpose of giving information with regard to us and our standard warrants (**warrants**), callable bull/bear contracts (**CBBCs**) and other structured products (warrants, CBBCs and such other structured products are collectively, **structured products**) to be listed on the stock exchange from time to time. This document may be updated and/or amended from time to time by way of addenda. You must ask us if any addenda to this document have been issued.

**We, having made all reasonable enquiries, confirm that to the best of our knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.**

**The structured products involve derivatives. Do not invest in them unless you fully understand and are willing to assume the risks associated with them.**

The structured products are complex products. You should exercise caution in relation to them. You are warned that the prices of structured products may fall in value as rapidly as they may rise and you may sustain a total loss of your investment. You should therefore ensure that you understand the nature of the structured products and carefully study the risk factors set out in this document and, where necessary, seek professional advice, before you invest in any structured products.

The structured products constitute general unsecured contractual obligations of us as the Issuer and of no other person and will rank equally among themselves and with all our other unsecured obligations (save for those obligations preferred by law) upon liquidation. If you purchase any structured products, you are relying upon the creditworthiness of us, and have no rights under such structured products against (a) the company which has issued the underlying securities; (b) the fund which has issued the underlying securities or its trustee (if applicable) or manager; or (c) the index compiler of any underlying index or any company constituting the underlying index. If we become insolvent or default on our obligations under the structured products, you may not be able to recover all or even part of the amount due under the structured products (if any).

**Sponsor and Manager**

**Credit Suisse (Hong Kong) Limited**

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## IMPORTANT INFORMATION

### What is this document about?

This document is for information purposes only and does not constitute an offer, an advertisement or invitation to the public to subscribe for or to acquire any structured products.

### What documents should you read before investing in the structured products?

A launch announcement and supplemental listing document will be issued on the issue date of each series of structured products, which will include detailed commercial terms of the relevant series.

You must read this document (including any addendum to this document to be issued from time to time) together with such launch announcement and supplemental listing document (including any addendum to such launch announcement and supplemental listing document to be issued from time to time) (together, the **listing documents**) before investing in any structured product. You should carefully study the risk factors set out in the listing documents.

### Is there any guarantee or collateral for the structured products?

No. Our obligations under the structured products are neither guaranteed by any third party, nor collateralised with any of our assets or other collaterals. When you purchase our structured products, you are relying on our creditworthiness only, and of no other person. If we become insolvent or default on our obligations under the structured products, you can only claim as an unsecured creditor of the Issuer. In such event, you may not be able to recover all or even part of the amount due under the structured products (if any).

### What are the Issuer's credit ratings?

The Issuer's long-term credit ratings are:

<i>Rating agency</i>	<i>Ratings as at the day immediately preceding the date of this document</i>
Moody's Investors Service Ltd. ( <b>Moody's</b> )	A1 (stable outlook)
S&P Global Ratings Europe Limited ( <b>S&amp;P</b> )	A+ (negative outlook)

The long-term credit ratings are only an assessment by the credit rating agencies of the Issuer's overall financial capacity to pay its debts.

A1 is among the top three major credit rating categories and is the fifth highest investment-grade ranking of the ten investment-grade credit ratings (including 1, 2 and 3 sub-grades) assigned by Moody's.

A+ is among the top three major credit rating categories and is the fifth highest investment-grade ranking of the ten investment-grade credit ratings (including + or - sub-grades) assigned by S&P.

Please refer to the brief guide in appendix 7 to this document to what such credit ratings mean.

Rating agencies usually receive a fee from the companies that they rate. When evaluating our creditworthiness, you should not solely rely on our credit ratings because:

- (a) a credit rating is not a recommendation to buy, sell or hold the structured products;
- (b) ratings of companies may involve difficult-to-quantify factors such as market competition, the success or failure of new products and markets and managerial competence;
- (c) a high credit rating is not necessarily indicative of low risk. Our credit ratings as of the above date are for reference only. Any downgrading of our ratings could result in a reduction in the value of the structured products;
- (d) a credit rating is not an indication of the liquidity or volatility of the structured products; and
- (e) a credit rating may be downgraded if the credit quality of the Issuer declines.

**The structured products are not rated.** The Issuer's credit ratings and credit rating outlooks are subject to change or withdrawal at any time within each rating agency's sole discretion. You should conduct your own research using publicly available sources to obtain the latest information with respect to the Issuer's ratings and outlooks from time to time.

**Is the Issuer regulated by the Hong Kong Monetary Authority referred in Rule 15A.13(2) or the Securities and Futures Commission referred to in Rule 15A.13(3)?**

We are regulated by the Hong Kong Monetary Authority as a registered institution. We are also, amongst others, regulated by the Swiss Financial Market Supervisory Authority (**FINMA**).

**Is the Issuer subject to any litigation?**

Except as disclosed in the section headed “Legal Proceedings Information extracted from Credit Suisse Annual Report 2021” set out in appendix 6 of this document, we and our affiliates are not involved in any litigation, claims or arbitration proceedings which are material in the context of the issue of the structured products. Also, we are not aware of any proceedings or claims which are threatened or pending against us or our affiliates which would be of material importance.

**Has our financial position changed since last financial year-end?**

Save as disclosed in appendices 4-6 of this document, there has been no material adverse change in our financial position since 31 December 2021. You may access our latest publicly available financial information by visiting our website at [www.credit-suisse.com](http://www.credit-suisse.com).

**Do you need to pay any transaction cost?**

The stock exchange charges a trading fee of 0.005 per cent., the Securities and Futures Commission (**SFC**) charges a transaction levy of 0.0027 per cent. and the Financial Reporting Council charges a transaction levy of 0.00015 per cent. for each transaction effected on the stock exchange payable by each of the seller and the buyer and calculated on the value of the consideration for the structured products. The levy for the investor compensation fund is currently suspended.

**Do you need to pay any tax?**

You may be required to pay stamp duties, taxes and other charges in accordance with the laws and practices of the country of your purchase in addition to the issue price of each structured product. See the section headed “Taxation” for further information.

**Authorised representatives and acceptance of service**

Our authorised representatives are Ernest Ng and Nai Shun Wu, both of Level 91, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

Credit Suisse (Hong Kong) Limited (presently at Level 88, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong) has been authorised to accept, on our behalf, service of process and any other notices required to be served on us.

**Where can you read the relevant documents?**

Copies of the following documents are available on the website of the HKEX at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at <https://warrants-hk.credit-suisse.com/en> and <https://www.credit-suisse.com/about-us/en/reports-research/annual-reports.html>:

以下各文件亦可於香港交易所披露易網站([www.hkexnews.hk](http://www.hkexnews.hk))以及本公司網站<https://warrants-hk.credit-suisse.com/tc>及<https://www.credit-suisse.com/about-us/en/reports-research/annual-reports.html> 瀏覽。

(a) each of the following documents (in separate English and Chinese versions):

- this document and any addendum to this document, which include extracts of our latest audited financial statements and any interim or quarterly financial statements;
- the launch announcement and supplemental listing document as long as the relevant series of structured products is listed on the stock exchange;

(b) the consent letter from PricewaterhouseCoopers AG (our **auditors**) in relation to the inclusion of their reports on the consolidated financial statements of Credit Suisse AG and its subsidiaries as of and for the years ended 31 December 2021 and 2020 and on the effectiveness of internal control over financial reporting of Credit Suisse AG and its subsidiaries as of 31 December 2021 in this document; and

(c) the annual report 2021 of Credit Suisse Group AG & Credit Suisse AG.

**Have our auditors consented to the inclusion of their reports in this document?**

Our auditors have given and have not withdrawn their written consent regarding the inclusion of their reports dated 10 March 2022 and/or the references to their name in this document, in the form and context in which they are included. Their reports were not prepared for incorporation in this document. Our auditors do not have any shareholding in us, nor do they have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities.

**Placing and sale and grey market dealings**

No action has been taken to permit a public offering of structured products or the distribution of this document in any jurisdiction where action would be required for such purposes. The distribution of this document and the offering of any structured products may, in certain jurisdictions, be restricted by law. You must inform yourself of and observe all such restrictions. See the section headed "Placing and Sale" in this document for further details.

Following the launch of a series of structured products, we may place all or part of that series with our related party.

The structured products may be sold to investors in the grey market in the period between the launch date and the listing date. We will report any dealings in structured products by us and/or any of our subsidiaries or associated companies in the grey market to the stock exchange on the listing date through the website of HKEX at [www.hkexnews.hk](http://www.hkexnews.hk).

**The listing documents are not the sole basis for making your investment decision**

The listing documents do not take into account your investment objectives, financial situation or particular needs. The listing documents are not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by us or the sponsor, that you should purchase any of the structured products or the underlying asset of the structured products. We do not imply that there has been no change in the information set out in this document since its publication date.

No person has been authorised to give any information or to make any representations other than those contained in this document in connection with the structured products,

and, if given or made, such information or representations must not be relied upon as having been authorised by us.

HKEX, the stock exchange and HKSCC have made no assessment of, nor taken any responsibility for, our financial soundness or the merits of investing in any structured products, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

This document has not been reviewed by the SFC. You are advised to exercise caution in relation to the offer of the structured products.

**Governing law of the structured products**

All contractual documentation for the structured products will be governed by, and construed in accordance with, the laws of Hong Kong.

**How can you get further information about us or the structured products?**

You may visit [www.credit-suisse.com](http://www.credit-suisse.com) to obtain further information about us and/or the structured products.

**Undefined terms**

Unless otherwise specified, terms not defined in this document have the meanings given to them in the general conditions set out in appendix 1 of this document and the relevant product conditions applicable to the relevant series of structured products set out in appendix 2 and appendix 3 of this document (together, **conditions**).

## OVERVIEW OF WARRANTS

### What is a warrant?

A warrant is a type of derivative warrants.

A derivative warrant linked to a share of a company, a unit or share of a fund, an index or other asset (each an **underlying asset**) is an instrument which gives the holder a right to “buy” or “sell” the underlying asset at, or derives its value by reference to, a pre-set price or level called the exercise price or strike level on the expiry date (as the case may be). It usually costs a fraction of the price or level of the underlying asset.

A derivative warrant may provide leveraged return to you (but conversely, it could also magnify your losses).

A list of eligible underlying assets for derivative warrants is available on the website of the HKEX at [https://www.hkex.com.hk/Products/Securities/Structured-Products/Eligible-Underlying-Assets?sc\\_lang=en](https://www.hkex.com.hk/Products/Securities/Structured-Products/Eligible-Underlying-Assets?sc_lang=en).

### How and when can you get back your investment?

Our warrants are European style warrants. This means they can only be exercised on the expiry date.

Our warrants will be exercised on the expiry date, entitling you to a cash amount called the **cash settlement amount** (if positive) according to the conditions applicable to our warrants.

For cash settled warrants, you will receive the cash settlement amount (net of exercise expenses) upon expiry. If the cash settlement amount is equal to or less than the exercise expenses, no amount is payable to you upon expiry of your warrants and you will lose all of your investment in the structured products.

### How do our warrants work?

#### **Warrants**

The potential payoff of a warrant is calculated by reference to the difference between:

- (a) for a warrant linked to a share or a unit, the exercise price and the arithmetic mean of the closing prices of such share or unit on the valuation dates (**average price**); or
- (b) for a warrant linked to an index, the strike level and the closing level of such index on the valuation date,

each as described more in the applicable product conditions set out in parts A, B, C and D of appendix 2 of this document.

#### *Call warrants*

A call warrant is suitable for an investor holding a bullish view of the price or level of the underlying asset during the term of the warrant.

A call warrant will be exercised if the average price or the closing level is greater than the exercise price or the strike level (as the case may be). The more the average price or the closing level is greater than the exercise price or the strike level (as the case may be), the higher the payoff upon expiry. If the average price or the closing level (as the case may be) is equal to or less than the exercise price or the strike level (as the case may be), an investor in the call warrant will lose all of his investment.

#### *Put warrants*

A put warrant is suitable for an investor holding a bearish view of the price or level of the underlying asset during the term of the warrant.

A put warrant will be exercised if the average price or the closing level is less than the exercise price or the strike level (as the case may be). The more the average price or the closing level is less than the exercise price or the strike level (as the case may be), the higher the payoff upon expiry. If the average price or the closing level (as the case may be) is equal to or greater than the exercise price or the strike level (as the case may be), an investor in the put warrant will lose all of his investment.

#### *Other types of warrants*

The launch announcement and supplemental listing document applicable to other types of warrants will specify the type of such warrants and whether such warrants are standard or exotic warrants.

Further details relating to how a particular series of warrants work will be set out in the relevant launch announcement and supplemental listing document.

**Where can you find the general conditions and the product conditions applicable to our warrants?**

You should review the general conditions and the product conditions applicable to each type of the warrants before your investment.

The general conditions are set out in appendix 1 of this document and the product conditions applicable to each type of our warrants are set out in appendix 2 of this document (as may be supplemented by any addendum or the relevant launch announcement and supplemental listing document).

**What are the factors determining the price of a derivative warrant?**

The price of a warrant generally depends on the prevailing price or level of the underlying asset. However, the price of a warrant will be influenced by a number of factors throughout the warrant term, including:

- (a) the exercise price or the strike level of the derivative warrants;
- (b) the liquidity of the futures contracts relating to the underlying asset;
- (c) the liquidity of the underlying asset;
- (d) the value and volatility of the price or level of the underlying asset (being a measure of the fluctuation in the price or level of the underlying asset over time);
- (e) the time remaining to expiry: generally, the longer the remaining life of the derivative warrant, the greater its value;
- (f) the interim interest rates and expected dividend payments or other distributions on the underlying asset or on any components comprising the index;
- (g) the supply and demand for that warrant;
- (h) the prevailing exchange rate between the underlying currency of the underlying asset and the settlement currency of the derivative warrants (if applicable);
- (i) our related transaction costs; and/or
- (j) our creditworthiness.

**What is your maximum loss?**

Your maximum loss in our warrants will be limited to your investment amount plus any transaction costs.

**How can you get information about the warrants after issue?**

You may visit the website of HKEX at [https://www.hkex.com.hk/products/securities/structured-products/overview?sc\\_lang=en](https://www.hkex.com.hk/products/securities/structured-products/overview?sc_lang=en) to obtain further information on our warrants or any notice given by us or the stock exchange in relation to our warrants.

## OVERVIEW OF CBBCs

### What are CBBCs?

CBBCs are a type of structured products that track the performance of an underlying asset. CBBCs can be issued on different types of underlying assets as prescribed by the stock exchange from time to time, including:

- (a) shares of a company or units or shares of a fund listed on the stock exchange;
- (b) Hang Seng Index, Hang Seng China Enterprises Index, Hang Seng TECH Index and Hang Seng China H-Financials Index; and/or
- (c) overseas securities, overseas indices, currencies or commodities (such as oil, gold and platinum).

A list of eligible underlying assets for CBBCs is available on the website of the HKEX at [https://www.hkex.com.hk/Products/Securities/Structured-Products/Eligible-Underlying-Assets?sc\\_lang=en](https://www.hkex.com.hk/Products/Securities/Structured-Products/Eligible-Underlying-Assets?sc_lang=en).

CBBCs are issued either as bull CBBCs or bear CBBCs, allowing you to take either bullish or bearish positions on the underlying asset. Bull CBBCs are designed for investors who have an optimistic view on the underlying asset. Bear CBBCs are designed for investors who have a pessimistic view on the underlying asset.

CBBCs have a mandatory call feature (the **mandatory call event**) and, subject to the limited circumstances set out in the relevant conditions in which a mandatory call event may be reversed, we must terminate our CBBCs upon the occurrence of a mandatory call event. See “What are the mandatory call features of CBBCs?” below for further information.

There are 2 categories of CBBCs, namely:

- (a) category R CBBCs; and
- (b) category N CBBCs.

Your entitlement following the occurrence of a mandatory call event will depend on the category of the CBBCs. See “Category R CBBCs vs. category N CBBCs” below for further information.

If no mandatory call event occurs, the CBBCs will be exercised automatically on the expiry

date. The cash settlement amount (if any) payable at expiry represents the difference between the closing price or the closing level of the underlying asset on the valuation date and the strike price or the strike level.

### What are the mandatory call features of CBBCs?

#### *Mandatory call event*

Subject to the limited circumstances set out in the relevant conditions in which a mandatory call event may be reversed, we must terminate the CBBCs if a mandatory call event occurs. A mandatory call event occurs if the spot price or the spot level of the underlying asset is:

- (a) at or below the call price or the call level (in the case of a bull CBBC); or
- (b) at or above the call price or the call level (in the case of a bear CBBC), at any time during the observation period.

For CBBCs over underlying assets traded or quoted locally, the observation period starts from and includes the observation commencement date of the relevant CBBCs and ends on and includes the trading day immediately preceding the expiry date.

Subject to the limited circumstances set out in the relevant conditions in which a mandatory call event may be reversed and such modification and amendment as may be prescribed by the stock exchange from time to time:

- (a) all trades in the CBBCs concluded after the time at which the mandatory call event occurs; and
- (b) where the mandatory call event occurs during a pre-opening session or closing auction session (if applicable), all auction trades in the CBBCs concluded in such session and all manual trades of the CBBCs concluded after the end of the pre-order matching period in such session,

will be invalid and cancelled, and will not be recognised by us or the stock exchange.



The time at which a mandatory call event occurs will be determined by reference to:

- (a) (in the case of CBBCs over single equities or CBBCs over exchange traded funds listed on the stock exchange) the stock exchange's automatic order matching and execution system time at which the spot price is at or below the call price (for a series of bull CBBCs) or is at or above the call price (for a series of bear CBBCs);
- (b) (in the case of CBBCs over index quoted on the stock exchange) the time the relevant spot level is published by the index compiler at which the spot level is at or below the call level (for a series of bull CBBCs) or is at or above the call level (for a series of bear CBBCs); or
- (c) (in the case of CBBCs over other underlying assets), the time as specified in the relevant launch announcement and supplemental listing document,

subject to the rules and requirements as prescribed by the stock exchange from time to time.

#### *Category R CBBCs vs. category N CBBCs*

The launch announcement and supplemental listing document for the relevant series of CBBCs will specify whether the CBBCs are category R CBBCs or category N CBBCs.

**Category R CBBCs** refer to CBBCs for which the call price or the call level is different from the strike price or the strike level. In respect of a series of category R CBBCs, you may receive a cash payment called the **residual value** upon the occurrence of a mandatory call event. The amount of the residual value payable (if any) is calculated by reference to:

- (a) (in the case of a bull CBBC) the difference between the minimum trade price or the minimum index level and the strike price or the strike level of the underlying asset; and
- (b) (in the case of a bear CBBC) the difference between the strike price or the strike level and the maximum trade price or the maximum index level of the underlying asset.

**Category N CBBCs** refer to CBBCs for which the call price or the call level is equal to their strike price or the strike level. In respect of a series of category N CBBCs, you will not receive any cash payment following the occurrence of a mandatory call event.

You must read the applicable conditions and the relevant launch announcement and supplemental listing document to obtain further information on the calculation formula of the residual value applicable to category R CBBCs.

You may lose all of your investment in a particular series of CBBCs if:

- (a) in the case of a series of bull CBBCs, the minimum trade price or the minimum index level of the underlying asset is equal to or less than the strike price or the strike level; or
- (b) in the case of a series of bear CBBCs, the maximum trade price or the maximum index level of the underlying asset is equal to or greater than the strike price or the strike level.

#### **Where can you find the general conditions and the product conditions applicable to our CBBCs?**

You should review the general conditions and the product conditions applicable to the CBBCs before you invest.

The general conditions are set out in appendix 1 of this document and the product conditions applicable to our CBBCs are set out in appendix 3 of this document (as may be supplemented by any addendum or the relevant launch announcement and supplemental listing document).

#### **How is the funding cost calculated?**

The issue price of a CBBC is set by reference to (a) the difference between the initial reference spot price or spot level of the underlying asset as at the launch date of the CBBC and the strike price or the strike level, plus (b) if applicable, a funding cost.

The issue price of a CBBC includes the initial funding cost (if any) and the initial funding cost applicable to the CBBCs as of the launch date will be specified in the relevant launch announcement and supplemental listing document for the relevant series.

The funding cost is an amount determined by us based on a number of factors, including but not limited to the strike price or the strike level, the prevailing interest rate, the expected life of the CBBCs, any expected notional dividends or distribution in respect of the underlying assets and the margin financing provided by us.

Further details about the funding cost applicable to a series of CBBCs will be described in the relevant launch announcement and supplemental listing document.

#### **Do you own the underlying asset?**

CBBCs convey no interest in the underlying asset. We may choose not to hold the underlying asset or any derivatives contracts linked to the underlying asset. There is no restriction through the issue of the CBBCs on our ability to sell, pledge or otherwise convey all right, title and interest in any underlying asset or any derivatives products linked to the underlying asset.

#### **What are the factors determining the price of a CBBC?**

The price of a CBBC tends to follow closely the movement in the value of the underlying asset in dollar value (on the assumption of an entitlement ratio of one CBBC to one underlying asset).

However, throughout the term of a CBBC, its price will be influenced by a number of factors, including:

- (a) the strike price or the strike level and the call level or the call price;
- (b) the likelihood of the occurrence of a mandatory call event;
- (c) for category R CBBCs only, the probable range of the residual value payable upon the occurrence of a mandatory call event;
- (d) probable range of cash settlement amount;
- (e) the time remaining to expiry;

- (f) the interim interest rates and expected dividend payments or other distribution on the underlying asset or on any components comprising the underlying index;
- (g) the supply and demand for the CBBCs;
- (h) the liquidity of future contracts relating to the underlying index;
- (i) our related transaction costs; and/or
- (j) our creditworthiness.

#### **What is your maximum loss?**

Your maximum loss in the CBBCs will be limited to your investment amount plus any transaction costs.

#### **How can you get information about the CBBCs after issue?**

You may visit the website of HKEX at [https://www.hkex.com.hk/products/securities/structured-products/overview?sc\\_lang=en](https://www.hkex.com.hk/products/securities/structured-products/overview?sc_lang=en) to obtain further information on CBBCs or any notice given by us or the stock exchange in relation to our CBBCs.

## TAXATION

*The information below is of a general nature and is only a summary of the law and practice currently applicable in Switzerland, Hong Kong and the United States of America. The comments relate to the position of persons who are the absolute beneficial owners of the structured products and may not apply equally to all persons. If you are in any doubt as to your tax position on purchase, ownership, transfer or exercise of any structured product, you should consult your own tax advisers as to the Swiss, Hong Kong or the United States of America laws or other tax consequences of the acquisition, ownership and disposition of structured products, including, in particular, the effect of any foreign, state or local tax laws to which you are subject.*

### **Taxation in Switzerland**

#### *Gain on sale or redemption*

Under present Swiss law, a holder of structured products who is neither a resident of Switzerland nor whose transactions in the structured products are attributable to a permanent establishment within Switzerland during the taxable year will not be subject to any Swiss Federal, Cantonal or Municipal income or other tax on gains realised during that year on the holding, sale, redemption or exercise of a structured product.

#### *Stamp tax*

No stamp tax will arise in Switzerland in connection with the issue or sale of the structured products provided that no Swiss Bank or Swiss securities dealer is involved as a counterparty or an intermediary. Swiss stamp tax will not be payable on the exercise of a structured product provided that the structured product is not exercised by or through a Swiss Bank or a Swiss securities dealer.

### **Taxation in Hong Kong**

#### *Profits tax*

No Hong Kong profits tax is payable by withholding or otherwise in respect of any capital gains arising on the sale of the structured products, except that Hong Kong profits tax may be chargeable on any such gains in the case of certain persons carrying on a trade, profession or business in Hong Kong.

#### *Stamp duty*

You do not need to pay any stamp duty in respect of purely cash settled structured products.

### **United States Tax Considerations for Investors**

#### **U.S. Foreign Account Tax Compliance Act**

Under certain tax information reporting and withholding provisions generally referred to as "FATCA" a 30% withholding tax is imposed on "withholdable payments" and certain "passthru payments" made to (i) a "foreign financial institution" unless the financial institution complies with, among other things, certain information reporting and withholding obligations with respect to its accounts in accordance with applicable rules implementing FATCA in the financial institution's jurisdiction or in accordance with an agreement entered into between the financial institution and the US Internal Revenue Service ("IRS"), and (ii) any other holder or beneficial owner that does not comply with the Issuer's or an intermediary financial institution's request for ownership certifications and identifying information.

"FATCA" means sections 1471 through 1474 of the Code, any final current or future regulations or official interpretations thereof, any agreement entered into pursuant to section 1471(b) of the Code, or any U.S. or non-U.S. fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such

sections of the Code. The term “withholdable payments” generally includes payments of fixed or determinable annual or periodical gains, profits, and income (“FDAP”), in each case, from sources within the United States, (including payments on securities treated as “dividend equivalents” under section 871(m) of the Code). “Passthru payments” means any withholdable payment and any foreign passthru payment, which is currently not defined. We and other intermediary foreign financial institutions may be required to report information to the IRS regarding the holders of the securities and, in the case of holders or beneficial owners who (i) fail to provide the relevant information, (ii) are foreign financial institutions who are not in compliance with applicable information reporting requirements, or (iii) hold the securities directly or indirectly through such non-compliant foreign financial institutions, we or another withholding agent may be required to withhold tax at a rate of 30% on payments under the securities. FATCA also may require withholding agents making payments to certain foreign entities that do not disclose the name, address, and taxpayer identification number of any substantial U.S. owners (or certify that they do not have any substantial U.S. owners) to withhold tax at a rate of 30%.

Withholding under FATCA may apply without regard to whether the beneficial owner of the payment is a U.S. person, or would otherwise be entitled to an exemption from the imposition of withholding tax pursuant to an applicable tax treaty with the United States or pursuant to U.S. domestic law.

Subject to the exceptions described below, FATCA’s withholding regime applies currently to withholdable payments and with respect to foreign passthru payments, will apply no earlier than the date that is two years after the date on which final U.S. Treasury regulations defining the term “foreign passthru payment” are published. Notwithstanding the foregoing, the provisions of FATCA discussed above generally will not apply to any obligation (other than an instrument that is treated as equity for U.S. tax purposes or that lacks a stated expiration or term) that is outstanding on June 30, 2014 (a “grandfathered obligation”), unless the obligation is materially modified after such date. If a holder holds its securities through a

foreign financial institution or foreign entity, a portion of any of such holder’s payments may be subject to 30% withholding.

The discussion above reflects recently proposed U.S. Treasury regulations. The U.S. Treasury have indicated that taxpayers may rely on the proposed regulations until final regulations are issued, and the discussion above assumes that the proposed regulations will be finalized in their current form.

### **Substitute Dividend and Dividend Equivalent Payments**

Section 871(m) of the Code and regulations thereunder treat a “dividend equivalent” payment as a dividend from sources within the United States. Such payments generally will be subject to U.S. withholding tax at a rate of 30%.

Final regulations provide that a “dividend equivalent” is any payment or deemed payment that references the payment of (i) a dividend from an underlying security pursuant to a securities lending or sale-repurchase transaction, (ii) a dividend from an underlying security pursuant to a specified notional principal contract (a “specified NPC”), (iii) a dividend from an underlying security pursuant to a specified equity-linked instrument (a “specified ELI”), and (iv) any other substantially similar payment. The regulations provide that a payment includes a dividend equivalent payment whether there is an explicit or implicit reference to a dividend with respect to the underlying security. An underlying security is any interest in an entity if a payment with respect to that interest could give rise to a U.S. source dividend pursuant to Treasury regulation section 1.861-3. An NPC is a notional principal contract as defined in Treasury regulation section 1.446-3(c). An equity-linked instrument (“ELI”) is a financial instrument (other than a securities lending or sale-repurchase transaction or an NPC) that references the value of one or more underlying securities, including a futures contract, forward contract, option, debt instrument, or other contractual arrangement. A “section 871(m) transaction” is any securities lending or sale-repurchase transaction, specified NPC, or specified ELI.

Final regulations and administrative guidance provide that for a transaction issued on or after January 1, 2017 and before

January 1, 2023, any NPC or ELI that has a delta of one with respect to an underlying security when the NPC or ELI is issued is a specified NPC or specified ELI, respectively. For a transaction issued on or after January 1, 2023, (a) a “simple” NPC or “simple” ELI that has a delta of 0.8 or greater with respect to an underlying security when the NPC or ELI is issued is a specified NPC or specified ELI, respectively, and (b) a “complex” NPC or “complex” ELI that meets a substantial equivalence test with respect to an underlying security at the time of issuance is a specified NPC or specified ELI, respectively. The delta of a simple contract is determined, and the substantial equivalence test for a complex contract is performed, on the earlier of the date that the potential section 871(m) transaction is priced and the date when the potential section 871(m) transaction is issued; however, the issue date must be used if the potential section 871(m) transaction is priced more than 14 calendar days before it is issued. In addition, the delta or substantial equivalence of securities that are held in inventory prior to their sale to an investor may, in certain cases, be required to be retested at the time of sale or disposition from inventory. If securities sold from inventory are determined to be section 871(m) transactions and the same series of securities sold at issuance were determined not to be section 871(m) transactions, holders of securities sold at issuance may be adversely affected to the extent the Issuer or a withholding agent does not, or is unable to, identify and distinguish securities sold to investors at issuance from those sold out of inventory.

Certain events could cause previously issued securities to be deemed to be issued as new securities for purposes of the effective dates provided in the regulations. For example, it is possible that the IRS could assert that a reconstitution or rebalancing of the underlying is a significant modification of the securities due to an exercise of discretion with respect to such reconstitution or rebalancing and, therefore, a deemed issuance of the securities upon the occurrence of such event. It is also possible that U.S. withholding tax could apply to the securities under these rules if a holder enters, or has entered, into certain other transactions in respect of the underlying equity or the securities. A holder that enters, or has entered, into other transactions in respect of the underlying or the securities

should consult its own tax advisor regarding the application of Code section 871(m) to its securities in the context of its other transactions.

Withholding on payments will be based on actual dividends or, if otherwise notified by the Issuer in accordance with applicable regulations, on estimated dividends used in pricing the security. If a security provides for any payments in addition to estimated dividends to reflect dividend amounts on the underlying security, withholding will be based on the total payments. If an issue of securities is a section 871(m) transaction, information regarding the amount of each dividend equivalent, the delta of the potential 871(m) transaction, the amount of any tax withheld and deposited, the estimated dividend amount and any other information necessary to apply the regulations in respect of such securities will be provided, communicated, or made available to holders of the securities in a manner permitted by the applicable regulations.

Withholding tax may apply even where holders do not receive a concurrent payment on the securities in respect of dividends on the underlying. U.S. tax will be withheld on any portion of a payment or deemed payment (including, if appropriate, the payment of the purchase price) that is a dividend equivalent.

The Issuer’s determination as to whether a security is a transaction subject to withholding under section 871(m) generally is binding on holders. However, it is not binding on the IRS. The IRS may successfully argue that a security is subject to withholding under section 871(m), notwithstanding the Issuer’s determination to the contrary. These regulations are extremely complex. Holders should consult their tax advisors regarding the U.S. federal income tax consequences to them of these regulations and whether payments or deemed payments on the securities constitute dividend equivalent payments.

### **Foreign Investment in U.S. Real Property**

A holder may be subject to U.S. federal income tax on a disposition of a “U.S. real property interest” as defined in Treasury Regulations section 1.897-1(c) (a “USRPI”). Any gain on such disposition is treated as effectively connected with a U.S. trade or business of the non-U.S. holder and is

subject to tax and withholding on the amount realized on the disposition. A USRPI may consist of a direct interest in U.S. real property or an interest in a United States real property holding corporation (a "USRPHC") within the meaning of section 897 of the Code. However, an interest in a USRPHC that does not exceed generally 5% of the corporation's regularly traded stock is not a USRPI.

Thus, a holder who owns directly, indirectly or constructively, shares of any of the underlying that are considered to be a USRPI, or other interests having a return based on the appreciation in the value of, or in the gross or net proceeds or profits generated by, such underlying, may be subject to U.S. federal income tax on the sale or exchange of the securities if such holder owns more than generally 5% of the shares of such underlying when considering the shares or interests of such underlying that are directly, indirectly or constructively owned by such holder. Ownership of the securities may also impact the taxation of such other shares or interests.

We do not intend to determine whether the issuer of shares in any underlying is a USRPHC. It is possible that the issuer of shares in an underlying is a USRPHC, and that the securities constitute an ownership interest in or an option on a USRPI, with the consequences described above. It is also possible that the issuer of shares in such underlying is not a USRPHC.

Each holder, in connection with acquiring the securities, is deemed to represent that it does not own, and will not own, more than 5% of the shares of each of the underlying that is considered to be a USRPHC, either directly, indirectly or constructively. We and any withholding agent will rely on the accuracy of this representation. For purposes of this discussion, any interest other than solely as a creditor within the meaning of Treasury Regulations Section 1.897-1(d) shall be treated as ownership of shares of the underlying. Even if the Issuer does not withhold, there can be no assurances that an intermediary withholding agent will not withhold in respect of a security. Further, holders may have U.S. income tax liability that exceeds amounts withheld, if any.

Holders should consult their own tax advisors on the impact of other shares or interests in the underlying, the impact of ownership of the securities on such other shares or interests, and the consequences of making the representation in the preceding paragraph.

### **U.S. Federal Estate Tax Treatment**

A security may be subject to U.S. federal estate tax if an individual holds the security at the time of his or her death. The gross estate of a holder domiciled outside the United States includes only property situated in the United States. Holders should consult their tax advisors regarding the U.S. federal estate tax consequences of holding the securities at death.

### **Backup Withholding and Information Reporting**

A holder of the securities may be subject to backup withholding with respect to certain amounts paid to such holder unless it provides a correct taxpayer identification number, complies with certain certification procedures establishing that it is not a U.S. holder or establishes proof of another applicable exemption, and otherwise complies with applicable requirements of the backup withholding rules. Backup withholding is not an additional tax. A holder can claim a credit against its U.S. federal income tax liability for amounts withheld under the backup withholding rules, and amounts in excess of its liability are refundable if such holder provides the required information to the IRS in a timely fashion. A holder of the securities may also be subject to information reporting to the IRS with respect to certain amounts paid to such holder unless it (1) provides a properly executed IRS Form W-8 (or other qualifying documentation) or (2) otherwise establishes a basis for exemption. If such withholding applies, we will not be required to pay any additional amounts with respect to amounts withheld.

## PLACING AND SALE

### General

We have not taken, and will not take, any action that would permit a public offering of the structured products or possession or distribution of any offering material in relation to the structured products in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any structured products, or distribution of any offering material relating to the structured products may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and will not impose any obligation on us. In the event that we contemplate a placing, placing fees may be payable in connection with any issue and we may at our discretion allow discounts to placees.

### United States of America

The structured products have not been and will not be registered under the U.S. Securities Act of 1933 (the “**Securities Act**”), or the securities laws of any state or other jurisdiction of the United States. The structured products or interests therein may not be offered or sold or otherwise transferred, nor may transactions in such structured products be executed, at any time, within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)), except in compliance with Regulation S. In purchasing the structured products you hereby warrant that you are not a U.S. person as defined in Regulation S and that you are not purchasing for, or for the account or benefit of, any such person. You further agree to resell such structured products or interests therein only in accordance with the provisions of Regulation S, pursuant to registration under the Securities Act or another available exemption therefrom and agree not to engage in hedging transactions with respect to the structured products unless in compliance with the Securities Act. You acknowledge that any transfer of the structured products or interests therein by you other than in compliance with the preceding sentence is prohibited and will not be effected to the fullest extent permitted by law.

### European Economic Area

Each dealer represents and agrees, and each further dealer appointed in respect of the structured products will be required to represent and agree that, it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any structured products which are the subject of the offering as contemplated by this Base Listing Document to any retail investor in the European Economic Area. For the purposes of this provision:

- a) the expression “**retail investor**” means a person who is one (or more) of the following:
  - i. a retail client, as defined in point (11) of Article 4(1) of Directive 2014/65/EU on Markets in Financial Instruments (as amended, “**MiFID II**”); or
  - ii. a customer within the meaning of Directive (EU) 2016/97 (as amended, the Insurance Distribution Directive), where that customer would not qualify as a professional client, as defined in point (10) of Article 4(1) of MiFID II; or
  - iii. not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended and superseded, the Prospectus Regulation); and
- b) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the structured products to be offered so as to enable an investor to decide to purchase or subscribe for the structured products.

### United Kingdom

Each dealer has represented and agreed, and each further dealer appointed in respect of the structured products will be required to represent and agree that, it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any structured products which are the subject of

the offering as contemplated by this Base Listing Document to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression “**retail investor**” means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or

(ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

(iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and

(b) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the structured products to be offered so as to enable an investor to decide to purchase or subscribe for the structured products.

Each dealer has represented and agreed, and each further dealer appointed in respect of the structured products will be required to further represent and agree, that:

(a) in respect to structured products having a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any

structured products other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the structured products would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any structured products in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any structured products in, from or otherwise involving the United Kingdom.



## RISK FACTORS

*Not all of the risk factors described below will be applicable to a particular series of the structured products. Please consider all risks carefully prior to investing in any structured products and consult your professional independent financial adviser and legal, accounting, tax and other advisers with respect to any investment in the structured products. Please read the following section together with the risk factors set out in the relevant launch announcement and supplemental listing document.*

### **General risks relating to us**

#### *Non-collateralised structured products*

The structured products are not secured on any of our assets or any collateral. Each series of structured products constitutes our general unsecured contractual obligations and of no other person and will rank equally with our other unsecured contractual obligations. At any given time, the number of our structured products outstanding may be substantial.

#### *Repurchase of our structured products*

We may repurchase structured products at any time from time to time in the private market or otherwise at a negotiated price or the prevailing market price, at our discretion. You should not therefore make any assumption as to the number of structured products in issue at any time.

#### *Our creditworthiness*

If you purchase our structured products, you are relying upon our creditworthiness and have no rights under the structured products against:

- (a) any company which issues the underlying shares;
- (b) the fund which issues the underlying securities or its trustee (if applicable) or manager; or
- (c) the index compiler of the underlying index.

We do not guarantee the repayment of your investment in any structured products. If we become insolvent or default on our obligations under the structured products, you can only claim as our unsecured creditor regardless of the performance of the

underlying asset and you may not be able to recover all or even part of the amount due under the structured products (if any).

Any downgrading of our rating by our rating agencies could result in a reduction in the value of the structured products.

#### *Swiss resolution proceedings and resolution planning requirements*

Pursuant to Swiss banking laws, the Swiss bank resolution regime applies to a Swiss bank, such as us, and to a Swiss parent company of a financial group, such as Credit Suisse Group AG, amongst others. Under such resolution regime, FINMA is able to exercise its broad statutory powers thereunder with respect to such entities, including its powers to order protective measures, institute restructuring proceedings (and exercise any Swiss resolution powers in connection therewith), and institute liquidation proceedings, if there is justified concern that such entity is over-indebted, has serious liquidity problems or, after the expiry of a deadline, no longer fulfils capital adequacy requirements.

Protective measures may include (a) giving instructions to our governing bodies, (b) appointing an investigating agent, (c) stripping our governing bodies of their power to legally represent us or remove them from office, (d) removing our regulatory or company-law audit firm from office, (e) limiting our business activities, (f) forbidding us to make or accept payments or undertake security trades, (g) closing us down, or (h) except for mortgage-secured receivables of central mortgage bond institutions, ordering a moratorium or deferral of payments. We will have limited ability to challenge any such protective measures. Additionally, creditors, including holders of structured products, would have no right under Swiss law and in Swiss courts to reject, seek the suspension of, or to challenge the imposition of any such protective measures.

Resolution powers that may be exercised during restructuring proceedings with respect to us include the power to (a) transfer the assets, or portions thereof, together with debt and other liabilities, or portions thereof, and contracts, to another entity, (b) stay (for a maximum of two business days) the termination of, and the exercise of rights to terminate, netting rights, rights to enforce or dispose of certain types of collateral or rights to transfer claims, liabilities or certain collateral under, contracts to which the entity subject to such restructuring proceedings is a party, and/or (c) partially or fully convert into our equity and/or write-down our liabilities, including with respect to the structured products, if any. Creditors, including holders of the structured products, will have no right to reject, or to seek the suspension of, any restructuring plan pursuant to which such resolution powers are exercised with respect to us. Holders of structured products will have only limited rights to challenge any decision to exercise resolution powers with respect to us or to have that decision reviewed by a judicial or administrative process or otherwise.

We are currently subject to resolution planning requirements in Switzerland, the US and the UK and may face similar requirements in other jurisdictions. If a resolution plan is determined by the relevant authority to be inadequate, relevant regulations may allow the authority to place limitations on the scope or size of our business in that jurisdiction, require us to hold higher amounts of capital or liquidity, require us to divest assets or subsidiaries or to change our legal structure or business to remove the relevant impediments to resolution.

In any event, the exercise of any resolution power by the relevant resolution authority in respect of us could materially adversely affect the value of structured products, and you may not be able to recover all or even part of the amount due under the structured products.

For a description of current resolution regime under Swiss banking laws as it applies to us and to Credit Suisse Group AG, please refer to “Regulatory framework — Switzerland — Resolution Regime” under “Information on the Company — Regulation and Supervision” of the Credit Suisse Annual Report 2021.

#### *Financial Institutions (Resolution) Ordinance*

The Financial Institutions (Resolution) Ordinance (Cap. 628, the Laws of Hong Kong) (the “**FIRO**”) was enacted by the

Legislative Council of Hong Kong in June 2016. The FIRO (except Part 8, section 192 and Division 10 of Part 15 thereof) came into operation on 7 July 2017.

The FIRO provides a regime for the orderly resolution of financial institutions with a view to avoiding or mitigating the risks otherwise posed by their non-viability to the stability and effective working of the financial system of Hong Kong, including the continued performance of critical financial functions. The FIRO seeks to provide the relevant resolution authorities with a range of powers to bring about timely and orderly resolution in order to stabilise and secure continuity for a failing authorised institution in Hong Kong. In particular, it is envisaged that subject to certain safeguards, the relevant resolution authority would be provided with powers to affect contractual and property rights as well as payments (including in respect of any priority of payment) that creditors would receive in resolution, including but not limited to powers to write off, or convert into equity, all or a part of the liabilities of the failing financial institution.

As an authorised institution regulated by the Hong Kong Monetary Authority, we are subject to and bound by the FIRO. The exercise of any resolution power by the relevant resolution authority under the FIRO in respect of us may have a material adverse effect on the value of the structured products, and as a result, you may not be able to recover all or any amount due under the structured products.

#### *No deposit liability or debt obligation*

We are obliged to deliver to you the cash settlement amount or the entitlement (as the case may be) under the conditions applicable to the relevant structured products upon expiry or exercise. We do not intend (expressly, implicitly or otherwise) to create a deposit liability or a debt obligation of any kind by the issue of any structured product.

#### *We are not the ultimate holding company of the group*

We are not the ultimate holding company of the group to which we belong and with which our name is identified. The ultimate holding company of the group to which we belong is Credit Suisse Group AG.

#### *Conflicts of interest*

Credit Suisse Group AG constitutes a diversified financial services group with relationships in countries around the world.

We engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and investment and other activities for our own account or the account of others. In addition, Credit Suisse Group AG, in connection with our other business activities, may possess or acquire material information about any underlying assets. Such activities and information may involve or otherwise affect the issuers of the underlying assets in a manner that may cause consequences adverse to you or otherwise create conflicts of interests in connection with our issue of structured products. Such actions and conflicts may include, without limitation, the exercise of voting power, the purchase and sale of securities, financial advisory relationships and exercise of creditor rights. Credit Suisse Group AG has no obligation to disclose such information about the underlying assets, baskets of shares and/or indices or such activities. Credit Suisse Group AG and our respective officers and directors may engage in any such activities without regard to our issue of structured products or the effect that such activities may directly or indirectly have on any structured product. In the ordinary course of our business, including without limitation in connection with us or our appointed liquidity provider's market making activities, Credit Suisse Group AG may effect transactions for our own account or for the account of our customers and hold long or short positions in the underlying assets or related derivatives. In addition, in connection with the offering of any structured product, we or any member of Credit Suisse Group AG may enter into one or more hedging transactions with respect to the underlying assets or related derivatives. In connection with such hedging or market making activities or with respect to proprietary or other trading activities by us or any member of Credit Suisse Group AG, we may enter into transactions in the underlying assets or related derivatives which may affect the market price, liquidity or value of the structured products and which may affect your interests in the structured products.

In particular, you should note that we issue a large number of financial instruments, including the structured products, on a global basis. The number of such financial instruments outstanding at any time may be substantial. We have substantially no obligation to any holder of the structured products other than to pay amounts in accordance with the applicable conditions

and in the relevant launch announcement and supplemental listing document. We do not in any respect underwrite or guarantee the performance of any structured product. Any profit or loss realised by you in respect of a structured product upon exercise or otherwise due to changes in the value of such structured product, or the price or level of the underlying asset, is solely for your own account. In addition, we have the absolute discretion to put in place any hedging transaction or arrangement which we consider appropriate in connection with any structured products or the applicable underlying asset. A reduction in our rating, if any, accorded to our outstanding debt securities by any one of our rating agencies could result in a reduction in the trading value of the structured products.

#### *Other risks relating to us*

Please refer to the section "Risk factors" in the Credit Suisse Annual Report 2021, an extract of which is reproduced in Appendix 4 to this Base Listing Document for a description of additional risks relating to us.

#### **General risks relating to structured products**

##### *You may lose all your investment in the structured product*

Structured products involve a high degree of risk, and are subject to a number of risks which may include interest, foreign exchange, time value, market, and/or political risks. Structured products may expire worthless.

Options warrants and asset linked instruments are priced primarily on the basis of the price or level of the underlying asset, the volatility of the underlying asset's price or level and the time remaining to expiry of the structured product.

The prices of structured products may fall in value as rapidly as they may rise and you should be prepared to sustain a significant or a total loss of your investment in the structured products. Assuming all other factors are held constant, the more the price or level of the underlying asset of a structured product moves in a direction against you and the shorter its remaining term to expiration, the greater the risk that you will lose all or a significant part of your investment.

Our structured products are European style and they are only exercisable on their respective expiry dates and may not be exercised by you prior to the relevant expiry date. Accordingly, if on such expiry date the cash settlement amount (net of exercise expenses) is zero or negative, you will lose the value of your investment.

The risk of losing all or any part of the purchase price of a structured product means that, in order to recover and realise a return upon your investment in the structured products, you must generally be correct about the direction, timing and magnitude of an anticipated change in the price or level of the underlying asset.

Changes in the price or level of an underlying asset can be unpredictable, sudden and large and such changes may result in the price or level of the underlying asset moving in a direction which will negatively impact upon the return on your investment. You therefore risk losing your entire investment if the price or level of the relevant underlying asset does not move in the anticipated direction.

*The value of the structured products may be disproportionate or opposite to movement in price or level of the underlying assets*

An investment in structured products is not the same as owning the underlying asset or having a direct investment in the underlying asset. The market values of structured products are linked to the relevant underlying assets and will be influenced (positively or negatively) by it or them but any change may not be comparable and may be disproportionate. For example, for a call warrant, it is possible that while the price or level of the underlying assets is increasing, the value of the structured product is falling.

You should recognise the risks of utilising structured products if you intend to purchase any series of structured products to hedge against the market risk associated with investing in the relevant underlying asset. The value of the structured products may not exactly correlate with the price or level of the underlying asset. Due to fluctuations in supply and demand for structured products, there is no assurance that their value will correlate with movements in the price or level of the underlying asset. The structured

products may not be a perfect hedge to the underlying asset or portfolio of which the underlying asset forms a part.

Furthermore, it may not be possible to liquidate the structured products at a price or level which directly reflects the price or level of the underlying asset or portfolio of which the underlying asset forms a part. You may therefore suffer substantial losses in the structured products notwithstanding any losses suffered with respect to investments in or exposures to any underlying assets.

*Possible illiquidity of secondary market*

It is not possible to predict:

- (a) if and to what extent a secondary market may develop in any series of structured products;
- (b) at what price such series of structured products will trade in the secondary market; and
- (c) whether such market will be liquid or illiquid.

The fact that the structured products are listed does not necessarily lead to greater liquidity than if they were not listed.

We intend to apply to list each series of structured products on the stock exchange. There can be no assurance that the listing of a series of structured products at the stock exchange can be maintained.

If any series of structured products are not listed or traded on any exchange, pricing information for such series of structured products may be difficult to obtain and the liquidity of that series of structured products may be adversely affected.

The liquidity of any series of structured products may also be affected by restrictions on offers and sales of the structured products in some jurisdictions. Transactions in off-exchange structured products may be subject to greater risks than dealing in exchange-traded structured products. To the extent that any structured products of a series is exercised or closed out, the number of structured products outstanding in that series will decrease, which may result in a lessening of the liquidity of structured products. A lessening of the liquidity of the

affected series of structured products may cause, in turn, an increase in the volatility associated with the price of such structured products.

We, acting through our liquidity provider, may be the only market participant for the structured products. Therefore, the secondary market for the structured products may be limited. We and our liquidity provider may at any time purchase the structured products at any price in the open market or by tender or private agreement, subject to the requirements under the listing rules relating to the provision of liquidity, as described further in the relevant launch announcement and supplemental listing document. The more limited the secondary market is for any particular series of the structured products, the more difficult for you to realise the value of your structured products prior to the expiration date.

#### *Interest rates*

Investments in the structured products may involve interest rate risk with respect to the currency of denomination of the underlying assets and/or the structured products. A variety of factors influence interest rates such as macro economic, governmental, speculative and market sentiment factors. Such fluctuations may have an impact on the value of the structured products at any time prior to valuation of the underlying assets relating to the structured products.

#### *Exchange rate risk*

There may be an exchange rate risk in the case of structured products where the cash settlement amount will be converted from a foreign currency into Hong Kong dollars. Exchange rates between currencies are determined by forces of supply and demand in the foreign exchange markets. These forces are, in turn, affected by factors such as international balances of payments and other economic and financial conditions, government intervention in currency markets and currency trading speculation.

Fluctuations in foreign exchange rates, foreign political and economic developments and the imposition of exchange controls or other foreign governmental laws or restrictions applicable to such investments may affect the foreign currency market price and the exchange rate-adjusted equivalent price of the structured products. Fluctuations

in the exchange rates of any one currency may be offset by fluctuations in the exchange rate of other relevant currencies. There can be no assurance that rates of exchange between any relevant currencies which are current at the date of issue of any structured products will be representative of the rates of exchange used in computing the value of the relevant structured products at any time thereafter.

Where structured products are described as being “quantoed”, the value of the underlying assets will be converted from one currency (the **original currency**) into a new currency (the **new currency**) on the date and in the manner specified in, or implied by, the applicable conditions using a fixed exchange rate. The cost to us of maintaining such a fixing between the original currency and the new currency will have an implication on the value of the structured products, which will vary during the term of the structured products. No assurance can be given as to whether or not, taking into account relative exchange rates and interest rate fluctuations between the original currency and the new currency, a quanto feature in a structured product would at any time enhance the return on the structured product over a level of a similar structured product issued without such a quanto feature.

#### *Taxes*

You may be required to pay stamp duty or other taxes or other documentary charges. If you are in doubt as to your tax position, you should consult your own independent tax advisers. In addition, you should be aware that tax regulations and their application by the relevant taxation authorities change from time to time.

Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time. See the section headed “Taxation” for further information.

#### *Modification to the conditions*

Under the conditions, we may without your consent, effect any modification of terms and conditions of the structured products or the global certificate which, in our opinion, is:

- (a) not materially prejudicial to the interests of the holder of the structured products generally (without considering the circumstances of any individual holder or the tax or other consequences of such modification in any particular jurisdiction);
- (b) of a formal, minor or technical nature;
- (c) made to correct a manifest error; or
- (d) is necessary in order to comply with any mandatory provisions of the laws or regulations of Hong Kong.

*Possible early termination for illegality or impracticability*

If we determine in good faith and in a commercially reasonable manner that, for reasons beyond our control, it has become or it will become illegal or impracticable for us to perform our obligations under the structured products in whole or in part as a result of our compliance with any applicable law, we may terminate the structured products. In such event, we will, if and to the extent permitted by applicable law, pay an amount calculated by us in good faith and in a commercially reasonable manner to be the fair market value of the structured products prior to such termination notwithstanding the illegality or impracticability less our cost of unwinding any related hedging arrangements. Such amount may be substantially less than your initial investment and may be zero.

**Risks relating to the underlying asset**

*You have no right to the underlying asset*

Unless specifically indicated in the conditions, you will not be entitled to:

- (a) voting rights or rights to receive dividends or other distributions or any other rights that a holder of the shares or units would normally be entitled to; or
- (b) voting rights or rights to receive dividends or other distributions or any other rights with respect to any company constituting any underlying index.

*Valuation risk*

An investment in the structured products involve valuation risk in relation to the relevant underlying asset. The price or level

of the underlying asset may vary over time and may increase or decrease by reference to a variety of factors which may include corporate actions (where the underlying asset is a share), changes in computation or composition (where the underlying asset is an index), macro economic factors and market trends.

You must be experienced with dealing in these types of structured products and must understand the risks associated with dealing in such products. You should reach an investment decision only after careful consideration, with your advisers, of the suitability of any structured product in light of your particular financial circumstances, the information regarding the relevant structured product and the particular underlying asset to which the value of the relevant structured product relates.

*Adjustment related risk*

Certain events relating to the underlying asset require or, as the case may be, permit us to make certain adjustments or amendments to the conditions. You have limited anti-dilution protection under the conditions. We may, in our sole discretion adjust, among other things, the entitlement, the exercise price, the call price (if applicable) or any other terms (including without limitation the average price or the closing level of the underlying asset) of any series of structured product. However, we are not required to adjust for every event that may affect an underlying asset, such as changes in computation or composition (where the underlying asset is an index), macro economic factors or market trends that affect the underlying asset, in which case the market price of the structured products, and the return upon the expiry of the structured products may be affected.

For structured products linked to an index, the index level may be published by the index compiler at a time when one or more components comprising the index are not trading. If this occurs on a valuation date and there is no market disruption event called under the conditions, then the closing level of the index may be calculated by the index compiler by reference to the remaining components. In addition, certain events relating to the index (including a material change in the formula or the method of calculating the index or a failure to publish the index) permit us to determine the level of

the index on the basis of the formula or method last in effect prior to such change in formula or method.

#### *Suspension of trading*

If the underlying assets are suspended from trading or dealing for whatever reason on the market on which they are listed or dealt in (including the stock exchange), trading in the relevant series of structured products will be suspended for a similar period. In addition, if an underlying asset is an index and the calculation and/or publication of the index level by the index compiler is suspended for whatever reasons, trading in the relevant series of structured products may be suspended for a similar period. The value of the structured products will decrease over time as the length of the period remaining to expiration becomes shorter. You should note that in the case of a prolonged suspension period, the market price of the structured products will be subject to a significant impact of time decay of such prolonged suspension period and may fluctuate significantly upon resumption of trading after the suspension period of the structured products. This may adversely affect your investment in the structured products.

#### *Delay in settlement*

Unless otherwise specified in the relevant conditions, there may be a time lag between the date on which the structured products expire, and the time the applicable settlement amount relating to such event is determined. Any such delay between the time of expiry and the determination of the settlement amount will be specified in the relevant conditions.

However, such delay could be significantly longer, particularly in the case of a delay in the expiry of such structured products arising from our determination that a market disruption event, settlement disruption event or delisting of a company has occurred at any relevant time or that adjustments are required in accordance with the conditions.

The relevant settlement amount may change significantly during any such period, and such movement or movements could decrease or modify the settlement amount.

You should note that in the event of there being a settlement disruption event or a market disruption event, payment of the cash settlement amount may be delayed as more fully described in the conditions.

## **Risks relating to structured products over funds**

### *General risks*

In the case of structured products which relate to the units or shares of a fund:

- (a) neither we nor any of our affiliates have the ability to control or predict the actions of the trustee (if applicable) or the manager of the relevant fund. Neither the trustee (if applicable) nor the manager of the relevant fund (i) is involved in the offer of any structured product in any way, or (ii) has any obligation to consider the interest of the holders of any structured product in taking any corporate action that might affect the value of any structured product; and
- (b) we have no role in the relevant fund. The trustee (if applicable) or manager of the relevant fund is responsible for making strategic, investment and other trading decisions with respect to the management of the relevant fund consistent with its investment objectives and in compliance with the investment restrictions as set out in the constitutive documents of the relevant fund. The manner in which the relevant fund is managed and the timing of actions may have a significant impact on the performance of the relevant fund. Hence, the market price of the relevant units or shares is also subject to these risks.

### *Exchange traded funds*

In the case of structured products linked to units or shares of an exchange traded fund (**ETF**), you should note that:

- (a) an ETF is exposed to the economic, political, currency, legal and other risks of a specific sector or market related to the underlying asset pool or index or market that the ETF is designed to track;
- (b) there may be disparity between the performance of the ETF and the performance of the underlying asset pool or index or market that the ETF is designed to track as a result of, for example, failure of the tracking strategy, currency differences, fees and expenses; and

- (c) where the underlying asset pool or index or market that the ETF tracks is subject to restricted access, the efficiency in the creation or redemption of units or shares to keep the price of the ETF in line with its net asset value may be disrupted, causing the ETF to trade at a higher premium or discount to its net asset value. Hence, the market price of the structured products will also be indirectly subject to these risks.

#### *Synthetic exchange traded funds*

Additionally, where the underlying asset comprises the units or shares of an ETF adopting a synthetic replication investment strategy to achieve its investment objectives by investing in financial derivative instruments linked to the performance of an underlying asset pool or index that the ETF is designed to track (**Synthetic ETF**), you should note that:

- (a) investments in financial derivative instruments will expose the Synthetic ETF to the credit, potential contagion and concentration risks of the counterparties who issued such financial derivative instruments. As such counterparties are predominantly international financial institutions, the failure of one such counterparty may have a negative effect on other counterparties of the Synthetic ETF. Even if the Synthetic ETF has collateral to reduce the counterparty risk, there may still be a risk that the market value of the collateral has fallen substantially when the Synthetic ETF seeks to realise the collateral; and
- (b) the Synthetic ETF may be exposed to higher liquidity risk if the Synthetic ETF invests in financial derivative instruments which do not have an active secondary market.

The above risks may have a significant impact on the performance of the relevant ETF or Synthetic ETF and hence the market price of structured products linked to such ETF or Synthetic ETF.

#### *ETF investing through the QFI regimes and/or China Connect*

Where the underlying asset comprises the units or shares of an ETF ("China ETF") issued and traded outside Mainland China with direct investment in the Mainland China's securities markets through the Qualified Foreign Institutional Investor

regime and RMB Qualified Foreign Institutional Investor regime (collectively, "**QFI regimes**") and/or the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (collectively, **China Connect**), you should note that, amongst others:

- (a) the novelty and untested nature of China Connect make China ETFs riskier than traditional ETFs investing directly in more developed markets. The policy and rules for the QFI regimes and China Connect prescribed by the Mainland China government are new and subject to change, and there may be uncertainty to their implementation. The uncertainty and change of the laws and regulations in Mainland China may adversely impact on the performance of China ETFs and the trading price of the relevant units or shares;
- (b) a China ETF primarily invests in securities traded in the Mainland China's securities markets and is subject to concentration risk. Investment in the Mainland China's securities markets (which are inherently stock markets with restricted access) involves certain risks and special considerations as compared with investment in more developed economies or markets, such as greater political, tax, economic, foreign exchange, liquidity and regulatory risks. The operation of a China ETF may also be affected by interventions by the applicable government(s) and regulators in the financial markets;
- (c) trading of securities invested by a China ETF under China Connect will be subject to a daily quota which is utilised on a first-come-first-serve basis under the China Connect. In the event that the daily quota under China Connect is reached, the manager may need to suspend creation of further units or shares of such China ETF, and therefore may affect liquidity in unit or share trading of such China ETF. In such event, the trading price of a unit or share of such China ETF is likely to be at a significant premium to its net asset value, and may be highly volatile. The People's Bank of China and the State Administration of Foreign Exchange have jointly published the detailed implementation rules removing the investment quota under the QFI regimes with effect from 6 June 2020; and



(d) there are risks and uncertainties associated with the current mainland Chinese tax laws applicable to a China ETF investing in the mainland China through the QFI regimes and/or China Connect. Although such China ETF may have made a tax provision in respect of potential tax liability, the provision may be excessive or inadequate. Any shortfall between the provisions and actual tax liabilities may be covered by the assets of such China ETF and may therefore adversely affect the net asset value of such China ETF and the market value and/or potential payout of the structured products.

The above risks may have a significant impact on the performance of the China ETF and hence the market price of structured products linked to such China ETF.

Please read the offering documents of the China ETF to understand its key features and risks.

#### *ETF traded through dual counters model*

Where the underlying asset comprises the units or shares of an ETF which adopts the dual counters model for trading its units or shares on the stock exchange in Hong Kong dollars (**HKD**) and another foreign currency (such as Renminbi or United States Dollars) ("**Foreign Currency**") separately, the novelty and relatively untested nature of the stock exchange's dual counters model may bring the following additional risks:

- (a) the structured products may be linked to the HKD-traded units or shares or the Foreign Currency traded units or shares. If the underlying asset is the HKD-traded units or shares, movements in the trading prices of the Foreign Currency traded units or shares should not directly affect the price of the structured products. Similarly, if the underlying asset is the Foreign Currency traded units or shares, movements in the trading prices of the HKD-traded units or shares should not directly affect the price of the structured products;
- (b) if there is a suspension of inter-counter transfer of such units or shares between the HKD counter and the Foreign Currency counter for any reason, such units or shares will only be able to be traded in the relevant currency counter on the stock exchange, which may affect

the demand and supply of such units or shares and have an adverse effect on the price of the structured products; and

- (c) the trading prices on the stock exchange of the HKD-traded units or shares and Foreign Currency traded units or shares may deviate significantly due to different factors, such as market liquidity, foreign exchange conversion risk, supply and demand in each counter and the exchange rate between HKD and the Foreign Currency. Changes in the trading price of the underlying asset in HKD or the Foreign Currency (as the case may be) may adversely affect the price of the structured products.

#### *Real estate investment trust (REIT)*

Where the underlying asset comprises the units or shares of a REIT, you should note that the investment objective of a REIT is to invest in a real estate portfolio. Each REIT is exposed to risks relating to investments in real estate, including but not limited to (a) adverse changes in political or economic conditions; (b) changes in interest rates and the availability of debt or equity financing, which may result in an inability by the REIT to maintain or improve the real estate portfolio and finance future acquisitions; (c) changes in environmental, zoning and other governmental rules; (d) changes in market rents; (e) any required repair and maintenance of the portfolio properties; (f) breach of any property laws or regulations; (g) the relative illiquidity of real estate investment; (h) real estate taxes; (i) any hidden interests in the portfolio properties; (j) any increase in insurance premiums and (k) any uninsurable losses.

There may also be disparity between the market price of the units or shares of a REIT and the net asset value per unit or share. This is because the market price of the units or shares of a REIT also depends on many factors, including but not limited to (a) the market value and perceived prospects of the real estate portfolio; (b) changes in economic or market conditions; (c) changes in market valuations of similar companies; (d) changes in interest rates; (e) the perceived attractiveness of the units or shares of the REIT against those of other equity securities; (f) the future size and liquidity of the market for the units or shares and the REIT market generally; (g) any future changes to the regulatory system, including the tax system

and (h) the ability of the REIT to implement its investment and growth strategies and to retain its key personnel.

The above risks may have a significant impact on the performance of the relevant REIT and hence the market price of structured products linked to such REIT.

#### *Commodity market risk*

Where the underlying asset comprises the units or shares of an ETF whose value relates directly to the value of a commodity, you should note that fluctuations in the price of the commodity could materially adversely affect the value of the underlying units or shares. Commodity market is generally subject to greater risks than other markets. The price of a commodity is highly volatile. Price movement of a commodity is influenced by, among other things, interest rates, changing market supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, and international political and economic events and policies.

#### **Risks relating to our warrants**

##### *Time decay*

The settlement amount of a series of warrants at any time prior to expiration may be less than the trading price of such warrants at that time. The difference between the trading price or level and the settlement amount will reflect, among other things, a “time value” of the warrants. The “time value” of the warrants will depend upon, among others, the length of the period remaining to expiration and expectations concerning the range of possible future price or level of the underlying assets. The value of the warrants is likely to decrease over time.

Therefore, the warrants should not be viewed as products for long term investments.

#### **Risks relating to our CBBCs**

*You may lose all or substantially all of your investment upon the occurrence of a mandatory call event*

CBBCs are not suitable for all types of investors. You should not invest in the CBBCs unless you understand the nature of the CBBCs and are prepared to lose all or substantially all of your investment in the CBBCs. The CBBCs will be terminated upon

the occurrence of a mandatory call event and you will not be able to benefit from your investment in the CBBCs even if the performance of the underlying asset recovers subsequent to the occurrence of the mandatory call event. When a mandatory call event occurs, payoff for a category N CBBC will be zero and for a category R CBBC, you may lose all of your investment or receive a small amount of residual value payment. Please refer to the section headed “Overview of CBBCs” for more information.

#### *Correlation between the price of a CBBC and the price or level of the underlying asset*

When the underlying asset of a CBBC is trading at a price or level close to its call price or call level, the price of that CBBC tends to be more volatile and any change in the value of that CBBC at such time may be incomparable and disproportionate with the change in the price or level of the underlying asset.

#### *Mandatory call event is irrevocable*

A mandatory call event is irrevocable unless it is triggered as a result of any of the following events:

- (a) system malfunction or other technical errors of the stock exchange (such as the setting up of wrong call price or call level and other parameters) and such event is reported by the stock exchange to us and we and the stock exchange mutually agree that such mandatory call event is to be revoked; or
- (b) manifest errors caused by the relevant third party price source where applicable (such as miscalculation of the index level by the index compiler) and such event is reported by us to the stock exchange and we and the stock exchange mutually agree that such mandatory call event is to be revoked,

in each case, such mutual agreement must be reached no later than the time specified in the relevant launch announcement and supplemental listing document or such other time as prescribed by the stock exchange from time to time. Upon revocation of the mandatory call event, trading of the CBBCs will resume and any trade cancelled after such mandatory call event will be reinstated.

*Delay in announcements of a mandatory call event*

The stock exchange will notify the market as soon as practicable after the CBBC has been called upon the occurrence of a mandatory call event. You must however be aware that there may be delay in the announcement of a mandatory call event due to technical errors or system failures and other factors that are beyond our control or the control of the stock exchange.

*Non-recognition of post MCE trades*

The stock exchange and its recognised exchange controller, HKEX, shall not incur any liability (whether based on contract, tort (including, without limitation, negligence), or any other legal or equitable grounds and, without regard to the circumstances giving rise to any purported claim (except in the case of wilful misconduct on the part of the stock exchange and/or HKEX)) for any direct, consequential, special, indirect, economic, punitive, exemplary or any other loss or damage suffered or incurred by us or any other party arising from or in connection with the mandatory call event or the suspension of trading (**trading suspension**) or the non-recognition of trades after a mandatory call event (**non-recognition of post MCE trades**), including, without limitation, any delay, failure, mistake or error in the trading suspension or non-recognition of post MCE trades.

We and our affiliates shall not have any responsibility towards you for any losses suffered as a result of the trading suspension and/or non-recognition of post MCE trades in connection with the occurrence of a mandatory call event, the resumption of trading of the CBBCs or reinstatement of any post MCE trades cancelled as a result of the reversal of any mandatory call event, notwithstanding that such trading suspension and/or non-recognition of post MCE trades occur as a result of an error in the observation of the event.

*Residual value will not include residual funding cost*

In respect of category R CBBCs, the residual value (if any) payable by us following the occurrence of a mandatory call event will not include the residual funding cost for the CBBCs. You will not receive any residual funding cost back from us upon early termination of a category R CBBC following the occurrence of a mandatory call event.

*Our hedging activities may adversely affect the price or level of the underlying asset*

We and/or any of our affiliates may carry out activities that minimise our risks related to the CBBCs, including effecting transactions for our own account or for the account of our customers and hold long or short positions in the underlying asset (whether for risk reduction purposes or otherwise). In addition, in connection with the offering of any CBBCs, we and/or any of our affiliates may enter into one or more hedging transactions with respect to the underlying asset. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by us and/or any of our affiliates, we and/or any of our affiliates may enter into transactions in the underlying asset which may affect the market price, liquidity or price or level of the underlying asset and/or the value of CBBCs and which could be deemed to be adverse to your interests. We and/or any of our affiliates are likely to modify our hedging positions throughout the life of the CBBCs whether by effecting transactions in the underlying asset or in derivatives linked to the underlying asset. Further, it is possible that the advisory services which we or any of our affiliates provide in the ordinary course of our business could lead to an adverse impact on the value of the underlying asset.

*Unwinding of hedging arrangements*

Our or our affiliates' trading and/or hedging activities related to CBBCs and/or other financial instruments issued by us from time to time may have an impact on the price or level of the underlying asset and may trigger a mandatory call event. In particular, when the underlying asset is trading close to the call price or the call level, our unwinding

activities may cause a fall or rise (as the case may be) in the trading price or level of the underlying asset, leading to a mandatory call event as a result of such unwinding activities.

In respect of category N CBBCs, we or our affiliates may unwind any hedging transactions entered into by us in relation to the CBBCs at any time even if such unwinding activities may trigger a mandatory call event.

In respect of category R CBBCs, before the occurrence of a mandatory call event, we or our affiliates may unwind our hedging transactions relating to the CBBCs in proportion to the amount of the CBBCs we repurchase from time to time. Upon the occurrence of a mandatory call event, we or our affiliates may unwind any hedging transactions in relation to the CBBCs. Such unwinding activities after the occurrence of a mandatory call event may affect the trading price or level of the underlying asset and consequently the residual value for the CBBCs.

#### *Possible early termination for hedging disruption*

If we determine that a hedging disruption event has occurred, we may at our absolute discretion terminate the CBBCs. In such event, we will, if and to the extent permitted by applicable law, pay an amount calculated by us to be the fair market value of the CBBCs prior to such termination less our cost of unwinding any related hedging arrangements.

#### **Risks relating to the legal form of the structured products**

Each series of structured products will be issued in global registered form and represented by a global certificate registered in the name of HKSCC Nominees Limited (or such other nominee company as may be used by HKSCC from time to time in relation to the provision of nominee services to persons admitted for the time being by HKSCC as a CCASS participant).

The register for the relevant structured products will only record at all times that 100% of such structured products are held by HKSCC Nominees Limited, being the only legal owner. The evidence of your title, as

well as the efficiency of ultimate delivery of the cash settlement amount (if any) under the structured products, will be subject to the CCASS Rules.

You should be aware of the following risks:

- (a) you will not receive any definitive certificates representing your beneficial interests in the structured products;
- (b) you may only refer to the records of CCASS or their brokers/custodians and the statements you receive to determine your beneficial interest in the structured products;
- (c) any notices, announcements and/or information relating to meetings in respect of the structured products will only be delivered to you through the CCASS participants in accordance with the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time; and
- (d) our obligations under the conditions of the structured products will be duly performed by the payment of the cash settlement amount to HKSCC Nominees Limited as the registered holder of the structured products, all in accordance with the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time.

#### **Fee arrangements with brokers and conflicts of interest of brokers**

We may enter into fee arrangements with brokers and/or any of their affiliates with respect to the placement of the structured products in the primary market. You should note that any brokers with whom we have a fee arrangement does not, and cannot be expected to, deal exclusively in the structured products, therefore any broker and/or its subsidiaries or affiliates may from time to time engage in transactions involving the underlying assets and/or the structured products of other issuers over the same underlying assets to which the particular series of structured products may relate, or other underlying assets as the case may be, for their proprietary accounts and/or for the accounts of their clients. The fact that the same broker may deal simultaneously for different clients in competing products in the market place may affect the value of the structured products and present certain conflicts of interests.

**Effect of the combination of risk factors unpredictable**

Two or more risk factors may simultaneously have an effect on the value of a series of structured products such that the effect of any individual risk factor may not be predictable. No assurance can be given as to the effect any combination of risk factors may have on the value of a series of structured products.

## GENERAL INFORMATION ABOUT US

### Incorporation, registered office and objective

We were established on 5 July 1856 and registered in the Commercial Register of the Canton of Zurich on 27 April 1883 for an unlimited duration under the name of Schweizerische Kreditanstalt. Our name was changed to Credit Suisse First Boston on 11 December 1996 (by entry in the Commercial Register), effective as of 1 January 1997. On 13 May 2005 the Swiss banks Credit Suisse First Boston and Credit Suisse merged. Credit Suisse First Boston was the surviving legal entity, and its name was changed to Credit Suisse by entry into the commercial register. Our name was further changed to Credit Suisse AG, effective as of 9 November 2009. We are a joint stock corporation established under Swiss law. As of 31 December 2021, our share capital amounted to CHF 4,399,680,200, which was divided into 4,399,680,200 fully paid-up registered shares with a par value of CHF 1 each.

### Members of our board of directors as of 31 March 2022\*

<b>Name</b>	<b>Office held</b>
Axel Lehmann	Chairman
Iris Bohnet	Director
Clare Brady	Director
Juan Colombas	Director
Christian Gellerstad	Chairman, Conduct and Financial Crime Control Committee
Michael Klein	Director
Shan Li	Director
Seraina Macia	Director
Blythe Masters	Director
Richard Meddings	Chairman, Audit Committee
Kai S. Nargolwala	Chairman, Compensation Committee
Ana Paula Pessoa	Director
Severin Schwan	Vice-Chair and Lead Independent Director

\* *The composition of the boards of directors of Credit Suisse Group AG and Credit Suisse AG is identical.*

## **ERISA matters**

We and certain of our affiliates may each be considered a “party in interest” within the meaning of the Employee Retirement Income Security Act of 1974, as amended (**ERISA**), or a “disqualified person” within the meaning of the United States Internal Revenue Code of 1986, as amended (the **code**) with respect to many employee benefit plans and individual retirement accounts, Keoghs and other plans subject to section 4975 of the code.

Certain transactions between an employee benefit plan and a party in interest or disqualified person may result in “prohibited transactions” within the meaning of ERISA and the code. Accordingly, structured products may not be purchased or held with the assets of (a) an “employee benefit plan” as defined in section 3(3) of ERISA, (b) a “plan” as defined in section 4975 of the code, or (c) an entity whose underlying assets include “plan assets” under US Department of Labor Regulation 29 CFR section 2510.3-101.

## **Credit Suisse Group AG and Credit Suisse AG**

The United States Securities and Exchange Commission (“**SEC**”) filings of Credit Suisse Group AG (the “**Group**”) and Credit Suisse AG (“**CS**”), which may contain their annual and current reports, including interim financial information, or other relevant information, are filed with the SEC from time to time. The SEC filings of the Group and CS are available on the SEC’s website at [www.sec.gov](http://www.sec.gov) and on the Group’s website at <https://www.credit-suisse.com/about-us/en/investor-relations/financial-regulatory-disclosures/sec-filings.html>.

## APPENDIX 1 — GENERAL CONDITIONS OF THE STRUCTURED PRODUCTS

*These General Conditions relate to each series of Structured Products and must be read in conjunction with, and are subject to, the relevant Product Conditions set out in Appendix 2 and Appendix 3 to this Base Listing Document and the relevant Launch Announcement and Supplemental Listing Document in relation to the particular series of Structured Products. These General Conditions, the relevant Product Conditions and the supplemental provisions contained in the relevant Launch Announcement and Supplemental Listing Document together constitute the Conditions of the relevant Structured Products, and will be endorsed on the Global Certificate representing the relevant Structured Products. The relevant Launch Announcement and Supplemental Listing Document in relation to the issue of any series of Structured Products may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with these General Conditions and the relevant Product Conditions, replace or modify these General Conditions and the relevant Product Conditions for the purpose of such series of Structured Products.*

### 1. Definitions

**“Applicable Law”** means any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power;

**“Base Listing Document”** means the base listing document relating to Structured Products dated 1 April 2022 and issued by the Issuer (including any addenda to such base listing document issued by the Issuer from time to time);

**“Board Lot”** has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

**“Cash Settlement Amount”** has the meaning given to it in the relevant Product Conditions;

**“CCASS”** means the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;

**“CCASS Rules”** means the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time;

**“CCASS Settlement Date”** has the meaning ascribed to the term “Settlement Date” in the CCASS Rules, subject to such modification and amendment presented by Hong Kong Securities Clearing Company Limited from time to time;

**“Conditions”** means, in respect of a particular series of Structured Products, these General Conditions and the applicable Product Conditions;

**“CS Hong Kong”** means Credit Suisse (Hong Kong) Limited, which expression shall include any successors to Credit Suisse (Hong Kong) Limited for the purposes of maintaining the Register;

**“Global Certificate”** means, in respect of the relevant Structured Products, a global certificate by way of deed poll dated the Issue Date executed by the Issuer;

**“HKEX”** means Hong Kong Exchanges and Clearing Limited;

**“Holder”** means, in respect of each series of Structured Products, each person who is for the time being shown in the Register as entitled to a particular number of Structured Products and such person shall be treated by the Issuer and CS Hong Kong as the absolute owner and holder of such number of Structured Products;



**“Hong Kong”** means the Hong Kong Special Administrative Region of the People’s Republic of China;

**“Issue Date”** means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Issuer”** means Credit Suisse AG;

**“Launch Announcement and Supplemental Listing Document”** means the launch announcement and supplemental listing document relating to a particular series of Structured Products;

**“Product Conditions”** means, in respect of each series of Structured Product, the product specific terms and conditions that apply to that Structured Product;

**“Register”** means the register in respect of the Structured Products maintained by the Registrar under General Condition 3;

**“Register Maintenance Agreement”** means:

- (a) in respect of Warrants and CBBCs, the base register maintenance and structured product agency agreement (as amended, varied or supplemented from time to time or any successor document) dated 23 April 2003 as supplemented by a Confirmation (as defined in such Register Maintenance Agreement) relating to the Structured Products made between, inter alia, the Issuer and CS Hong Kong; or
- (b) in respect of other structured products, the agreement specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Registrar”** means CS Hong Kong or such other party as specified in the relevant Launch Announcement and Supplemental Listing Document;

**“Stock Exchange”** means The Stock Exchange of Hong Kong Limited;

**“Structured Products”** means standard warrants (**“Warrants”**), callable bull/bear contracts (**“CBBCs”**) and other structured products to be issued by the Issuer from time to time. References to **“Structured Products”** are to be construed as references to a particular series of Structured Products and, unless the context otherwise requires, include any further Structured Products issued pursuant to General Condition 9; and

**“Transfer Office”** means the specified office of CS Hong Kong or such other office as specified in the relevant Launch Announcement and Supplemental Listing Document.

## **2. Form, Status and Transfer**

### **2.1 Form**

The Structured Products are issued in registered form subject to and with the benefit of the Global Certificate and the relevant Register Maintenance Agreement. Copies of the Global Certificate and the relevant Register Maintenance Agreement are available for inspection at the Transfer Office.

The Holders are entitled to the benefit of, are bound by and are deemed to have notice of, all the provisions of the Global Certificate and the relevant Register Maintenance Agreement.

## 2.2 **Status**

The Structured Products represent general, unsecured, contractual obligations of the Issuer and of no other person and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations of the Issuer.

## 2.3 **Transfer**

Transfers of beneficial interests in the Structured Products may be effected only in Board Lots or integral multiples thereof in CCASS in accordance with the CCASS Rules.

# 3. **Register and Transfer Office**

## 3.1 **Maintenance of Register**

- (a) In respect of each series of Structured Products, the Registrar will maintain a Register for that series.

The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Registrar under the relevant Register Maintenance Agreement provided that it will at all times maintain or arrange for the maintenance of a Register.

Notice of any such termination or appointment and any change in the Transfer Office or the specified office of CS Hong Kong will be given to the Holders in accordance with General Condition 7.

- (b) The Registrar will enter or cause to be entered the name, address and banking details of the Holders, the details of the relevant series of Structured Products held by any Holder including the number of Structured Products held, and any other particulars which it thinks proper.
- (c) The Register will be maintained by the Registrar:
- (i) in respect of a series of Warrants and CBBCs, in Hong Kong; and
  - (ii) in respect of other Structured Products, at such location as the Issuer and the Registrar may agree and specified in the relevant Launch Announcement and Supplemental Listing Document.

## 3.2 **Registrar is the agent of the Issuer**

The Registrar for each series of Structured Products will be acting as the agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Holders.

# 4. **Purchases**

The Issuer and/or any of its respective affiliates may at any time purchase Structured Products at any price in the open market or by tender or by private treaty. Any Structured Products so purchased may be held or resold or surrendered for cancellation.

# 5. **Global Certificate**

Each series of the Structured Products is represented by a Global Certificate registered in the name of HKSCC Nominees Limited and deposited with CCASS in accordance with the CCASS Rules. Holders will not be entitled to definitive certificates in respect of any Structured Products issued or transferred to them.

## **6. Meetings of Holders and Modifications to Conditions**

### **6.1 Meetings of Holders**

The relevant Register Maintenance Agreement contains provisions for the convening of meetings of the Holders to consider any matter affecting their interests, including sanctioning by Extraordinary Resolution (as defined in the relevant Register Maintenance Agreement) of a modification of the provisions of the Structured Products or of the Global Certificate.

Any resolution to be passed in a meeting of the Holders shall be decided by poll. Such a meeting may be convened by the Issuer or by Holders holding not less than 10 per cent. of the Structured Products for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Structured Products for the time being remaining unexercised, or at any adjourned meeting two or more persons being or representing Holders whatever the number of Structured Products so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Holders as, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Holders shall be binding on all the Holders, whether or not they are present at the meeting.

Resolutions can be passed in writing without a meeting of the Holders being held if passed unanimously.

### **6.2 Modification**

The Issuer may, without the consent of the Holders, effect any modification of the terms and conditions of the Structured Products or the Global Certificate which, in the opinion of the Issuer, is:

- (a) not materially prejudicial to the interests of the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such modification in any particular jurisdiction);
- (b) of a formal, minor or technical nature;
- (c) made to correct a manifest error; or
- (d) necessary in order to comply with mandatory provisions of the laws or regulations of Hong Kong.

Any such modification shall be binding on the Holders and shall be notified to them by CS Hong Kong as soon as practicable thereafter in accordance with General Condition 7.

## **7. Notices**

All notices to Holders will be validly given if published in English and in Chinese on the website of HKEX. Such notices shall be deemed to have been given on the date of the first such publication. If publication is not practicable, notice will be given in such other manner as the Issuer may determine.

## **8. Illegality or Impracticability**

The Issuer is entitled to terminate the Structured Products if it determines in good faith and in a commercially reasonable manner that, for reasons beyond its control, it has become or it will become illegal or impracticable:

- (a) for it to perform its obligations under the Structured Products in whole or in part as a result of:
  - (i) the adoption of, or any change in, any relevant law or regulation (including any tax law); or
  - (ii) the promulgation of, or any change in the interpretation by any court, tribunal, governmental, administrative, legislative, regulatory or judicial authority or power with competent jurisdiction of any relevant law or regulation (including any tax law),(each of (i) and (ii), a “**Change in Law Event**”); or
- (b) for it or any of its affiliates to maintain the Issuer’s hedging arrangements with respect to the Structured Products due to a Change in Law Event.

Upon the occurrence of a Change in Law Event, the Issuer will, if and to the extent permitted by the applicable law or regulation, pay to each Holder a cash amount that the Issuer determines in good faith and in a commercially reasonable manner to be the fair market value in respect of each Structured Product held by such Holder immediately prior to such termination (ignoring such illegality or impracticability) less the cost to the Issuer of unwinding any related hedging arrangement as determined by the Issuer in its sole and absolute discretion. Payment will be made to each Holder in such manner as shall be notified to the Holders in accordance with General Condition 7.

## **9. Further Issues**

The Issuer shall be at liberty from time to time, without the consent of the Holders, to create and issue further Structured Products so as to form a single series with the Structured Products.

## **10. Good Faith and Commercially Reasonable Manner**

Any exercise of discretion by the Issuer under the Conditions will be made in good faith and in a commercially reasonable manner.

## **11. Contracts (Rights of Third Parties) Ordinance**

A person who is not a party to the Conditions has no right under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong) to enforce or to enjoy the benefit of any term of the Structured Products.

## **12. Governing Law**

The Structured Products, the Global Certificate and the relevant Register Maintenance Agreement will be governed by and construed in accordance with the laws of Hong Kong.

The Issuer and each Holder (by its purchase of the Structured Products) shall be deemed to have submitted for all purposes in connection with the Structured Products, the Global Certificate and the relevant Register Maintenance Agreement to the non-exclusive jurisdiction of the courts of Hong Kong.

### **13. Language**

In the event of any inconsistency between the Chinese translation and the English version of these General Conditions and/or the applicable Product Conditions, the English version of these General Conditions and/or the applicable Product Conditions shall prevail.

**APPENDIX 2 — PRODUCT CONDITIONS OF THE WARRANTS**

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## PART A — PRODUCT CONDITIONS OF CALL/PUT WARRANTS OVER SINGLE EQUITIES (CASH SETTLED)

*These Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Launch Announcement and Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch Announcement and Supplemental Listing Document in relation to the issue of any series of Warrants may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of Warrants. Capitalised terms used in these Product Conditions and not otherwise defined herein shall have the meaning given to them in the General Conditions and the relevant Launch Announcement and Supplemental Listing Document.*

### 1. Definitions

For the purposes of these Product Conditions:

**“Average Price”** means the arithmetic mean of the closing prices of one Share, as derived from the daily quotation sheet of the Stock Exchange, subject to any adjustment to such closing prices as may be necessary to reflect any event as contemplated in Product Condition 4 such as capitalisation, rights issue, distribution or the like in respect of each Valuation Date;

**“Business Day”** means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong;

**“Cash Settlement Amount”** means, in respect of every Board Lot, an amount in the Settlement Currency calculated by the Issuer as:

(a) in the case of a series of call Warrants:

$$\frac{\text{Entitlement} \times (\text{Average Price} - \text{Exercise Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$$

(b) in the case of a series of put Warrants:

$$\frac{\text{Entitlement} \times (\text{Exercise Price} - \text{Average Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$$

**“Company”** means the company specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Designated Bank Account”** means the relevant bank account designated by the relevant Holder;

**“Entitlement”** means the number specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

**“Exercise Expenses”** means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of the Warrants;

**“Exercise Price”** means the price specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Expiry Date”** has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

**“General Conditions”** means the general terms and conditions of Structured Products set out in Appendix 1 of the Base Listing Document;

**“Listing Date”** means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Market Disruption Event”** means:

- (a) the occurrence or existence on any Valuation Date during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Stock Exchange or otherwise) on the Stock Exchange in (i) the Shares; or (ii) any options or futures contracts relating to the Shares if, in any such case, such suspension or limitation is, in the determination of the Issuer, material;
- (b) the issuance of the tropical cyclone warning signal number 8 or above or the issuance of a “BLACK” rainstorm signal on any day which either (i) results in the Stock Exchange being closed for trading for the entire day; or (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session), PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for opening of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the “BLACK” rainstorm signal having been issued; or
- (c) a limitation or closure of the Stock Exchange due to any unforeseen circumstances;

**“Number of Warrant(s) per Entitlement”** means the amount specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Product Conditions”** means these product terms and conditions. These Product Conditions apply to each series of cash settled call/put Warrants over single equities;

**“Settlement Currency”** means the currency specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Settlement Date”** means the third CCASS Settlement Day after the later of: (i) the Expiry Date; and (ii) the day on which the Average Price is determined in accordance with the Conditions;

**“Settlement Disruption Event”** means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount electronically through CCASS to the Designated Bank Account;

**“Shares”** means the shares of the Company specified as such in the relevant Launch Announcement and Supplemental Listing Document; and

**“Valuation Date”** means each of the five Business Days immediately preceding the Expiry Date, provided that if the Issuer determines, in its sole discretion, that a Market Disruption Event has occurred on any Valuation Date, then that Valuation Date shall be postponed until the first succeeding Business Day on which there is no Market Disruption Event irrespective of whether that postponed Valuation Date would fall on a



Business Day that is already or is deemed to be a Valuation Date. For the avoidance of doubt, in the event that a Market Disruption Event has occurred and a Valuation Date is postponed as aforesaid, the closing price of the Shares on the first succeeding Business Day will be used more than once in determining the Average Price, so that in no event shall there be less than five closing prices used to determine the Average Price.

If the postponement of the Valuation Date as aforesaid would result in the Valuation Date falling on or after the Expiry Date, then:

- (a) the Business Day immediately preceding the Expiry Date (the “**Last Valuation Date**”) shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
- (b) the Issuer shall determine the closing price of the Shares on the basis of its good faith estimate of the price that would have prevailed on the Last Valuation Date but for the Market Disruption Event.

## **2. Warrant Rights and Exercise Expenses**

### **2.1 Warrant Rights**

Every Board Lot gives each Holder, upon due exercise and compliance with the General Conditions and these Product Conditions, in particular, Product Condition 3, the right to receive the payment of the Cash Settlement Amount (net of any Exercise Expenses), if any.

### **2.2 Exercise Expenses**

Upon exercise of the Warrants, Holders will be obliged to give an irrevocable authorisation to the Issuer to deduct all Exercise Expenses in accordance with Product Condition 3.

## **3. Exercise of Warrants**

### **3.1 Exercise of Warrants in Board Lots**

Warrants may only be exercised in Board Lots or integral multiples thereof.

### **3.2 Automatic Exercise**

Any Warrant will be deemed to be automatically exercised if the Cash Settlement Amount on the Expiry Date is greater than zero (without notice being given to the Holders). The Holders will not be required to deliver any exercise notice and the Issuer or its agent will pay to the Holders the Cash Settlement Amount (net of any Exercise Expenses) (if any) in accordance with Product Condition 3.4.

Any Warrant which has not been automatically exercised in accordance with this Product Condition shall expire immediately without value thereafter and all rights of the Holder and obligations of the Issuer with respect to such Warrant shall cease.

### **3.3 Cancellation**

The Issuer will procure that CS Hong Kong will, with effect from the first Business Day following the Expiry Date, remove from the Register the name of the person in respect of the Warrants which (i) are the subject of a valid exercise pursuant to automatic exercise in accordance with these Product Conditions; or (ii) have expired worthless, and thereby cancel the relevant Warrants.

### 3.4 **Cash Settlement**

Subject to automatic exercise of Warrants in accordance with these Product Conditions, the Issuer will make a payment in respect of every Board Lot to the relevant Holder equal to the Cash Settlement Amount (net of any Exercise Expenses). If the Cash Settlement Amount is equal to or less than the Exercise Expense, no amount is payable by the Issuer.

The Cash Settlement Amount shall be despatched not later than the Settlement Date by crediting that amount in accordance with the CCASS Rules to the Designated Bank Account.

If, as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of the Settlement Disruption Event.

## 4. **Adjustments**

### 4.1 **Rights Issues**

If and whenever the Company shall, by way of Rights (as defined below), offer new Shares for subscription at a fixed subscription price to the holders of existing Shares pro rata to existing holdings (a "**Rights Offer**"), the Entitlement will be adjusted to take effect on the Business Day on which trading in the Shares becomes ex-entitlement ("**Rights Issue Adjustment Date**") in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = \frac{1 + M}{1 + (R/S) \times M}$$

- E: Existing Entitlement immediately prior to the Rights Offer
- S: Cum-Rights Share price being the closing price of an existing Share as derived from the daily quotation sheet of the Stock Exchange on the last Business Day on which Shares are traded on a cum-Rights basis
- R: Subscription price per new Share as specified in the Rights Offer plus an amount equal to any dividends or other benefits foregone to exercise the Rights
- M: Number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment will be made. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. This adjustment shall take effect on the Rights Issue Adjustment Date.

For the purposes of these Product Conditions:

**“Rights”** means the right(s) attached to each existing Share or needed to acquire one new Share (as the case may be) which are given to the holders of existing Shares to subscribe at a fixed subscription price for new Shares pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

#### 4.2 **Bonus Issues**

If and whenever the Company shall make an issue of Shares credited as fully paid to the holders of Shares generally by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend or similar scheme for the time being operated by the Company or otherwise in lieu of a cash dividend and without any payment or other consideration being made or given by such holders) (a **“Bonus Issue”**) the Entitlement will be adjusted on the Business Day on which trading in the Shares becomes ex-entitlement (**“Bonus Issue Adjustment Date”**) in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = 1 + N$$

E: Existing Entitlement immediately prior to the Bonus Issue

N: Number of additional Shares (whether a whole or a fraction) received by a holder of existing Shares for each Share held prior to the Bonus Issue

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment will be made. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. This adjustment shall take effect on the Bonus Issue Adjustment Date.

#### 4.3 **Subdivisions or Consolidations**

If and whenever the Company shall subdivide its Shares or any class of its outstanding share capital comprised of the Shares into a greater number of shares (a **“Subdivision”**) or consolidate the Shares or any class of its outstanding share capital comprised of the Shares into a smaller number of shares (a **“Consolidation”**), then:

- (a) in the case of a Subdivision, the Entitlement in effect immediately prior thereto will be increased whereas the Exercise Price (which shall be rounded to the nearest 0.001) will be decreased in the same ratio as the Subdivision; and
- (b) in the case of a Consolidation, the Entitlement in effect immediately prior thereto will be decreased whereas the Exercise Price (which shall be rounded to the nearest 0.001) will be increased in the same ratio as the Consolidation,

in each case on the day on which the Subdivision or Consolidation (as the case may be) shall have taken effect.

#### 4.4 **Merger or Consolidation**

If it is announced that the Company is to or may merge or consolidate with or into any other corporation (including becoming, by agreement or otherwise, a subsidiary of any corporation or controlled by any person or corporation) (except where the Company is the surviving corporation in a merger) or that it is to or may sell or transfer all or substantially all of its assets, the rights attaching to the Warrants may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) (as determined by the Issuer in its absolute discretion).

The rights attaching to the Warrants after the adjustment shall, after such Restructuring Event, relate to the number of shares of the corporation(s) resulting from or surviving such Restructuring Event or other securities (“**Substituted Securities**”) and/or cash offered in substitution for the affected Shares, as the case may be, to which the holder of such number of Shares to which the Warrants related immediately before such Restructuring Event would have been entitled upon such Restructuring Event. Thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in the relevant currency equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected.

For the avoidance of doubt, any remaining Shares shall not be affected by this Product Condition 4.4 and, where cash is offered in substitution for Shares or is deemed to replace Substituted Securities as described above, references in these Product Conditions to the Shares shall include any such cash.

#### 4.5 **Cash Distribution**

No adjustment will be made for an ordinary cash dividend (whether or not it is offered with a scrip alternative) (“**Ordinary Dividend**”). For any other forms of cash distribution (“**Cash Distribution**”) announced by the Company, such as a cash bonus, special dividend or extraordinary dividend, no adjustment will be made unless the value of the Cash Distribution accounts for 2 per cent. or more of the Share’s closing price on the day of announcement by the Company.

If and whenever the Company shall make a Cash Distribution credited as fully paid to the holders of Shares generally, the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Shares becomes ex-entitlement in respect of the relevant Cash Distribution (“**Cash Distribution Adjustment Date**”) in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = \frac{S - OD}{S - OD - CD}$$

E: The existing Entitlement immediately prior to the Cash Distribution

S: The closing price of the existing Share as derived from the daily quotation sheet of the Stock Exchange on the Business Day immediately preceding the Cash Distribution Adjustment Date

CD: The amount of Cash Distribution per Share

OD: The amount of Ordinary Dividend per Share, provided that the Ordinary Dividend and the Cash Distribution shall have the same ex-entitlement date. For the avoidance of doubt, the OD shall be deemed to be zero if the ex-entitlement dates of the relevant Ordinary Dividend and Cash Distribution are different

In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Exercise Price shall take effect on the Cash Distribution Adjustment Date.

#### **4.6 Other Adjustments**

Without prejudice to and notwithstanding any prior adjustment(s) made pursuant to the applicable Conditions, the Issuer may (but shall not be obliged to) make such other adjustments to the terms and conditions of the Warrants as appropriate where any event (including the events as contemplated in the applicable Conditions) occurs and irrespective of, in substitution for, or in addition to the provisions contemplated in the applicable Conditions, provided that such adjustment is:

- (a) not materially prejudicial to the interests of the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment in any particular jurisdiction); or
- (b) determined by the Issuer in good faith to be appropriate and commercially reasonable.

#### **4.7 Notice of Determinations**

All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment or amendment and of the date from which such adjustment or amendment is effective by publication in accordance with General Condition 7.

### **5. Liquidation**

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator, receiver or administrator or analogous person under Hong Kong law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Warrants will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law.

### **6. Delisting**

6.1 If at any time the Shares cease to be listed on the Stock Exchange, the Issuer shall give effect to the General Conditions and these Product Conditions in such manner and make such adjustments to the rights attaching to the Warrants as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able

to do so, that the interests of the Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Holder or the tax or other consequences that may result in any particular jurisdiction).

- 6.2 Without prejudice to the generality of Product Condition 6.1, where the Shares are, or, upon the delisting, become, listed on any other stock exchange, the General Conditions and these Product Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Stock Exchange and the Issuer may, without the consent of the Holders, make such adjustments to the entitlements of Holders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the relevant currency) as may be appropriate in the circumstances.
- 6.3 The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Holders in accordance with General Condition 7, as soon as practicable after they are determined.

## PART B — PRODUCT CONDITIONS OF INDEX CALL/PUT WARRANTS (CASH SETTLED)

*These Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Launch Announcement and Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch Announcement and Supplemental Listing Document in relation to the issue of any series of Warrants may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of Warrants. Capitalised terms used in these Product Conditions and not otherwise defined herein shall have the meaning given to them in the General Conditions and the relevant Launch Announcement and Supplemental Listing Document.*

### 1. Definitions

For the purposes of these Product Conditions:

**“Business Day”** means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong;

**“Cash Settlement Amount”** means, in respect of every Board Lot:

(a) in respect of a series of call Warrants:

$$\frac{(\text{Closing Level} - \text{Strike Level}) \times \text{Index Currency Amount} \times \text{one Board Lot}}{\text{Divisor}}$$

either converted (if applicable) (i) into the Settlement Currency at the Exchange Rate or, as the case may be, (ii) into the Interim Currency at the First Exchange Rate and then converted into the Settlement Currency at the Second Exchange Rate;

(b) in respect of a series of put Warrants:

$$\frac{(\text{Strike level} - \text{Closing Level}) \times \text{Index Currency Amount} \times \text{one Board Lot}}{\text{Divisor}}$$

either converted (if applicable) (i) into the Settlement Currency at the Exchange Rate or, as the case may be, (ii) into the Interim Currency at the First Exchange Rate and then converted into the Settlement Currency at the Second Exchange Rate;

**“Closing Level”** has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document, subject to the adjustment in accordance with Product Condition 4;

**“Designated Bank Account”** means the relevant bank account designated by the relevant Holder;

**“Divisor”** means the amount specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Exchange Rate”** means the rate specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Exercise Expenses”** means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of the Warrants;

**“Expiry Date”** has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

**“First Exchange Rate”** means the rate specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“General Conditions”** means the general terms and conditions of Structured Products set out in Appendix 1 of the Base Listing Document;

**“Index”** means the index specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Index Compiler”** has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

**“Index Currency Amount”** has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

**“Index Exchange”** has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

**“Interim Currency”** means the currency specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Listing Date”** means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Market Disruption Event”** means:

- (a) the occurrence or existence, on the Valuation Date during the one-half hour period that ends at the close of trading on the Index Exchange, of any of:
  - (i) the suspension or material limitation of the trading of a material number of constituent securities that comprise the Index; or
  - (ii) the suspension or material limitation of the trading of options or futures contracts relating to the Index on any exchanges on which such contracts are traded; or
  - (iii) the imposition of any exchange controls in respect of any currencies involved in determining the Cash Settlement Amount;

for the purposes of paragraph (a), (i) the limitation of the number of hours or days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of any relevant exchange, and (ii) a limitation on trading imposed by reason of the movements in price exceeding the levels permitted by any relevant exchange will constitute a Market Disruption Event; or

- (b) where the Index Exchange is the Stock Exchange, the issuance of the tropical cyclone warning signal number 8 or above or the issuance of a “BLACK” rainstorm signal on any day which either (i) results in the Stock Exchange being closed for trading for the entire day or; (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session), PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for opening of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the “BLACK” rainstorm signal having been issued; or



- (c) a limitation or closure of the Index Exchange due to any unforeseen circumstances; or
- (d) any circumstances beyond the control of the Issuer in which the Closing Level or, if applicable, the Exchange Rate, the First Exchange Rate or the Second Exchange Rate (as the case may be) cannot be determined by the Issuer in the manner set out in the Conditions or in such other manner as the Issuer considers appropriate at such time after taking into account all the relevant circumstances;

**“Price Source”**, if applicable, has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

**“Product Conditions”** means these product terms and conditions. These Product Conditions apply to each series of cash settled index call/put Warrants;

**“Second Exchange Rate”** means the rate specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Settlement Currency”** means the currency specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Settlement Date”** means the third CCASS Settlement Day after the later of: (i) the Expiry Date; and (ii) the day on which the Closing Level is determined in accordance with the Conditions;

**“Settlement Disruption Event”** means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount electronically through CCASS to the Designated Bank Account;

**“Strike Level”** means the level specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to adjustment in accordance with Product Condition 4; and

**“Valuation Date”** means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document, provided that if the Issuer determines, in its sole discretion, that a Market Disruption Event has occurred on the Valuation Date, then the Issuer shall determine the Closing Level on the basis of its good faith estimate of the Closing Level that would have prevailed on that day but for the occurrence of the Market Disruption Event provided that the Issuer, if applicable, may, but shall not be obliged to, determine such Closing Level by having regard to the manner in which futures contracts relating to the Index are calculated.

## **2. Warrant Rights and Exercise Expenses**

### **2.1 Warrant Rights**

Every Board Lot gives each Holder, upon due exercise and compliance with the General Conditions and these Product Conditions, in particular, Product Condition 3 the right to receive the payment of the Cash Settlement Amount (net of any Exercise Expenses), if any.

### **2.2 Exercise Expenses**

Upon exercise of the Warrants, Holders will be obliged to give an irrevocable authorisation to the Issuer to deduct all Exercise Expenses in accordance with Product Condition 3.

## **3. Exercise of Warrants**

### **3.1 Exercise of Warrants in Board Lots**

Warrants may only be exercised in Board Lots or integral multiples thereof.

### 3.2 **Automatic Exercise**

Any Warrant will be deemed to be automatically exercised if the Cash Settlement Amount on the Expiry Date is greater than zero (without notice being given to the Holders). The Holders will not be required to deliver any exercise notice and the Issuer or its agent will pay to the Holders the Cash Settlement Amount (net of any Exercise Expenses) (if any) in accordance with Product Condition 3.4.

Any Warrant which has not been automatically exercised in accordance with this Product Condition shall expire immediately without value thereafter and all rights of the Holder and obligations of the Issuer with respect to such Warrant shall cease.

### 3.3 **Cancellation**

The Issuer will procure that CS Hong Kong will, with effect from the first Business Day following the Expiry Date, remove from the Register the name of the person in respect of the Warrants which (i) are the subject of a valid exercise pursuant to automatic exercise in accordance with these Product Conditions; or (ii) have expired worthless, and thereby cancel the relevant Warrants.

### 3.4 **Cash Settlement**

Subject to automatic exercise of Warrants in accordance with these Product Conditions, the Issuer will make a payment in respect of every Board Lot to the relevant Holder equal to the Cash Settlement Amount (net of any Exercise Expenses). If the Cash Settlement Amount is equal to or less than the Exercise Expense, no amount is payable by the Issuer.

The Cash Settlement Amount shall be despatched not later than the Settlement Date by crediting that amount in accordance with the CCASS Rules to the Designated Bank Account.

If as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of the Settlement Disruption Event.

## 4. **Adjustments to the Index**

### 4.1 **Successor Index Compiler Calculates and Reports Index**

If the Index is (a) not calculated and announced by the Index Compiler but is calculated and published by a successor to the Index Compiler (the “**Successor Index Compiler**”) acceptable to the Issuer, or (b) replaced by a successor index using, in the determination of the Issuer, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then the Index will be deemed to be the index so calculated and announced by the Successor Index Compiler or that successor index, as the case may be.

#### **4.2 *Modification and Cessation of Calculation of Index***

If:

- (a) on or prior to the Valuation Date the Index Compiler or (if applicable) the Successor Index Compiler makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent stock, contracts or commodities and other routine events); or
- (b) on the Valuation Date the Index Compiler or (if applicable) the Successor Index Compiler fails to calculate and publish the Index (other than as a result of a Market Disruption Event),

then the Issuer shall determine the closing level on the Valuation Date using, in lieu of a published level for the Index, the level for the Index as at that Valuation Date as determined by the Issuer in accordance with the formula for and method of calculating the Index last in effect prior to that change or failure, but using only those securities/commodities that comprised the Index immediately prior to that change or failure.

#### **4.3 *Other Adjustments***

Without prejudice to and notwithstanding any prior adjustment(s) made pursuant to the applicable Conditions, the Issuer may (but shall not be obliged to) make such other adjustments to the terms and conditions of the Warrants as appropriate where any event (including the events as contemplated in the applicable Conditions) occurs and irrespective of, in substitution for, or in addition to the provisions contemplated in the applicable Conditions, provided that such adjustment is:

- (a) not materially prejudicial to the interests of the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment in any particular jurisdiction); or
- (b) determined by the Issuer in good faith to be appropriate and commercially reasonable.

#### **4.4 *Notice of Determinations***

All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment or amendment and of the date from which such adjustment or amendment is effective by publication in accordance with General Condition 7.

## PART C — PRODUCT CONDITIONS OF CALL/PUT WARRANTS OVER EXCHANGE TRADED FUNDS (CASH SETTLED)

*These Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Launch Announcement and Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch Announcement and Supplemental Listing Document in relation to the issue of any series of Warrants may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of Warrants. Capitalised terms used in these Product Conditions and not otherwise defined herein shall have the meaning given to them in the General Conditions and the relevant Launch Announcement and Supplemental Listing Document.*

### 1. Definitions

For the purposes of these Product Conditions:

“**Average Price**” means the arithmetic mean of the closing prices of one Unit, as derived from the daily quotation sheet of the Stock Exchange, subject to any adjustment to such closing prices as may be necessary to reflect any event as contemplated in Product Condition 4 such as capitalisation, rights issue, distribution or the like in respect of each Valuation Date;

“**Business Day**” means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong;

“**Cash Settlement Amount**” means, in respect of every Board Lot, an amount in the Settlement Currency calculated by the Issuer as:

(a) in the case of a series of call Warrants:

$$\frac{\text{Entitlement} \times (\text{Average Price} - \text{Exercise Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$$

(b) in the case of a series of put Warrants:

$$\frac{\text{Entitlement} \times (\text{Exercise Price} - \text{Average Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$$

“**Designated Bank Account**” means the relevant bank account designated by the relevant Holder;

“**Entitlement**” means the number specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Exercise Expenses**” means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of the Warrants;

“**Exercise Price**” means the price specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Expiry Date**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

**“Fund”** means the exchange traded fund specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“General Conditions”** means the general terms and conditions of Structured Products set out in Appendix 1 of the Base Listing Document;

**“Listing Date”** means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Market Disruption Event”** means:

- (a) the occurrence or existence on any Valuation Date during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Stock Exchange or otherwise) on the Stock Exchange in: (i) the Units; or (ii) any options or futures contracts relating to the Units if, in any such case, such suspension or limitation is, in the determination of the Issuer, material; or
- (b) the issuance of the tropical cyclone warning signal number 8 or above or the issuance of a “BLACK” rainstorm signal on any day which either (i) results in the Stock Exchange being closed for trading for the entire day; or (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session), PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for opening of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the “BLACK” rainstorm signal having been issued; or
- (c) a limitation or closure of the Stock Exchange due to any unforeseen circumstances;

**“Number of Warrant(s) per Entitlement”** means the amount specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Product Conditions”** means these product terms and conditions. These Product Conditions apply to each series of cash settled call/put Warrants over exchange traded funds;

**“Settlement Currency”** means the currency specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Settlement Date”** means the third CCASS Settlement Day after the later of (i) the Expiry Date; and (ii) the day on which the Average Price is determined in accordance with the Conditions;

**“Settlement Disruption Event”** means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount electronically through CCASS to the Designated Bank Account;

**“Unit”** means the unit or share of the Fund specified as such in the relevant Launch Announcement and Supplemental Listing Document; and

**“Valuation Date”** means each of the five Business Days immediately preceding the Expiry Date, provided that if the Issuer determines, in its sole discretion, that a Market Disruption Event has occurred on any Valuation Date, then that Valuation Date shall be postponed until the first succeeding Business Day on which there is no Market

Disruption Event irrespective of whether that postponed Valuation Date would fall on a Business Day that is already or is deemed to be a Valuation Date. For the avoidance of doubt, in the event that a Market Disruption Event has occurred and a Valuation Date is postponed as aforesaid, the closing price of the Units on the first succeeding Business Day will be used more than once in determining the Average Price, so that in no event shall there be less than five closing prices used to determine the Average Price.

If the postponement of the Valuation Date as aforesaid would result in the Valuation Date falling on or after the Expiry Date, then:

- (a) the Business Day immediately preceding the Expiry Date (the “**Last Valuation Date**”) shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
- (b) the Issuer shall determine the closing price of the Units on the basis of its good faith estimate of the price that would have prevailed on the Last Valuation Date but for the Market Disruption Event.

## **2. Warrant Rights and Exercise Expenses**

### **2.1 Warrant Rights**

Every Board Lot gives each Holder, upon due exercise and compliance with the General Conditions and these Product Conditions, in particular, Product Condition 3, the right to receive the payment of the Cash Settlement Amount (net of any Exercise Expenses), if any.

### **2.2 Exercise Expenses**

Upon exercise of the Warrants, Holders will be obliged to give an irrevocable authorisation to the Issuer to deduct all Exercise Expenses in accordance with Product Condition 3.

## **3. Exercise of Warrants**

### **3.1 Exercise of Warrants in Board Lots**

Warrants may only be exercised in Board Lots or integral multiples thereof.

### **3.2 Automatic Exercise**

Any Warrant will be deemed to be automatically exercised if the Cash Settlement Amount on the Expiry Date is greater than zero (without notice being given to the Holders). The Holders will not be required to deliver any exercise notice and the Issuer or its agent will pay to the Holders the Cash Settlement Amount (net of any Exercise Expenses) (if any) in accordance with Product Condition 3.4.

Any Warrant which has not been automatically exercised in accordance with this Product Condition shall expire immediately without value thereafter and all rights of the Holder and obligations of the Issuer with respect to such Warrant shall cease.

### 3.3 **Cancellation**

The Issuer will procure that CS Hong Kong will, with effect from the first Business Day following the Expiry Date, remove from the Register the name of the person in respect of the Warrants which (i) are the subject of a valid exercise pursuant to automatic exercise in accordance with these Product Conditions; or (ii) have expired worthless, and thereby cancel the relevant Warrants.

### 3.4 **Cash Settlement**

Subject to automatic exercise of Warrants in accordance with these Product Conditions, the Issuer will make a payment in respect of every Board Lot to the relevant Holder equal to the Cash Settlement Amount (net of any Exercise Expenses). If the Cash Settlement Amount is equal to or less than the Exercise Expense, no amount is payable by the Issuer.

The Cash Settlement Amount shall be despatched not later than the Settlement Date by crediting that amount in accordance with the CCASS Rules, to the Designated Bank Account.

If, as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of the Settlement Disruption Event.

## 4. **Adjustments**

### 4.1 **Rights Issues**

If and whenever the Fund shall, by way of Rights (as defined below), offer new Units for subscription at a fixed subscription price to the holders of existing Units pro rata to existing holdings (a “**Rights Offer**”), the Entitlement will be adjusted to take effect on the Business Day on which trading in the Units becomes ex-entitlement (“**Rights Issue Adjustment Date**”) in accordance with the following formula:

$$\text{Adjustment Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = \frac{1 + M}{1 + (R/S) \times M}$$

E: Existing Entitlement immediately prior to the Rights Offer

S: Cum-Rights Unit price being the closing price of an existing Unit as derived from the daily quotation sheet of on the Stock Exchange on the last Business Day on which the Units are traded on a cum-Rights basis

R: Subscription price per new Unit as specified in the Rights Offer plus an amount equal to any distributions or other benefits foregone to exercise the Rights

M: Number of new Unit(s) (whether a whole or a fraction) per existing Unit each holder thereof is entitled to subscribe

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment will be made. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. This adjustment shall take effect on the Rights Issue Adjustment Date.

For the purposes of these Product Conditions:

**“Rights”** means the right(s) attached to each existing Unit or needed to acquire one new Unit (as the case may be) which are given to the holders of existing Units to subscribe at a fixed subscription price for new Units pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

#### 4.2 **Bonus Issues**

If and whenever the Fund shall make an issue of Units credited as fully paid to the holders of Units generally (other than pursuant to a scrip distribution or similar scheme for the time being operated by the Fund or otherwise in lieu of a cash distribution and without any payment or other consideration being made or given by such holders) (a **“Bonus Issue”**) the Entitlement will be adjusted on the Business Day on which trading in the Units of the Fund becomes ex-entitlement (**“Bonus Issue Adjustment Date”**) in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = 1 + N$$

E: Existing Entitlement immediately prior to the Bonus Issue

N: Number of additional Units (whether a whole or a fraction) received by a holder of existing Units for each Unit held prior to the Bonus Issue

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment will be made. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. This adjustment shall take effect on the Bonus Issue Adjustment Date.



#### 4.3 **Subdivisions or Consolidations**

If and whenever the Fund shall subdivide its Units or any class of its outstanding Units into a greater number of units or shares (a “**Subdivision**”) or consolidate the Units or any class of its outstanding Units into a smaller number of units or shares (a “**Consolidation**”), then:

- (a) in the case of a Subdivision, the Entitlement in effect immediately prior thereto will be increased whereas the Exercise Price (which shall be rounded to the nearest 0.001) will be decreased in the same ratio as the Subdivision; and
- (b) in the case of a Consolidation, the Entitlement in effect immediately prior thereto will be decreased whereas the Exercise Price (which shall be rounded to the nearest 0.001) will be increased in the same ratio as the Consolidation,

in each case on the day on which the Subdivision or Consolidation (as the case may be) shall have taken effect.

#### 4.4 **Merger or Consolidation**

If it is announced that the Fund is to or may merge or consolidate with or into any other trust or corporation (including becoming, by agreement or otherwise, controlled by any person or corporation) (except where the Fund is the surviving entity in a merger) or that it is to or may sell or transfer all or substantially all of its assets, the rights attaching to the Warrants may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) (as determined by the Issuer in its absolute discretion).

The rights attaching to the Warrants after the adjustment shall, after such Restructuring Event, relate to the number of units or shares of the trust(s) or corporation(s) resulting from or surviving such Restructuring Event or other securities (“**Substituted Securities**”) and/or cash offered in substitution for the affected Units, as the case may be, to which the holder of such number of Units to which the Warrants related immediately before such Restructuring Event would have been entitled upon such Restructuring Event. Thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in the relevant currency equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected.

For the avoidance of doubt, any remaining Units shall not be affected by this Product Condition 4.4 and, where cash is offered in substitution for Units or is deemed to replace Substituted Securities as described above, references in these Product Conditions to the Units shall include any such cash.

#### 4.5 **Cash Distribution**

No adjustment will be made for an ordinary cash distribution (whether or not it is offered with a scrip alternative) (“**Ordinary Distribution**”). For any other forms of cash distribution (“**Cash Distribution**”) announced by the Fund, such as a cash bonus, special distribution or extraordinary distribution, no adjustment will be made unless the value of the Cash Distribution accounts for 2 per cent. or more of the Unit’s closing price on the day of announcement by the Fund.

If and whenever the Fund shall make a Cash Distribution credited as fully paid to the holders of Units generally, the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Units becomes ex-entitlement in respect of the relevant Cash Distribution (“**Cash Distribution Adjustment Date**”) in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = \frac{S - OD}{S - OD - CD}$$

- E: The existing Entitlement immediately prior to the Cash Distribution
- S: The closing price of an existing Unit as derived from the daily quotation sheet of the Stock Exchange on the Business Day immediately preceding the Cash Distribution Adjustment Date.
- CD: The amount of Cash Distribution per Unit
- OD: The amount of Ordinary Distribution per Unit, provided that the Ordinary Distribution and the Cash Distribution shall have the same ex-entitlement date. For the avoidance of doubt, the OD shall be deemed to be zero if the ex-entitlement dates of the relevant Ordinary Distribution and Cash Distribution are different

In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Exercise Price shall take effect on the Cash Distribution Adjustment Date.

#### 4.6 **Other Adjustments**

Without prejudice to and notwithstanding any prior adjustment(s) made pursuant to the applicable Conditions, the Issuer may (but shall not be obliged to) make such other adjustments to the terms and conditions of the Warrants as appropriate where any event (including the events as contemplated in the applicable Conditions) occurs and irrespective of, in substitution for, or in addition to the provisions contemplated in the applicable Conditions, provided that such adjustment is:

- (a) not materially prejudicial to the interests of the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment in any particular jurisdiction); or
- (b) determined by the Issuer in good faith to be appropriate and commercially reasonable.

#### 4.7 **Notice of Determinations**

All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment or amendment and of the date from which such adjustment or amendment is effective by publication in accordance with General Condition 7.

## 5. Termination or Liquidation

- 5.1 In the event of a Termination or the liquidation or dissolution of the Fund or, if applicable, the trustee of the Fund (including any successor trustee appointed from time to time (“**Trustee**”) (in its capacity as trustee of the Fund) or the appointment of a liquidator, receiver or administrator or analogous person under Hong Kong law in respect of the whole or substantially the whole of the Fund’s or the Trustee’s (as the case may be) undertaking, property or assets, all unexercised Warrants will lapse and shall cease to be valid for any purpose. In the case of a Termination, the unexercised Warrants will lapse and shall cease to be valid on the effective date of the Termination, in the case of a voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of such Fund’s or Trustee’s (as the case may be) undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law.
- 5.2 For the purpose of this Product Condition 5, “**Termination**” means (a) the Fund is terminated or required to be terminated for whatever reason, or the termination of the Fund commences; (b) where applicable, the Fund is held or is conceded by the Trustee or the manager of the Fund (including any successor manager appointed from time to time) not to have been constituted or to have been imperfectly constituted; (c) where applicable, the Trustee ceases to be authorised under the Fund to hold the property of the Fund in its name and perform its obligations under the trust deed constituting the Fund; or (d) the Fund ceases to be authorised as an authorised collective investment scheme under the Securities and Futures Ordinance (Cap 571, The Laws of Hong Kong).

## 6. Delisting

- 6.1 If at any time the Units cease to be listed on the Stock Exchange, the Issuer shall give effect to the General Conditions and these Product Conditions in such manner and make such adjustments to the rights attaching to the Warrants as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Holder or the tax or other consequences that may result in any particular jurisdiction).
- 6.2 Without prejudice to the generality of Product Condition 6.1, where the Units are, or, upon the delisting, become, listed on any other stock exchange, the General Conditions and these Product Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Stock Exchange and the Issuer may, without the consent of the Holders, make such adjustments to the entitlements of Holders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the relevant currency) as may be appropriate in the circumstances.
- 6.3 The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Holders in accordance with General Condition 7, as soon as practicable after they are determined.

## PART D — PRODUCT CONDITIONS OF CALL/PUT WARRANTS OVER SINGLE FOREIGN EQUITIES (CASH SETTLED)

*These Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Launch Announcement and Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch Announcement and Supplemental Listing Document in relation to the issue of any series of Warrants may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of Warrants. Capitalised terms used in these Product Conditions and not otherwise defined herein shall have the meaning given to them in the General Conditions and the relevant Launch Announcement and Supplemental Listing Document.*

### 1. Definitions

For the purposes of these Product Conditions:

“**Average Price**” means the arithmetic mean of the official closing prices of one Share, subject to any adjustment to such closing prices as may be necessary to reflect any event as contemplated in Product Condition 4 such as capitalisation, rights issue, distribution or the like in respect of each Valuation Date;

“**Business Day**” means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong;

“**Cash Settlement Amount**” means, in respect of every Board Lot, an amount in the Settlement Currency calculated by the Issuer as:

(a) in the case of a series of call Warrants:

$$\frac{\text{Entitlement} \times (\text{Average Price} - \text{Exercise Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$$

(if applicable) converted from Underlying Currency into the Settlement Currency at the Exchange Rate

(b) in the case of a series of put Warrants:

$$\frac{\text{Entitlement} \times (\text{Exercise Price} - \text{Average Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$$

(if applicable) converted from Underlying Currency into the Settlement Currency at the Exchange Rate

“**Company**” means the company specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Designated Bank Account**” means the relevant bank account designated by the relevant Holder;

“**Entitlement**” means the number specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Exchange Rate**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

**“Exercise Expenses”** means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of the Warrants;

**“Exercise Price”** means the price specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Expiry Date”** has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

**“General Conditions”** means the general terms and conditions of Structured Products set out in Appendix 1 of the Base Listing Document;

**“Listing Date”** means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Market Disruption Event”** means:

- (a) the occurrence or existence on any Valuation Date during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Underlying Exchange or otherwise) on the Underlying Exchange in (i) the Shares; or (ii) any options or futures contracts relating to the Shares if, in any such case, such suspension or limitation is, in the determination of the Issuer, material; or
- (b) a closure of the Underlying Exchange or a disruption or limitation in trading on the Underlying Exchange due to any other unforeseen circumstances;

**“Number of Warrant(s) per Entitlement”** means the amount specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Product Conditions”** means these product terms and conditions. These Product Conditions apply to each series of cash settled call/put Warrants over single foreign equities;

**“Settlement Currency”** means the currency specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Settlement Date”** means the third CCASS Settlement Day after the later of: (i) the Expiry Date; and (ii) the day on which the Average Price is determined in accordance with the Conditions;

**“Settlement Disruption Event”** means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount electronically through CCASS to the Designated Bank Account;

**“Shares”** means the shares of the Company specified as such in the relevant Launch Announcement and Supplemental Listing Document; and

**“Underlying Currency”** has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

**“Underlying Exchange”** has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

**“Underlying Exchange Business Day”** means a day (excluding Saturdays, Sundays or public holidays) on which the Underlying Exchange is scheduled to open for dealings during its regular trading sessions;

**“Valuation Date”** means each of the five Underlying Exchange Business Days immediately preceding the Expiry Date, provided that if the Issuer determines, in its sole discretion, that a Market Disruption Event has occurred on any Valuation Date, then that Valuation Date shall be postponed until the first succeeding Underlying Exchange Business Day on which there is no Market Disruption Event irrespective of whether that postponed Valuation Date would fall on an Underlying Exchange Business Day that is already or is deemed to be a Valuation Date. For the avoidance of doubt, in the event that a Market Disruption Event has occurred and a Valuation Date is postponed as aforesaid, the official closing price of the Shares on the first succeeding Underlying Exchange Business Day will be used more than once in determining the Average Price, so that in no event shall there be less than five official closing prices used to determine the Average Price.

If the postponement of the Valuation Date as aforesaid would result in the Valuation Date falling on or after the Expiry Date, then:

- (a) the Underlying Exchange Business Day immediately preceding the Expiry Date (the **“Last Valuation Date”**) shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
- (b) the Issuer shall determine the official closing price of the Shares on the basis of its good faith estimate of the price that would have prevailed on the Last Valuation Date but for the Market Disruption Event.

## **2. Warrant Rights and Exercise Expenses**

### **2.1 Warrant Rights**

Every Board Lot gives each Holder, upon due exercise and compliance with the General Conditions and these Product Conditions, in particular, Product Condition 3, the right to receive the payment of the Cash Settlement Amount (net of any Exercise Expenses), if any.

### **2.2 Exercise Expenses**

Upon exercise of the Warrants, Holders will be obliged to give an irrevocable authorisation to the Issuer to deduct all Exercise Expenses in accordance with Product Condition 3.

## **3. Exercise of Warrants**

### **3.1 Exercise of Warrants in Board Lots**

Warrants may only be exercised in Board Lots or integral multiples thereof.

### **3.2 Automatic Exercise**

Any Warrant will be deemed to be automatically exercised if the Cash Settlement Amount on the Expiry Date is greater than zero (without notice being given to the Holders). The Holders will not be required to deliver any exercise notice and the Issuer or its agent will pay to the Holders the Cash Settlement Amount (net of any Exercise Expenses) (if any) in accordance with Product Condition 3.4.

Any Warrant which has not been automatically exercised in accordance with this Product Condition shall expire immediately without value thereafter and all rights of the Holder and obligations of the Issuer with respect to such Warrant shall cease.

### 3.3 **Cancellation**

The Issuer will procure that CS Hong Kong will, with effect from the first Business Day following the Expiry Date, remove from the Register the name of the person in respect of the Warrants which (i) are the subject of a valid exercise pursuant to automatic exercise in accordance with these Product Conditions; or (ii) have expired worthless, and thereby cancel the relevant Warrants.

### 3.4 **Cash Settlement**

Subject to automatic exercise of Warrants in accordance with these Product Conditions, the Issuer will make a payment in respect of every Board Lot to the relevant Holder equal to the Cash Settlement Amount (net of any Exercise Expenses). If the Cash Settlement Amount is equal to or less than the Exercise Expense, no amount is payable by the Issuer.

The Cash Settlement Amount shall be despatched not later than the Settlement Date by crediting that amount in accordance with the CCASS Rules to the Designated Bank Account.

If, as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of the Settlement Disruption Event.

## 4. **Adjustments**

### 4.1 **Rights Issues**

If and whenever the Company shall, by way of Rights (as defined below), offer new Shares for subscription at a fixed subscription price to the holders of existing Shares pro rata to existing holdings (a “**Rights Offer**”), the Entitlement will be adjusted to take effect on the Underlying Exchange Business Day on which trading in the Shares becomes ex-entitlement (“**Rights Issue Adjustment Date**”) in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = \frac{1 + M}{1 + (R/S) \times M}$$

E: Existing Entitlement immediately prior to the Rights Offer

S: Cum-Rights Share price being the official closing price of an existing Share on the Underlying Exchange on the last Underlying Exchange Business Day on which Shares are traded on a cum-Rights basis

R: Subscription price per new Share as specified in the Rights Offer plus an amount equal to any dividends or other benefits foregone to exercise the Rights

M: Number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment will be made. In addition, the Issuer shall adjust the Exercise Price by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. This adjustment shall take effect on the Rights Issue Adjustment Date.

For the purposes of these Product Conditions:

**“Rights”** means the right(s) attached to each existing Share or needed to acquire one new Share (as the case may be) which are given to the holders of existing Shares to subscribe at a fixed subscription price for new Shares pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

#### 4.2 ***Bonus Issues***

If and whenever the Company shall make an issue of Shares credited as fully paid to the holders of Shares generally by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend or similar scheme for the time being operated by the Company or otherwise in lieu of a cash dividend and without any payment or other consideration being made or given by such holders) (a **“Bonus Issue”**) the Entitlement will be adjusted on the Underlying Exchange Business Day on which trading in the Shares becomes ex-entitlement (**“Bonus Issue Adjustment Date”**) in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = 1 + N$$

E: Existing Entitlement immediately prior to the Bonus Issue

N: Number of additional Shares (whether a whole or a fraction) received by a holder of existing Shares for each Share held prior to the Bonus Issue

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment will be made. In addition, the Issuer shall adjust the Exercise Price by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. This adjustment shall take effect on the Bonus Issue Adjustment Date.

#### 4.3 ***Subdivisions or Consolidations***

If and whenever the Company shall subdivide its Shares or any class of its outstanding share capital comprised of the Shares into a greater number of shares (a **“Subdivision”**) or consolidate the Shares or any class of its outstanding share capital comprised of the Shares into a smaller number of shares (a **“Consolidation”**), then:

- (a) in the case of a Subdivision, the Entitlement in effect immediately prior thereto will be increased whereas the Exercise Price will be decreased in the same ratio as the Subdivision; and
- (b) in the case of a Consolidation, the Entitlement in effect immediately prior thereto will be decreased whereas the Exercise Price will be increased in the same ratio as the Consolidation,



in each case on the day on which the Subdivision or Consolidation (as the case may be) shall have taken effect.

#### 4.4 **Merger or Consolidation**

If it is announced that the Company is to or may merge or consolidate with or into any other corporation (including becoming, by agreement or otherwise, a subsidiary of any corporation or controlled by any person or corporation) (except where the Company is the surviving corporation in a merger) or that it is to or may sell or transfer all or substantially all of its assets, the rights attaching to the Warrants may in the absolute discretion of the Issuer be amended no later than the Underlying Exchange Business Day preceding the consummation of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) (as determined by the Issuer in its absolute discretion).

The rights attaching to the Warrants after the adjustment shall, after such Restructuring Event, relate to the number of shares of the corporation(s) resulting from or surviving such Restructuring Event or other securities (“**Substituted Securities**”) and/or cash offered in substitution for the affected Shares, as the case may be, to which the holder of such number of Shares to which the Warrants related immediately before such Restructuring Event would have been entitled upon such Restructuring Event. Thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in the relevant currency equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected.

For the avoidance of doubt, any remaining Shares shall not be affected by this Product Condition 4.4 and, where cash is offered in substitution for Shares or is deemed to replace Substituted Securities as described above, references in these Product Conditions to the Shares shall include any such cash.

#### 4.5 **Cash Distribution**

No adjustment will be made for an ordinary cash dividend (whether or not it is offered with a scrip alternative) (“**Ordinary Dividend**”). For any other forms of cash distribution (“**Cash Distribution**”) announced by the Company, such as a cash bonus, special dividend or extraordinary dividend, no adjustment will be made unless the value of the Cash Distribution accounts for 2 per cent. or more of the Share’s official closing price on the day of announcement by the Company.

If and whenever the Company shall make a Cash Distribution credited as fully paid to the holders of Shares generally, the Entitlement shall be adjusted to take effect on the Underlying Exchange Business Day on which trading in the Shares becomes ex- entitlement in respect of the relevant Cash Distribution (“**Cash Distribution Adjustment Date**”) in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = \frac{S - OD}{S - OD - CD}$$

E: The existing Entitlement immediately prior to the Cash Distribution

S: The official closing price of the existing Share on the Underlying Exchange on the Underlying Exchange Business Day immediately preceding the Cash Distribution Adjustment Date

CD: The amount of Cash Distribution per Share

OD: The amount of Ordinary Dividend per Share, provided that the Ordinary Dividend and the Cash Distribution shall have the same ex-entitlement date. For the avoidance of doubt, the OD shall be deemed to be zero if the ex-entitlement dates of the relevant Ordinary Dividend and Cash Distribution are different

In addition, the Issuer shall adjust the Exercise Price by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Exercise Price shall take effect on the Cash Distribution Adjustment Date.

#### **4.6 Other Adjustments**

Without prejudice to and notwithstanding any prior adjustment(s) made pursuant to the applicable Conditions, the Issuer may (but shall not be obliged to) make such other adjustments to the terms and conditions of the Warrants as appropriate where any event (including the events as contemplated in the applicable Conditions) occurs and irrespective of, in substitution for, or in addition to the provisions contemplated in the applicable Conditions, provided that such adjustment is:

- (a) not materially prejudicial to the interests of the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment in any particular jurisdiction); or
- (b) determined by the Issuer in good faith to be appropriate and commercially reasonable.

#### **4.7 Notice of Determinations**

All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment or amendment and of the date from which such adjustment or amendment is effective by publication in accordance with General Condition 7.

### **5. Liquidation**

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator, receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Warrants will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law.

### **6. Delisting**

6.1 If at any time the Shares cease to be listed on the Underlying Exchange, the Issuer shall give effect to the General Conditions and these Product Conditions in such manner and make such adjustments to the rights attaching to the Warrants as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Holder or the tax or other consequences that may result in any particular jurisdiction).

- 6.2 Without prejudice to the generality of Product Condition 6.1, where the Shares are, or, upon the delisting, become, listed on any other stock exchange, the General Conditions and these Product Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Underlying Exchange and the Issuer may, without the consent of the Holders, make such adjustments to the entitlements of Holders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the relevant currency) as may be appropriate in the circumstances.
- 6.3 The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Holders in accordance with General Condition 7, as soon as practicable after they are determined.

**APPENDIX 3 — PRODUCT CONDITIONS OF THE CBBCs**

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## PART A — PRODUCT CONDITIONS OF INDEX CALLABLE BULL/BEAR CONTRACTS (CASH SETTLED)

*These Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Launch Announcement and Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch Announcement and Supplemental Listing Document in relation to the issue of any series of CBBCs may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of CBBCs. Capitalised terms used in these Product Conditions and not otherwise defined herein shall have the meaning given to them in the General Conditions and the relevant Launch Announcement and Supplemental Listing Document.*

### 1. Definitions

For the purposes of these Product Conditions:

**“Business Day”** means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong;

**“Call Level”** means the level specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustments in accordance with Product Condition 5;

**“Cash Settlement Amount”** means, in respect of every Board Lot:

(a) following a Mandatory Call Event:

- (i) in respect of a series of Category R CBBCs, the Residual Value; or
- (ii) in respect of a series of Category N CBBCs, zero; and

(b) at expiry:

- (i) in respect of a series of bull CBBCs, an amount calculated by the Issuer equal to:

$$\frac{(\text{Closing Level} - \text{Strike Level}) \times \text{Index Currency Amount} \times \text{one Board Lot}}{\text{Divisor}}$$

either converted (if applicable) (i) into the Settlement Currency at the Exchange Rate or, as the case may be, (ii) into the Interim Currency at the First Exchange Rate and then converted into the Settlement Currency at the Second Exchange Rate; and

- (ii) in respect of a series of bear CBBCs, an amount calculated by the Issuer equal to:

$$\frac{(\text{Strike Level} - \text{Closing Level}) \times \text{Index Currency Amount} \times \text{one Board Lot}}{\text{Divisor}}$$

either converted (if applicable) (i) into the Settlement Currency at the Exchange Rate or, as the case may be, (ii) into the Interim Currency at the First Exchange Rate and then converted into the Settlement Currency at the Second Exchange Rate.

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero;

**“Category N CBBCs”** means a series of CBBCs where the Call Level is equal to the Strike Level;

**“Category R CBBCs”** means a series of CBBCs where the Call Level is different from the Strike Level;

**“Closing Level”** has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 5;

**“Designated Bank Account”** means the relevant bank account designated by the relevant Holder;

**“Divisor”** means the amount specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Exchange Rate”**, if applicable, means the rate specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Exercise Expenses”** means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of the CBBCs;

**“Expiry Date”** has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

**“First Exchange Rate”**, if applicable, means the rate specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“General Conditions”** means the general terms and conditions of Structured Products set out in Appendix 1 of the Base Listing Document;

**“Index”** means the index specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Index Business Day”** means a day on which the Index Exchange is scheduled to open for trading for its regular trading sessions;

**“Index Compiler”** has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

**“Index Currency Amount”** has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

**“Index Exchange”** has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

**“Interim Currency”**, if applicable, means the currency specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Listing Date”** means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Mandatory Call Event”** occurs if the Spot Level at any time during an Index Business Day in the Observation Period is:

- (a) in the case of a series of bull CBBCs, at or below the Call Level; or
- (b) in the case of a series of bear CBBCs, at or above the Call Level;

**“Market Disruption Event”** means:

- (a) the occurrence or existence, on the Trading Day or Index Business Day during the one-half hour period that ends at the close of trading on the Index Exchange, of any of:
  - (i) the suspension or material limitation of the trading of a material number of constituent securities that comprise the Index; or
  - (ii) the suspension or material limitation of the trading of options or futures contracts relating to the Index on any exchanges on which such contracts are traded; or
  - (iii) the imposition of any exchange controls in respect of any currencies involved in determining the Cash Settlement Amount;

for the purposes of paragraph (a), (i) the limitation of the number of hours or days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of any relevant exchange, and (ii) a limitation on trading imposed by reason of the movements in price exceeding the levels permitted by any relevant exchange will constitute a Market Disruption Event; or

- (b) where the Index Exchange is the Stock Exchange, the issuance of the tropical cyclone warning signal number 8 or above or the issuance of a “BLACK” rainstorm signal on any day which either (i) results in the Stock Exchange being closed for trading for the entire day; or (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session), PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for opening of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the “BLACK” rainstorm signal having been issued; or
- (c) a limitation or closure of the Index Exchange due to any unforeseen circumstances; or
- (d) any circumstances beyond the control of the Issuer in which the Closing Level or, if applicable, the Exchange Rate, the First Exchange Rate or the Second Exchange Rate (as the case may be) cannot be determined by the Issuer in the manner set out in the Conditions or in such other manner as the Issuer considers appropriate at such time after taking into account all the relevant circumstances;

**“Maximum Index Level”** means, in respect of Category R CBBCs, the highest Spot Level of the Index during the MCE Valuation Period;

**“MCE Valuation Period”** means:

- (a) in respect of an Index Exchange located in Hong Kong, the period commencing from and including the moment upon which the Mandatory Call Event occurs (the trading session on the Index Exchange during which the Mandatory Call Event occurs is the “**1st Session**”) and up to the end of the trading session on the Index Exchange immediately following the 1st Session (“**2nd Session**”) unless, in the determination of the Issuer in its good faith, the 2nd Session for any reason (including, without limitation, a Market Disruption Event occurring and subsisting in the 2nd Session) does not contain any continuous period of 1 hour or more than 1

hour during which the Spot Levels are available, the MCE Valuation Period shall be extended to the end of the subsequent trading session on the Index Exchange following the 2nd Session during which Spot Levels are available for a continuous period of at least 1 hour notwithstanding the existence or continuance of a Market Disruption Event in such postponed trading session, unless the Issuer determines in its good faith that each trading session on each of the four Index Business Days immediately following the date on which the Mandatory Call Event occurs does not contain any continuous period of 1 hour or more than 1 hour during which Spot Levels are available. In that case:

- (i) the period commencing from the 1st Session up to, and including, the last trading session of the fourth Index Business Day on the Index Exchange immediately following the date on which the Mandatory Call Event occurs shall be deemed to be the MCE Valuation Period; and
- (ii) the Issuer shall determine the Maximum Index Level or the Minimum Index Level (as the case may be) having regard to the then prevailing market conditions, the last reported Spot Level published by the Index Compiler and such other factors as the Issuer may determine to be relevant in its good faith.

For the avoidance of doubt, all Spot Levels available throughout the extended MCE Valuation Period shall be taken into account to determine the Maximum Index Level or the Minimum Index Level (as the case may be) for the calculation of the Residual Value.

For the purposes of this definition,

- (A) the pre-opening session, the morning session and, in the case of half day trading, the closing auction session (if applicable) of the same day; and
- (B) the afternoon session and the closing auction session (if applicable) of the same day,

shall each be considered as one session only; and

- (b) in respect of an Index Exchange located outside Hong Kong, the period specified in the relevant Launch Announcement and Supplemental Listing Document;

**“Minimum Index Level”** means, in respect of Category R CBBCs, the lowest Spot Level of the Index during the MCE Valuation Period;

**“Observation Commencement Date”** has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

**“Observation Period”** means the period commencing from and including the Observation Commencement Date up to and including the close of trading (Hong Kong time) on the Trading Day immediately preceding the Expiry Date;

**“Post MCE Trades”** has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document, subject to such modification and amendment prescribed by the Stock Exchange from time to time;

**“Price Source”**, if applicable, has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

**“Product Conditions”** means these product terms and conditions. These Product Conditions apply to each series of cash settled index callable bull/bear contracts;



**“Residual Value”** means, in respect of every Board Lot:

- (a) in respect of a series of bull CBBCs, an amount calculated by the Issuer equal to:

$$\frac{(\text{Minimum Index Level} - \text{Strike Level}) \times \text{Index Currency Amount} \times \text{one Board Lot}}{\text{Divisor}}$$

either converted (if applicable) (i) into the Settlement Currency at the Exchange Rate or, as the case may be, (ii) into the Interim Currency at the First Exchange Rate and then converted into the Settlement Currency at the Second Exchange Rate; and

- (b) in respect of a series of bear CBBCs, an amount calculated by the Issuer equal to:

$$\frac{(\text{Strike Level} - \text{Maximum Index Level}) \times \text{Index Currency Amount} \times \text{one Board Lot}}{\text{Divisor}}$$

either converted (if applicable) (i) into the Settlement Currency at the Exchange Rate or, as the case may be, (ii) into the Interim Currency at the First Exchange Rate and then converted into the Settlement Currency at the Second Exchange Rate;

**“Second Exchange Rate”**, if applicable, means the rate specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Settlement Currency”** means the currency specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Settlement Date”** means the third CCASS Settlement Day after (i) the end of the MCE Valuation Period or (ii) the later of: (a) the Expiry Date; and (b) the day on which the Closing Level is determined in accordance with the Conditions (as the case may be);

**“Settlement Disruption Event”** means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount electronically through CCASS to the Designated Bank Account;

**“Spot Level”** means:

- (a) if no Price Source is specified, the spot level of the Index as compiled and published by the Index Compiler; or
- (b) if a Price Source is specified, the spot level of the Index as published on the Price Source;

**“Stock Exchange”** means The Stock Exchange of Hong Kong Limited;

**“Strike Level”** means the level specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to adjustment in accordance with Product Condition 5;

**“Trading Day”** means the day on which the Stock Exchange is scheduled to open for trading for its regular trading sessions; and

**“Valuation Date”** has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document, provided that if the Issuer determines, in its sole discretion, that a Market Disruption Event has occurred on the Valuation Date, then the Issuer shall determine the Closing Level on the basis of its good faith estimate of the Closing Level that would have prevailed on that day but for the occurrence of the Market Disruption Event provided that the Issuer, if applicable, may, but shall not be obliged to, determine such Closing Level by having regard to the manner in which futures contracts relating to the Index are calculated.

## 2. Hedging Disruption

2.1 **Notification:** The Issuer shall as soon as reasonably practicable give notice to the Holders in accordance with General Condition 7 if it determines that a Hedging Disruption Event has occurred. The notice shall specify the consequence of such Hedging Disruption Event as determined by the Issuer pursuant to Product Condition 2.3.

2.2 **Hedging Disruption Event:** A “**Hedging Disruption Event**” occurs if the Issuer determines that it is or has become not reasonably practicable or it has otherwise become undesirable, for any reason, for the Issuer wholly or partially (X) to establish, re-establish, substitute or maintain a relevant hedging transaction (including, without limitation, any hedging transaction with respect to options or futures relating to the Index, or any currency in which the components of the Index are denominated) (a “**Relevant Hedging Transaction**”) it deems necessary or desirable to hedge the Issuer’s obligations in respect of the CBBCs, or (Y) to freely realise, recover, receive, repatriate, remit or transfer the proceeds of the Relevant Hedging Transactions between accounts within the jurisdiction of the Relevant Hedging Transactions (the “**Affected Jurisdiction**”) or from accounts within the Affected Jurisdiction to accounts outside of the Affected Jurisdiction. The reasons for such determination by the Issuer may include, but are not limited to, the following:

- (a) any material illiquidity in the market for the components comprising the Index;
- (b) a change in any applicable law (including, without limitation, any tax law) or the promulgation of, or change in, the interpretation of any court, tribunal or regulatory authority with competent jurisdiction of any applicable law (including any action taken by a taxing authority);
- (c) a material decline in the creditworthiness of a party with whom the Issuer has entered into any such Relevant Hedging Transaction; or
- (d) the general unavailability of:
  - (i) market participants who will agree to enter into a Relevant Hedging Transaction; or
  - (ii) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.

2.3 **Consequences:** The Issuer, in the event of a Hedging Disruption Event, may determine to:

- (a) terminate the CBBCs. In such circumstances the Issuer will, however, if and to the extent permitted by the Applicable Law, pay to each Holder in respect of each CBBC held by such Holder an amount calculated by it as the fair market value of the CBBC immediately prior to such termination less the cost to the Issuer of unwinding any related hedging arrangements. Payment will be made to the Holder in such manner as shall be notified to the Holder in accordance with General Condition 7; or
- (b) make any other adjustment to the Product Conditions as it considers appropriate in order to maintain the theoretical value of the CBBCs after adjusting for the relevant Hedging Disruption Event.

### **3. CBBC Rights and Exercise Expenses**

#### **3.1 CBBC Rights**

Every Board Lot gives each Holder, upon due exercise and compliance with Product Condition 4, the right to receive the payment of the Cash Settlement Amount (net of any Exercise Expenses), if any.

#### **3.2 Exercise Expenses**

On exercise of the CBBCs, Holders will be obliged to give an irrevocable authorisation to the Issuer to deduct all Exercise Expenses in accordance with Product Condition 4.

### **4. Exercise of CBBCs**

#### **4.1 Exercise of CBBCs in Board Lots**

CBBCs may only be exercised in Board Lots or integral multiples thereof.

#### **4.2 Automatic exercise**

If no Mandatory Call Event has occurred during the Observation Period, the CBBCs will be deemed to be automatically exercised on the Expiry Date if the Cash Settlement Amount is greater than zero (without notice being given to the Holders).

#### **4.3 Mandatory Call Event**

- (a) Subject to Product Condition 4.3(b) below, following a Mandatory Call Event, the CBBCs will be terminated automatically and the Issuer shall have no further obligation under the CBBCs except for the payment of the Cash Settlement Amount (net of any Exercise Expenses) (if any) on the Settlement Date. The Issuer will notify the Holders of the occurrence of the Mandatory Call Event in accordance with General Condition 7.

Trading in the CBBCs will be suspended immediately upon the occurrence of a Mandatory Call Event and any Post MCE Trades will be cancelled and will not be recognised by the Stock Exchange or the Issuer.

- (b) A Mandatory Call Event is irrevocable unless it is triggered as a result of any of the following events:
- (i) system malfunction or other technical errors of the Stock Exchange and such event is reported by the Stock Exchange to the Issuer and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked; or
  - (ii) manifest errors caused by the relevant third party where applicable (such as miscalculation of the index level by the Index Compiler) and such event is reported by the Issuer to the Stock Exchange, and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked;

in each case, such mutual agreement must be reached no later than the time specified in the relevant Launch Announcement and Supplemental Listing Document or such other time as prescribed by the Stock Exchange from time to time.

In both cases, the Mandatory Call Event so triggered will be reversed; and all cancelled trades (if any) will be reinstated and trading of the CBBCs will resume as soon as practicable in accordance with the rules and/or requirements prescribed by the Stock Exchange from time to time.

#### **4.4 Entitlement**

Every Board Lot of CBBCs entitles the Holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount (if any).

#### **4.5 Exercise Expenses**

Any Exercise Expenses which are not determined by the Issuer by the end of the MCE Valuation Period or the Expiry Date (as the case may be) and deducted from the Cash Settlement Amount prior to delivery to the Holders in accordance with this Product Condition 4, shall be notified by the Issuer to the Holders as soon as practicable after determination thereof and shall be paid by the Holders to the Issuer immediately upon demand.

#### **4.6 Cancellation**

The Issuer will procure that the Registrar will, with effect from the first Business Day following the MCE Valuation Period or the Expiry Date (as the case may be), remove from the Register the name of the person in respect of the CBBCs which (a) are the subject of a valid exercise in accordance with these Product Conditions or (b) have expired worthless, and thereby cancel the relevant CBBCs.

#### **4.7 Cash Settlement**

Upon early termination of the CBBCs following the occurrence of a Mandatory Call Event or an automatic exercise of the CBBCs on the Expiry Date (as the case may be) in accordance with these Product Conditions, the Issuer will make a payment in respect of every Board Lot to the relevant Holder equal to the Cash Settlement Amount (net of any Exercise Expenses). If the Cash Settlement Amount is equal to or less than the Exercise Expense, no amount is payable by the Issuer.

The Cash Settlement Amount shall be despatched not later than the Settlement Date by crediting that amount in accordance with the CCASS Rules to the Designated Bank Account.

If as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of the Settlement Disruption Event.

#### **4.8 Responsibility of Issuer and Registrar**

None of the Issuer, the Registrar or their respective agents shall have any responsibility for (i) any errors or omissions in the calculation and dissemination of any variables published by a third party; and (ii) any errors or omissions in any calculation made by the Issuer pursuant to the Conditions (including the calculation of the Cash Settlement Amount) if such error or omission in calculation arises from the use of errors or omissions in any variables calculated, disseminated or published by a third party.

The purchase of CBBCs does not confer on any Holder of such CBBCs any rights (whether in respect of voting, distributions or otherwise) in relation to the constituent securities, contracts, commodities or currencies comprising the Index.

#### **4.9 *Liability of Issuer and Registrar***

Exercise and settlement of the CBBCs is subject to all applicable laws, rules, regulations and guidelines in force at the relevant time and neither the Issuer nor the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, rules, regulations or guidelines. Neither the Issuer nor the Registrar shall under any circumstances be liable for any acts or defaults of the CCASS in relation to the performance of its duties in relation to the CBBCs.

#### **4.10 *Trading in the CBBCs***

Subject to Product Condition 4.3(b), trading in CBBCs on the Stock Exchange shall cease (a) immediately upon the occurrence of a Mandatory Call Event or (b) at the close of trading for the Trading Day immediately preceding the Expiry Date (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning session only, at the close of trading for the morning session), whichever is the earlier.

### **5. Adjustments to the Index**

#### **5.1 *Successor Index Compiler Calculates and Reports Index***

If the Index is (a) not calculated and announced by the Index Compiler but is calculated and published by a successor to the Index Compiler (the “**Successor Index Compiler**”) acceptable to the Issuer, or (b) replaced by a successor index using, in the determination of the Issuer, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then the Index will be deemed to be the index so calculated and announced by the Successor Index Compiler or that successor index, as the case may be.

#### **5.2 *Modification and Cessation of Calculation of Index***

If:

- (a) on or prior to the Valuation Date the Index Compiler or (if applicable) the Successor Index Compiler makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent stock, contracts or commodities and other routine events); or
- (b) on the Valuation Date the Index Compiler or (if applicable) the Successor Index Compiler fails to calculate and publish the Index (other than as a result of a Market Disruption Event),

then the Issuer shall determine the closing level on the Valuation Date using, in lieu of a published level for the Index, the level for the Index as at that Valuation Date as determined by the Issuer in accordance with the formula for and method of calculating the Index last in effect prior to that change or failure, but using only those securities/commodities that comprised the Index immediately prior to that change or failure.

### 5.3 ***Other Adjustments***

Without prejudice to and notwithstanding any prior adjustment(s) made pursuant to the applicable Conditions, the Issuer may (but shall not be obliged to) make such other adjustments to the terms and conditions of the CBBCs as appropriate where any event (including the events as contemplated in the applicable Conditions) occurs and irrespective of, in substitution for, or in addition to the provisions contemplated in the applicable Conditions, provided that such adjustment is:

- (a) not materially prejudicial to the interests of the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment in any particular jurisdiction); or
- (b) determined by the Issuer in good faith to be appropriate and commercially reasonable.

### 5.4 ***Notice of Determinations***

All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment or amendment and of the date from which such adjustment or amendment is effective by publication in accordance with General Condition 7.

## PART B — PRODUCT CONDITIONS OF CALLABLE BULL/BEAR CONTRACTS OVER SINGLE EQUITIES (CASH SETTLED)

*These Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Launch Announcement and Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch Announcement and Supplemental Listing Document in relation to the issue of any series of CBBCs may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of CBBCs. Capitalised terms used in these Product Conditions and not otherwise defined herein shall have the meaning given to them in the General Conditions and the relevant Launch Announcement and Supplemental Listing Document.*

### 1 Definitions

For the purposes of these Product Conditions:

“**Business Day**” means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong;

“**Call Price**” means the price specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 5;

“**Cash Settlement Amount**” means, in respect of every Board Lot, an amount in the Settlement Currency calculated by the Issuer as:

(a) following a Mandatory Call Event:

- (i) in respect of a series of Category R CBBCs, the Residual Value; or
- (ii) in respect of a series of Category N CBBCs, zero; and

(b) at expiry:

- (i) in respect of a series of bull CBBCs, an amount equal to:

$$\frac{\text{Entitlement} \times (\text{Closing Price} - \text{Strike Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

and

- (ii) in respect of a series of bear CBBCs, an amount equal to:

$$\frac{\text{Entitlement} \times (\text{Strike Price} - \text{Closing Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero;

“**Category N CBBCs**” means a series of CBBCs where the Call Price is equal to the Strike Price;

“**Category R CBBCs**” means a series of CBBCs where the Call Price is different from the Strike Price;

**“Closing Price”** means the official closing price of the Share (as derived from the daily quotation sheet of the Stock Exchange, subject to any adjustment as may be necessary to reflect any event as contemplated in Product Condition 5 such as capitalisation, rights issue, distribution or the like) on the Valuation Date. If a Market Disruption Event occurs on each of the four Trading Days immediately following the scheduled Valuation Date, then the Issuer shall determine the Closing Price in accordance with the definition of “Valuation Date”;

**“Company”** means the company specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Designated Bank Account”** means the relevant bank account designated by the relevant Holder;

**“Entitlement”** means the number specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 5;

**“Exercise Expenses”** means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of the CBBCs;

**“Expiry Date”** has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

**“General Conditions”** means the general terms and conditions of Structured Products set out in Appendix 1 of the Base Listing Document;

**“Listing Date”** means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Mandatory Call Event”** occurs if the Spot Price of the Shares at any time during a Trading Day in the Observation Period is:

- (a) in the case of a series of bull CBBCs, at or below the Call Price; or
- (b) in the case of a series of bear CBBCs, at or above the Call Price;

**“Market Disruption Event”** means:

- (a) the occurrence or existence on any Trading Day during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Stock Exchange or otherwise) on the Stock Exchange in: (i) the Shares; or (ii) any options or futures contracts relating to the Shares if, in any such case, such suspension or limitation is, in the determination of the Issuer, material;
- (b) the issuance of the tropical cyclone warning signal number 8 or above or the issuance of a “BLACK” rainstorm signal on any day which either (i) results in the Stock Exchange being closed for trading for the entire day; or (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session), PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for opening of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the “BLACK” rainstorm signal having been issued; or
- (c) a limitation or closure of the Stock Exchange due to any other unforeseen circumstances;



**“Maximum Trade Price”** means, in respect of Category R CBBCs, the highest Spot Price of the Shares (subject to any adjustment to such Spot Price as may be necessary to reflect any event as contemplated in Product Condition 5 such as capitalisation, rights issue, distribution or the like) during the MCE Valuation Period;

**“MCE Valuation Period”** means the period commencing from and including the moment upon which the Mandatory Call Event occurs (the trading session on the Stock Exchange during which the Mandatory Call Event occurs is the **“1st Session”**) and up to the end of the trading session on the Stock Exchange immediately following the 1st Session (**“2nd Session”**) unless, in the determination of the Issuer in its good faith, the 2nd Session for any reason (including, without limitation, a Market Disruption Event occurring and subsisting for the 2nd Session) does not contain any continuous period of 1 hour or more than 1 hour during which Spot Prices are available, the MCE Valuation Period shall be extended to the end of the subsequent trading session on the Stock Exchange following the 2nd Session during which Spot Prices are available for a continuous period of at least 1 hour notwithstanding the existence or continuance of a Market Disruption Event in such postponed trading session, unless the Issuer determines in its good faith that each trading session on each of the four Trading Days immediately following the day on which the Mandatory Call Event occurs does not contain any continuous period of 1 hour or more than 1 hour during which Spot Prices are available. In that case:

- (a) the period commencing from the 1st Session up to, and including, the last trading session of the fourth Trading Day on the Stock Exchange immediately following the date on which the Mandatory Call Event occurs shall be deemed to be the MCE Valuation Period; and
- (b) the Issuer shall determine the Maximum Trade Price or the Minimum Trade Price (as the case may be) having regard to the then prevailing market conditions, the last reported Spot Price and such other factors as the Issuer may determine to be relevant in its good faith.

For the avoidance of doubt, all Spot Prices available throughout the extended MCE Valuation Period shall be taken into account to determine the Maximum Trade Price or the Minimum Trade Price (as the case may be) for the calculation of the Residual Value.

For the purposes of this definition,

- (A) the pre-opening session, the morning session and, in the case of half day trading, the closing auction session (if applicable) of the same day; and
- (B) the afternoon session and the closing auction session (if applicable) of the same day,

shall each be considered as one session only;

**“Minimum Trade Price”** means, in respect of Category R CBBCs, the lowest Spot Price of the Shares (subject to any adjustment to such Spot Price as may be necessary to reflect any event as contemplated in Product Condition 5 such as capitalisation, rights issue, distribution or the like) during the MCE Valuation Period;

**“Number of CBBC(s) per Entitlement”** means the amount specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Observation Commencement Date”** has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

**“Observation Period”** means the period commencing from and including the Observation Commencement Date up to and including the close of trading (Hong Kong time) on the Trading Day immediately preceding the Expiry Date;

**“Post MCE Trades”** has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document, subject to such modification and amendment prescribed by the Stock Exchange from time to time;

**“Product Conditions”** means these product terms and conditions. These Product Conditions apply to each series of cash settled callable bull/bear contracts over single equities;

**“Residual Value”** means, in respect of every Board Lot:

(a) in respect of a series of bull CBBCs, an amount calculated by the Issuer equal to:

$$\frac{\text{Entitlement} \times (\text{Minimum Trade Price} - \text{Strike Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

and

(b) in respect of a series of bear CBBCs, an amount calculated by the Issuer equal to:

$$\frac{\text{Entitlement} \times (\text{Strike Price} - \text{Maximum Trade Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

**“Settlement Currency”** means the currency specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Settlement Date”** means the third CCASS Settlement Day after (i) the end of the MCE Valuation Period or (ii) the later of: (a) the Expiry Date; and (b) the day on which the Closing Price is determined in accordance with the Conditions (as the case may be);

**“Settlement Disruption Event”** means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount electronically through CCASS to the Designated Bank Account;

**“Shares”** means the shares of the Company specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Spot Price”** means:

(a) in respect of a continuous trading session of the Stock Exchange, the price per Share concluded by means of automatic order matching on the Stock Exchange as reported in the official real-time dissemination mechanism for the Stock Exchange during such continuous trading session of the Stock Exchange in accordance with the Trading Rules, excluding direct business (as defined in the Trading Rules); and

(b) in respect of a pre-opening session or a closing auction session (if applicable) of the Stock Exchange (as the case may be), the final Indicative Equilibrium Price (IEP) (as defined in the Trading Rules) of the Share (if any) calculated at the end of the pre-order matching period of such pre-opening session or closing auction session (if applicable) (as the case may be) in accordance with the Trading Rules, excluding direct business (as defined in the Trading Rules),

subject to such modification and amendment prescribed by the Stock Exchange from time to time;

**“Stock Exchange”** means The Stock Exchange of Hong Kong Limited;

**“Strike Price”** means the price specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 5;

**“Trading Day”** means a day on which the Stock Exchange is scheduled to open for trading for its regular trading sessions;

**“Trading Rules”** means the Rules and Regulations of the Exchange prescribed by the Stock Exchange from time to time; and

**“Valuation Date”** means the Trading Day immediately preceding the Expiry Date unless the Issuer determines, in its sole and absolute discretion, that a Market Disruption Event has occurred, then that day shall be postponed until the first succeeding Trading Day on which the Issuer determines that there is no Market Disruption Event, unless the Issuer determines that there is a Market Disruption Event occurring on each of the four Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Valuation Date. In that case:

- (a) the fourth Trading Day immediately following the original date shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and
- (b) the Issuer shall determine the Closing Price on the basis of its good faith estimate of the price that would have prevailed on that day but for the occurrence of the Market Disruption Event.

## 2. Hedging Disruption

2.1 **Notification:** The Issuer shall as soon as reasonably practicable give notice to the Holders in accordance with General Condition 7 if it determines that a Hedging Disruption Event has occurred. The notice shall specify the consequence of such Hedging Disruption Event as determined by the Issuer pursuant to Product Condition 2.3.

2.2 **Hedging Disruption Event:** A **“Hedging Disruption Event”** occurs if the Issuer determines that it is or has become not reasonably practicable or it has otherwise become undesirable, for any reason, for the Issuer wholly or partially (X) to establish, re-establish, substitute or maintain a relevant hedging transaction (a **“Relevant Hedging Transaction”**) it deems necessary or desirable to hedge the Issuer’s obligations in respect of the CBBCs or (Y) to freely realize, recover, receive, repatriate, remit or transfer the proceeds of the Relevant Hedging Transactions between accounts within the jurisdiction of the Relevant Hedging Transactions (the **“Affected Jurisdiction”**) or from accounts within the Affected Jurisdiction to accounts outside of the Affected Jurisdiction. The reasons for such determination by the Issuer may include, but are not limited to, the following:

- (a) any material illiquidity in the market for the Shares;
- (b) a change in any applicable law (including, without limitation, any tax law) or the promulgation of, or change in, the interpretation of any court, tribunal or regulatory authority with competent jurisdiction of any applicable law (including any action taken by a taxing authority);
- (c) a material decline in the creditworthiness of a party with whom the Issuer has entered into any such Relevant Hedging Transaction; or
- (d) the general unavailability of:
  - (i) market participants who will agree to enter into a Relevant Hedging Transaction; or
  - (ii) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.

2.3 **Consequences:** The Issuer, in the event of a Hedging Disruption Event, may determine to:

- (a) terminate the CBBCs. In such circumstances the Issuer will, however, if and to the extent permitted by the Applicable Law pay to each Holder in respect of each CBBC held by such Holder an amount calculated by it as the fair market value of the CBBC immediately prior to such termination less the cost to the Issuer of unwinding any related hedging arrangements. Payment will be made to the Holder in such manner as shall be notified to the Holder in accordance with General Condition 7; or
- (b) make any other adjustment to the Product Conditions as it considers appropriate in order to maintain the theoretical value of the CBBCs after adjusting for the relevant Hedging Disruption Event.

### 3. CBBC Rights and Exercise Expenses

#### 3.1 *CBBC Rights*

Every Board Lot gives each Holder, upon due exercise and compliance with Product Condition 4, the right to receive the payment of the Cash Settlement Amount (net of any Exercise Expenses), if any.

#### 3.2 *Exercise Expenses*

On exercise of the CBBCs, Holders will be obliged to give an irrevocable authorisation to the Issuer to deduct all Exercise Expenses in accordance with Product Condition 4.

### 4. Exercise of CBBCs

#### 4.1 *Exercise of CBBCs in Board Lots*

CBBCs may only be exercised in Board Lots or integral multiples thereof.

#### 4.2 *Automatic exercise*

If no Mandatory Call Event has occurred during the Observation Period, the CBBCs will be deemed to be automatically exercised on the Expiry Date if the Cash Settlement Amount is greater than zero (without notice being given to the Holders).

#### 4.3 *Mandatory Call Event*

- (a) Subject to Product Condition 4.3(b) below, following a Mandatory Call Event, the CBBCs will be terminated automatically and the Issuer shall have no further obligation under the CBBCs except for the payment of the Cash Settlement Amount (net of any Exercise Expenses) (if any) on the Settlement Date. The Issuer will notify the Holders of the occurrence of the Mandatory Call Event in accordance with General Condition 7. Trading in the CBBCs will be suspended immediately upon the occurrence of a Mandatory Call Event and any Post MCE Trades will be cancelled and will not be recognised by the Stock Exchange or the Issuer.
- (b) A Mandatory Call Event is irrevocable unless it is triggered as a result of any of the following events:
  - (i) system malfunction or other technical errors of the Stock Exchange and such event is reported by the Stock Exchange to the Issuer and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked; or

- (ii) manifest errors caused by the relevant third party where applicable and such event is reported by the Issuer to the Stock Exchange, and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked;

in each case, such mutual agreement must be reached no later than the time specified in the relevant Launch Announcement and Supplemental Listing Document or such other time as prescribed by the Stock Exchange from time to time.

In both cases, the Mandatory Call Event so triggered will be reversed; and all cancelled trades (if any) will be reinstated and trading of the CBBCs will resume as soon as practicable in accordance with the rules and/or requirements prescribed by the Stock Exchange from time to time.

#### **4.4 Entitlement**

Every Board Lot of CBBCs entitles the Holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount (if any).

#### **4.5 Exercise Expenses**

Any Exercise Expenses which are not determined by the Issuer by the end of the MCE Valuation Period or the Expiry Date (as the case may be) and deducted from the Cash Settlement Amount prior to delivery to the Holders in accordance with this Product Condition 4, shall be notified by the Issuer to the Holders as soon as practicable after determination thereof and shall be paid by the Holders to the Issuer immediately upon demand.

#### **4.6 Cancellation**

The Issuer will procure that the Registrar will, with effect from the first Business Day following the MCE Valuation Period or the Expiry Date (as the case may be), remove from the Register the name of the person in respect of the CBBCs which (a) are the subject of an exercise in accordance with these Product Conditions; or (b) have expired worthless, and thereby cancel the relevant CBBCs.

#### **4.7 Cash Settlement**

Upon early termination of the CBBCs following the occurrence of a Mandatory Call Event or an automatic exercise of the CBBCs on the Expiry Date (as the case may be) in accordance with these Product Conditions, the Issuer will make a payment in respect of every Board Lot to the relevant Holder equal to the Cash Settlement Amount (net of any Exercise Expenses). If the Cash Settlement Amount is equal to or less than the Exercise Expense, no amount is payable by the Issuer.

The Cash Settlement Amount shall be despatched not later than the Settlement Date by crediting that amount in accordance with the CCASS Rules to the Designated Bank Account.

If, as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of the Settlement Disruption Event.

#### 4.8 **Responsibility of Issuer and Registrar**

None of the Issuer, the Registrar or their respective agents shall have any responsibility for (i) any errors or omissions in the calculation and dissemination of any variables published by a third party; and (ii) any errors or omissions in any calculation made by the Issuer pursuant to the Conditions (including the calculation of the Cash Settlement Amount) if such error or omission in calculation arises from the use of errors or omissions in any variables calculated, disseminated or published by a third party.

The purchase of CBBCs does not confer on any Holder of such CBBCs any rights (whether in respect of voting, distributions or otherwise) in relation to the Shares.

#### 4.9 **Liability of Issuer and Registrar**

Exercise and settlement of the CBBCs is subject to all applicable laws, rules, regulations and guidelines in force at the relevant time and neither the Issuer nor the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, rules, regulations or guidelines. Neither the Issuer nor the Registrar shall under any circumstances be liable for any acts or defaults of the CCASS in relation to the performance of its duties in relation to the CBBCs.

#### 4.10 **Trading in the CBBCs**

Subject to Product Condition 4.3(b), trading in CBBCs on the Stock Exchange shall cease (a) immediately upon the occurrence of a Mandatory Call Event or (b) at the close of trading for the Trading Day immediately preceding the Expiry Date (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning session only, at the close of trading for the morning session), whichever is the earlier.

### 5. **Adjustments**

#### 5.1 **Rights Issues**

If and whenever the Company shall, by way of Rights (as defined below), offer new Shares for subscription at a fixed subscription price to the holders of existing Shares pro rata to existing holdings (a "**Rights Offer**"), the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Shares becomes ex-entitlement ("**Rights Issue Adjustment Date**") in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = \frac{1 + M}{1 + (R/S) \times M}$$

E: Existing Entitlement immediately prior to the Rights Offer

S: Cum-Rights Share price being the closing price of an existing Share as derived from the daily quotation sheet of the Stock Exchange on the last Business Day on which Shares are traded on a cum-Rights basis

R: Subscription price per new Share as specified in the Rights Offer plus an amount equal to any dividends or other benefits foregone to exercise the Rights

M: Number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment shall be made. In addition, the Issuer shall adjust the Strike Price and the Call Price (each of which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. This adjustment to the Strike Price and the Call Price shall take effect on the Rights Issue Adjustment Date.

For the purposes of these Product Conditions:

**“Rights”** means the right(s) attached to each existing Share or needed to acquire one new Share (as the case may be) which are given to the holders of existing Shares to subscribe at a fixed subscription price for new Shares pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

## 5.2 **Bonus Issues**

If and whenever the Company shall make an issue of Shares credited as fully paid to the holders of Shares generally by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend or similar scheme for the time being operated by the Company or otherwise in lieu of a cash dividend and without any payment or other consideration being made or given by such holders) (a **“Bonus Issue”**) the Entitlement shall be adjusted on the Business Day on which trading in the Shares becomes ex-entitlement (**“Bonus Issues Adjustment Date”**) in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = 1 + N$$

E: Existing Entitlement immediately prior to the Bonus Issue

N: Number of additional Shares (whether a whole or a fraction) received by a holder of existing Shares for each Share held prior to the Bonus Issue

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment shall be made. In addition, the Issuer shall adjust the Strike Price and the Call Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. This adjustment to the Strike Price and the Call Price shall take effect on the Bonus Issue Adjustment Date.

## 5.3 **Subdivisions or Consolidations**

If and whenever the Company shall subdivide its Shares or any class of its outstanding share capital comprised of the Shares into a greater number of shares (a **“Subdivision”**) or consolidate the Shares or any class of its outstanding share capital comprised of the Shares into a smaller number of shares (a **“Consolidation”**), then:

- (a) in the case of a Subdivision, the Entitlement in effect immediately prior thereto will be increased whereas the Strike Price and the Call Price (each of which shall be rounded to the nearest 0.001) will be decreased in the same ratio as the Subdivision; and

- (b) in the case of a Consolidation, the Entitlement in effect immediately prior thereto will be decreased whereas the Strike Price and the Call Price (each of which shall be rounded to the nearest 0.001) will be increased in the same ratio as the Consolidation,

in each case on the day on which the Subdivision or Consolidation (as the case may be) shall have taken effect.

#### 5.4 **Merger or Consolidation**

If it is announced that the Company is to or may merge or consolidate with or into any other corporation (including becoming, by agreement or otherwise, a subsidiary of any corporation or controlled by any person or corporation) (except where the Company is the surviving corporation in a merger) or that it is to or may sell or transfer all or substantially all of its assets, the rights attaching to the CBBCs may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) (as determined by the Issuer in its absolute discretion).

The rights attaching to the CBBCs after the adjustment shall, after such Restructuring Event, relate to the number of shares of the corporation(s) resulting from or surviving such Restructuring Event or other securities (“**Substituted Securities**”) and/or cash offered in substitution for the affected Shares, as the case may be, to which the holder of such number of Shares to which the CBBCs related immediately before such Restructuring Event would have been entitled upon such Restructuring Event. Thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in the relevant currency equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected.

For the avoidance of doubt, any remaining Shares shall not be affected by this Product Condition 5.4 and, where cash is offered in substitution for Shares or is deemed to replace Substituted Securities as described above, references in these Product Conditions to the Shares shall include any such cash.

#### 5.5 **Cash Distribution**

No adjustment will be made for an ordinary cash dividend (whether or not it is offered with a scrip alternative) (“**Ordinary Dividend**”). For any other forms of cash distribution (“**Cash Distribution**”) announced by the Company, such as a cash bonus, special dividend or extraordinary dividend, no adjustment will be made unless the value of the Cash Distribution accounts for 2 per cent. or more of the Share’s closing price on the day of announcement by the Company.

If and whenever the Company shall make a Cash Distribution credited as fully paid to the holders of Shares generally, the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Shares becomes ex-entitlement in respect of the relevant Cash Distribution (“**Cash Distribution Adjustment Date**”) in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = \frac{S - OD}{S - OD - CD}$$

E: The existing Entitlement immediately prior to the Cash Distribution



S: The closing price of the existing Share as derived from the daily quotation sheet of the Stock Exchange on the Business Day immediately preceding the Cash Distribution Adjustment Date

CD: The amount of Cash Distribution per Share

OD: The amount of Ordinary Dividend per Share, provided that the Ordinary Dividend and the Cash Distribution shall have the same ex-entitlement date. For the avoidance of doubt, the OD shall be deemed to be zero if the ex-entitlement dates of the relevant Ordinary Dividend and Cash Distribution are different

In addition, the Issuer shall adjust the Strike Price and the Call Price (each of which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Strike Price and the Call Price shall take effect on the Cash Distribution Adjustment Date.

### 5.6 ***Other Adjustments***

Without prejudice to and notwithstanding any prior adjustment(s) made pursuant to the applicable Conditions, the Issuer may (but shall not be obliged to) make such other adjustments to the terms and conditions of the CBBCs as appropriate where any event (including the events as contemplated in the applicable Conditions) occurs and irrespective of, in substitution for, or in addition to the provisions contemplated in the applicable Conditions, provided that such adjustment is:

- (a) not materially prejudicial to the interests of the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment in any particular jurisdiction); or
- (b) determined by the Issuer in good faith to be appropriate and commercially reasonable.

### 5.7 ***Notice of Determinations***

All determinations made by the Issuer pursuant hereto shall be conclusive and binding on the Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment or amendment and of the date from which such adjustment or amendment is effective by publication in accordance with General Condition 7.

## 6. **Liquidation**

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator, receiver or administrator or analogous person under Hong Kong law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised CBBCs will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law.

## **7. Delisting**

### **7.1 *Adjustments following delisting***

If at any time the Shares cease to be listed on the Stock Exchange, the Issuer shall give effect to the General Conditions and these Product Conditions in such manner and make such adjustments to the rights attaching to the CBBs as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Holder or the tax or other consequences that may result in any particular jurisdiction).

### **7.2 *Listing on another exchange***

Without prejudice to the generality of Product Condition 7.1, where the Shares are, or, upon the delisting, become, listed on any other stock exchange, the General Conditions and these Product Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Stock Exchange and the Issuer may, without the consent of the Holders, make such adjustments to the entitlements of Holders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the relevant currency) as may be appropriate in the circumstances.

### **7.3 *Adjustments binding***

The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Holders in accordance with General Condition 7, as soon as practicable after they are determined.

## **PART C — PRODUCT CONDITIONS OF CALLABLE BULL/BEAR CONTRACTS OVER EXCHANGE TRADED FUNDS (CASH SETTLED)**

*These Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Launch Announcement and Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch Announcement and Supplemental Listing Document in relation to the issue of any series of CBBCs may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of CBBCs. Capitalised terms used in these Product Conditions and not otherwise defined herein shall have the meaning given to them in the General Conditions and the relevant Launch Announcement and Supplemental Listing Document.*

### **1. Definitions**

For the purposes of these Product Conditions:

“**Business Day**” means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong;

“**Call Price**” means the price specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 5;

“**Cash Settlement Amount**” means, in respect of every Board Lot, an amount in the Settlement Currency calculated by the Issuer as:

(a) following a Mandatory Call Event:

(i) in respect of a series of Category R CBBCs, the Residual Value; or

(ii) in respect of a series of Category N CBBCs, zero; and

(b) at expiry:

(i) in respect of a series of bull CBBCs, an amount equal to:

$$\frac{\text{Entitlement} \times (\text{Closing Price} - \text{Strike Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

and

(ii) in respect of a series of bear CBBCs, an amount equal to:

$$\frac{\text{Entitlement} \times (\text{Strike Price} - \text{Closing Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero;

“**Category N CBBCs**” means a series of CBBCs where the Call Price is equal to the Strike Price;

“**Category R CBBCs**” means a series of CBBCs where the Call Price is different from the Strike Price;

**“Closing Price”** means the official closing price of the Unit (as derived from the daily quotation sheet of the Stock Exchange, subject to any adjustment as may be necessary to reflect any event as contemplated in Product Condition 5 such as capitalisation, rights issue, distribution or the like) on the Valuation Date. If a Market Disruption Event occurs on each of the four Trading Days immediately following the scheduled Valuation Date, then the Issuer shall determine the Closing Price in accordance with the definition of “Valuation Date”;

**“Designated Bank Account”** means the relevant bank account designated by the relevant Holder;

**“Entitlement”** means the number specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 5;

**“Exercise Expenses”** means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of the CBBCs;

**“Expiry Date”** has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

**“Fund”** means the exchange traded fund specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“General Conditions”** means the general terms and conditions of Structured Products set out in Appendix 1 of the Base Listing Document;

**“Listing Date”** means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Mandatory Call Event”** occurs if the Spot Price of the Units at any time during a Trading Day in the Observation Period is:

- (a) in the case of a series of bull CBBCs, at or below the Call Price; or
- (b) in the case of a series of bear CBBCs, at or above the Call Price;

**“Market Disruption Event”** means:

- (a) the occurrence or existence on any Trading Day during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Stock Exchange or otherwise) on the Stock Exchange in: (i) the Units; or (ii) any options or futures contracts relating to the Units if, in any such case, such suspension or limitation is, in the determination of the Issuer, material;
- (b) the issuance of the tropical cyclone warning signal number 8 or above or the issuance of a “BLACK” rainstorm signal on any day which either (i) results in the Stock Exchange being closed for trading for the entire day; or (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session), PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for opening of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the “BLACK” rainstorm signal having been issued; or

- (c) a limitation or closure of the Stock Exchange due to any other unforeseen circumstances;

**“Maximum Trade Price”** means, in respect of Category R CBBCs, the highest Spot Price of the Units (subject to any adjustment to such Spot Price as may be necessary to reflect any event as contemplated in Product Condition 5 such as capitalisation, rights issue, distribution or the like) during the MCE Valuation Period;

**“MCE Valuation Period”** means the period commencing from and including the moment upon which the Mandatory Call Event occurs (the trading session on the Stock Exchange during which the Mandatory Call Event occurs is the **“1st Session”**) and up to the end of the trading session on the Stock Exchange immediately following the 1st Session (**“2nd Session”**) unless, in the determination of the Issuer in its good faith, the 2nd Session for any reason (including, without limitation, a Market Disruption Event occurring and subsisting for the 2nd Session) does not contain any continuous period of 1 hour or more than 1 hour during which Spot Prices are available, the MCE Valuation Period shall be extended to the end of the subsequent trading session on the Stock Exchange following the 2nd Session during which Spot Prices are available for a continuous period of at least 1 hour notwithstanding the existence or continuance of a Market Disruption Event in such postponed trading session, unless the Issuer determines in its good faith that each trading session on each of the four Trading Days immediately following the day on which the Mandatory Call Event occurs does not contain any continuous period of 1 hour or more than 1 hour during which Spot Prices are available. In that case:

- (a) the period commencing from the 1st Session up to, and including, the last trading session of the fourth Trading Day on the Stock Exchange immediately following the date on which the Mandatory Call Event occurs shall be deemed to be the MCE Valuation Period; and
- (b) the Issuer shall determine the Maximum Trade Price or the Minimum Trade Price (as the case may be) having regard to the then prevailing market conditions, the last reported Spot Price and such other factors as the Issuer may determine to be relevant in its good faith.

For the avoidance of doubt, all Spot Prices available throughout the extended MCE Valuation Period shall be taken into account to determine the Maximum Trade Price or the Minimum Trade Price (as the case may be) for the calculation of the Residual Value.

For the purposes of this definition,

- (A) the pre-opening session, the morning session and, in the case of half day trading, the closing auction session (if applicable) of the same day; and
- (B) the afternoon session and the closing auction session (if applicable) of the same day,

shall each be considered as one session only;

**“Minimum Trade Price”** means, in respect of Category R CBBCs, the lowest Spot Price of the Units (subject to any adjustment to such Spot Price as may be necessary to reflect any event as contemplated in Product Condition 5 such as capitalisation, rights issue, distribution or the like) during the MCE Valuation Period;

**“Number of CBBC(s) per Entitlement”** means the amount specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Observation Commencement Date”** has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

**“Observation Period”** means the period commencing from and including the Observation Commencement Date up to and including the close of trading (Hong Kong time) on the Trading Day immediately preceding the Expiry Date;

**“Post MCE Trades”** has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document, subject to such modification and amendment prescribed by the Stock Exchange from time to time;

**“Product Conditions”** means these product terms and conditions. These Product Conditions apply to each series of cash settled callable bull/bear contracts over exchange traded funds;

**“Residual Value”** means, in respect of every Board Lot:

(a) in respect of a series of bull CBBCs, an amount calculated by the Issuer equal to:

$$\frac{\text{Entitlement} \times (\text{Minimum Trade Price} - \text{Strike Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

and

(b) in respect of a series of bear CBBCs, an amount calculated by the Issuer equal to:

$$\frac{\text{Entitlement} \times (\text{Strike Price} - \text{Maximum Trade Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

**“Settlement Currency”** means the currency specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Settlement Date”** means the third CCASS Settlement Day after (i) the end of the MCE Valuation Period or (ii) the later of: (a) the Expiry Date; and (b) the day on which the Closing Price is determined in accordance with the Conditions (as the case may be);

**“Settlement Disruption Event”** means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount electronically through CCASS to the Designated Bank Account;

**“Spot Price”** means:

(a) in respect of a continuous trading session of the Stock Exchange, the price per Unit concluded by means of automatic order matching on the Stock Exchange as reported in the official real-time dissemination mechanism for the Stock Exchange during such continuous trading session of the Stock Exchange in accordance with the Trading Rules, excluding direct business (as defined in the Trading Rules); and

(b) in respect of a pre-opening session or a closing auction session (if applicable) of the Stock Exchange (as the case may be), the final Indicative Equilibrium Price (IEP) (as defined in the Trading Rules) of the Unit (if any) calculated at the end of the pre-order matching period of such pre-opening session or closing auction session (if applicable) (as the case may be) in accordance with the Trading Rules, excluding direct business (as defined in the Trading Rules),

subject to such modification and amendment prescribed by the Stock Exchange from time to time;

**“Stock Exchange”** means The Stock Exchange of Hong Kong Limited;

**“Strike Price”** means the price specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 5;

**“Trading Day”** means a day on which the Stock Exchange is scheduled to open for trading for its regular trading sessions;

**“Trading Rules”** means the Rules and Regulations of the Exchange prescribed by the Stock Exchange from time to time;

**“Unit”** means the unit or share of the Fund specified as such in the relevant Launch Announcement and Supplemental Listing Document; and

**“Valuation Date”** means the Trading Day immediately preceding the Expiry Date unless the Issuer determines, in its sole and absolute discretion, that a Market Disruption Event has occurred, then that day shall be postponed until the first succeeding Trading Day on which the Issuer determines that there is no Market Disruption Event, unless the Issuer determines that there is a Market Disruption Event occurring on each of the four Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Valuation Date. In that case:

- (a) the fourth Trading Day immediately following the original date shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and
- (b) the Issuer shall determine the Closing Price on the basis of its good faith estimate of the price that would have prevailed on that day but for the occurrence of the Market Disruption Event.

## 2. Hedging Disruption

2.1 **Notification:** The Issuer shall as soon as reasonably practicable give notice to the Holders in accordance with General Condition 7 if it determines that a Hedging Disruption Event has occurred. The notice shall specify the consequence of such Hedging Disruption Event as determined by the Issuer pursuant to Product Condition 2.3.

2.2 **Hedging Disruption Event:** A **“Hedging Disruption Event”** occurs if the Issuer determines that it is or has become not reasonably practicable or it has otherwise become undesirable, for any reason, for the Issuer wholly or partially (X) to establish, re-establish, substitute or maintain a relevant hedging transaction (a **“Relevant Hedging Transaction”**) it deems necessary or desirable to hedge the Issuer’s obligations in respect of the CBCs or (Y) to freely realize, recover, receive, repatriate, remit or transfer the proceeds of the Relevant Hedging Transactions between accounts within the jurisdiction of the Relevant Hedging Transactions (the **“Affected Jurisdiction”**) or from accounts within the Affected Jurisdiction to accounts outside of the Affected Jurisdiction. The reasons for such determination by the Issuer may include, but are not limited to, the following:

- (a) any material illiquidity in the market for the Units;
- (b) a change in any applicable law (including, without limitation, any tax law) or the promulgation of, or change in, the interpretation of any court, tribunal or regulatory authority with competent jurisdiction of any applicable law (including any action taken by a taxing authority);
- (c) a material decline in the creditworthiness of a party with whom the Issuer has entered into any such Relevant Hedging Transaction; or
- (d) the general unavailability of:

- (i) market participants who will agree to enter into a Relevant Hedging Transaction; or
- (ii) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.

2.3 **Consequences:** The Issuer, in the event of a Hedging Disruption Event, may determine to:

- (a) terminate the CBBCs. In such circumstances the Issuer will, however, if and to the extent permitted by the Applicable Law pay to each Holder in respect of each CBBC held by such Holder an amount calculated by it as the fair market value of the CBBC immediately prior to such termination less the cost to the Issuer of unwinding any related hedging arrangements. Payment will be made to the Holder in such manner as shall be notified to the Holder in accordance with General Condition 7; or
- (b) make any other adjustment to the Product Conditions as it considers appropriate in order to maintain the theoretical value of the CBBCs after adjusting for the relevant Hedging Disruption Event.

### 3. CBBC Rights and Exercise Expenses

#### 3.1 **CBBC Rights**

Every Board Lot gives each Holder, upon due exercise and compliance with Product Condition 4, the right to receive the payment of the Cash Settlement Amount (net of any Exercise Expenses), if any.

#### 3.2 **Exercise Expenses**

On exercise of the CBBCs, Holders will be obliged to give an irrevocable authorisation to the Issuer to deduct all Exercise Expenses in accordance with Product Condition 4.

### 4. Exercise of CBBCs

#### 4.1 **Exercise of CBBCs in Board Lots**

CBBCs may only be exercised in Board Lots or integral multiples thereof.

#### 4.2 **Automatic exercise**

If no Mandatory Call Event has occurred during the Observation Period, the CBBCs will be deemed to be automatically exercised on the Expiry Date if the Cash Settlement Amount is greater than zero (without notice being given to the Holders).

#### 4.3 **Mandatory Call Event**

- (a) Subject to Product Condition 4.3(b) below, following a Mandatory Call Event, the CBBCs will be terminated automatically and the Issuer shall have no further obligation under the CBBCs except for the payment of the Cash Settlement Amount (net of any Exercise Expenses) (if any) on the Settlement Date. The Issuer will notify the Holders of the occurrence of the Mandatory Call



Event in accordance with General Condition 7. Trading in the CBBCs will be suspended immediately upon the occurrence of a Mandatory Call Event and any Post MCE Trades will be cancelled and will not be recognised by the Stock Exchange or the Issuer.

- (b) A Mandatory Call Event is irrevocable unless it is triggered as a result of any of the following events:
- (i) system malfunction or other technical errors of the Stock Exchange and such event is reported by the Stock Exchange to the Issuer and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked; or
  - (ii) manifest errors caused by the relevant third party where applicable and such event is reported by the Issuer to the Stock Exchange, and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked;

in each case, such mutual agreement must be reached no later than the time specified in the relevant Launch Announcement and Supplemental Listing Document or such other time as prescribed by the Stock Exchange from time to time.

In both cases, the Mandatory Call Event so triggered will be reversed; and all cancelled trades (if any) will be reinstated and trading of the CBBCs will resume as soon as practicable in accordance with the rules and/or requirements prescribed by the Stock Exchange from time to time.

#### **4.4 Entitlement**

Every Board Lot of CBBCs entitles the Holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount (if any).

#### **4.5 Exercise Expenses**

Any Exercise Expenses which are not determined by the Issuer by the end of the MCE Valuation Period or the Expiry Date (as the case may be) and deducted from the Cash Settlement Amount prior to delivery to the Holders in accordance with this Product Condition 4, shall be notified by the Issuer to the Holders as soon as practicable after determination thereof and shall be paid by the Holders to the Issuer immediately upon demand.

#### **4.6 Cancellation**

The Issuer will procure that the Registrar will, with effect from the first Business Day following the MCE Valuation Period or the Expiry Date (as the case may be), remove from the Register the name of the person in respect of the CBBCs which (a) are the subject of an exercise in accordance with these Product Conditions; or (b) have expired worthless, and thereby cancel the relevant CBBCs.

#### **4.7 Cash Settlement**

Upon early termination of the CBBCs following the occurrence of a Mandatory Call Event or an automatic exercise of the CBBCs on the Expiry Date (as the case may be) in accordance with these Product Conditions, the Issuer will make a payment

in respect of every Board Lot to the relevant Holder equal to the Cash Settlement Amount (net of any Exercise Expenses). If the Cash Settlement Amount is equal to or less than the Exercise Expense, no amount is payable by the Issuer.

The Cash Settlement Amount shall be despatched not later than the Settlement Date by crediting that amount in accordance with the CCASS Rules to the Designated Bank Account.

If, as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of the Settlement Disruption Event.

#### **4.8 Responsibility of Issuer and Registrar**

None of the Issuer, the Registrar or their respective agents shall have any responsibility for (i) any errors or omissions in the calculation and dissemination of any variables published by a third party; and (ii) any errors or omissions in any calculation made by the Issuer pursuant to the Conditions (including the calculation of the Cash Settlement Amount) if such error or omission in calculation arises from the use of errors or omissions in any variables calculated, disseminated or published by a third party.

The purchase of CBBCs does not confer on any Holder of such CBBCs any rights (whether in respect of voting, distributions or otherwise) in relation to the Units.

#### **4.9 Liability of Issuer and Registrar**

Exercise and settlement of the CBBCs is subject to all applicable laws, rules, regulations and guidelines in force at the relevant time and neither the Issuer nor the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, rules, regulations or guidelines. Neither the Issuer nor the Registrar shall under any circumstances be liable for any acts or defaults of the CCASS in relation to the performance of its duties in relation to the CBBCs.

#### **4.10 Trading in the CBBCs**

Subject to Product Condition 4.3(b), trading in CBBCs on the Stock Exchange shall cease (a) immediately upon the occurrence of a Mandatory Call Event or (b) at the close of trading for the Trading Day immediately preceding the Expiry Date (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning session only, at the close of trading for the morning session), whichever is the earlier.

### **5. Adjustments**

#### **5.1 Rights Issues**

If and whenever the Fund shall, by way of Rights (as defined below), offer new Units for subscription at a fixed subscription price to the holders of existing Units pro rata to existing holdings (a “**Rights Offer**”), the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Units becomes ex-entitlement (“**Rights Issue Adjustment Date**”) in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = \frac{1 + M}{1 + (R/S) \times M}$$

- E: The existing Entitlement immediately prior to the Rights Offer
- S: Cum-Rights Unit price being the closing price of an existing Unit as derived from the daily quotation sheet of the Stock Exchange on the last Business Day on which the Units are traded on a cum-Rights basis
- R: Subscription price per new Unit as specified in the Rights Offer plus an amount equal to any distributions or other benefits foregone to exercise the Rights
- M: Number of new Unit(s) (whether a whole or a fraction) per existing Unit each holder thereof is entitled to subscribe

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment shall be made. In addition, the Issuer shall adjust the Strike Price and the Call Price (each of which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. This adjustment to the Strike Price and the Call Price shall take effect on the Rights Issue Adjustment Date.

For the purposes of these Product Conditions:

**“Rights”** means the right(s) attached to each existing Unit or needed to acquire one new Unit (as the case may be) which are given to the holders of existing Units to subscribe at a fixed subscription price for new Units pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

## 5.2 **Bonus Issues**

If and whenever the Fund shall make an issue of Units credited as fully paid to the holders of Units generally (other than pursuant to a scrip distribution or similar scheme for the time being operated by the Fund or otherwise in lieu of a cash distribution and without any payment or other consideration being made or given by such holders) (a **“Bonus Issue”**) the Entitlement shall be adjusted on the Business Day on which trading in the Units of the Fund becomes ex-entitlement (**“Bonus Issues Adjustment Date”**) in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = 1 + N$$

- E: The existing Entitlement immediately prior to the Bonus Issue
- N: Number of additional Units (whether a whole or a fraction) received by a holder of existing Units for each Unit held prior to the Bonus Issue

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment shall be made. In addition, the Issuer shall adjust the Strike Price and the Call Price (each of which shall be

rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. This adjustment to the Strike Price and the Call Price shall take effect on the Bonus Issue Adjustment Date.

### 5.3 **Subdivisions or Consolidations**

If and whenever the Fund shall subdivide its Units or any class of its outstanding Units into a greater number of units or shares (a “**Subdivision**”) or consolidate the Units or any class of its outstanding Units into a smaller number of units or shares (a “**Consolidation**”), then:

- (a) in the case of a Subdivision, the Entitlement in effect immediately prior thereto shall be increased whereas the Strike Price and the Call Price (which shall be rounded to the nearest 0.001) shall be decreased in the same ratio as the Subdivision; and
- (b) in the case of a Consolidation, the Entitlement in effect immediately prior thereto shall be decreased whereas the Strike Price and the Call Price (which shall be rounded to the nearest 0.001) shall be increased in the same ratio as the Consolidation,

in each case on the day on which the Subdivision or Consolidation (as the case may be) shall have taken effect.

### 5.4 **Merger or Consolidation**

If it is announced that the Fund is to or may merge or consolidate with or into any other trust or corporation (including becoming, by agreement or otherwise, controlled by any person or corporation) (except where the Fund is the surviving entity in a merger) or that it is to or may sell or transfer all or substantially all of its assets, the rights attaching to the CBBCs may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) (as determined by the Issuer in its absolute discretion).

The rights attaching to the CBBCs after the adjustment shall, after such Restructuring Event, relate to the number of units or shares of the trust(s) or corporation(s) resulting from or surviving such Restructuring Event or other securities (“**Substituted Securities**”) and/or cash offered in substitution for the affected Units, as the case may be, to which the holder of such number of Units to which the CBBCs related immediately before such Restructuring Event would have been entitled upon such Restructuring Event. Thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in the relevant currency equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected.

For the avoidance of doubt, any remaining Units shall not be affected by this Product Condition 5.4 and, where cash is offered in substitution for Units or is deemed to replace Substituted Securities as described above, references in these Product Conditions to the Units shall include any such cash.

### 5.5 **Cash Distributions**

No adjustment shall be made for an ordinary cash distribution (whether or not it is offered with a scrip alternative) (“**Ordinary Distribution**”). For any other forms of cash distribution (“**Cash Distribution**”) announced by the Fund, such as a cash

bonus, special distribution or extraordinary distribution, no adjustment shall be made unless the value of the Cash Distribution accounts for 2 per cent. or more of the Unit's closing price on the day of announcement by the Fund.

If and whenever the Fund shall make a Cash Distribution credited as fully paid to the holders of Units generally, the Call Price and the Strike Price shall be adjusted to take effect on the Business Day on which trading in the Units becomes ex-entitlement ("**Cash Distribution Adjustment Date**") in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = \frac{S - OD}{S - OD - CD}$$

- E: The existing Entitlement immediately prior to the Cash Distribution
- S: The closing price of the existing Unit as derived from the daily quotation sheet of the Stock Exchange on the Business Day immediately preceding the Cash Distribution Adjustment Date
- CD: The amount of Cash Distribution per Unit
- OD: The amount of Ordinary Distribution per Unit, provided that the Ordinary Distribution and the Cash Distribution shall have the same ex-entitlement date. For the avoidance of doubt, the OD shall be deemed to be zero if the ex-entitlement dates of the relevant Ordinary Distribution and Cash Distribution are different

In addition, the Issuer shall adjust the Strike Price and the Call Price (each of which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Strike Price and the Call Price shall take effect on the Cash Distribution Adjustment Date.

## 5.6 ***Other Adjustments***

Without prejudice to and notwithstanding any prior adjustment(s) made pursuant to the applicable Conditions, the Issuer may (but shall not be obliged to) make such other adjustments to the terms and conditions of the CBBCs as appropriate where any event (including the events as contemplated in the applicable Conditions) occurs and irrespective of, in substitution for, or in addition to the provisions contemplated in the applicable Conditions, provided that such adjustment is:

- (a) not materially prejudicial to the interests of the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment in any particular jurisdiction); or
- (b) determined by the Issuer in good faith to be appropriate and commercially reasonable.

## 5.7 **Notice of Determinations**

All determinations made by the Issuer pursuant hereto shall be conclusive and binding on the Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment or amendment and of the date from which such adjustment or amendment is effective by publication in accordance with General Condition 7.

## 6. **Termination or Liquidation**

6.1 In the event of a Termination or the liquidation or dissolution of the Fund or, if applicable, the trustee of the Fund (including any successor trustee appointed from time to time) (“**Trustee**”) (in its capacity as trustee of the Fund) or the appointment of a liquidator, receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of the Fund’s or the Trustee’s (as the case may be) undertaking, property or assets, all unexercised CBBCs will lapse and shall cease to be valid for any purpose. In the case of a Termination, the unexercised CBBCs will lapse and shall cease to be valid on the effective date of the Termination, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of such Fund’s or Trustee’s (as the case may be) undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law.

6.2 For the purpose of this Product Condition 6, “**Termination**” means (a) the Fund is terminated or required to be terminated for whatever reason, or the termination of the Fund commences; (b) where applicable, the Fund is held or is conceded by the Trustee or the manager of the Fund (including any successor manager appointed from time to time) not to have been constituted or to have been imperfectly constituted; (c) where applicable, the Trustee ceases to be authorised under the Fund to hold the property of the Fund in its name and perform its obligations under the trust deed constituting the Fund; or (d) the Fund ceases to be authorised as an authorised collective investment scheme under the Securities and Futures Ordinance (Cap 571, The Laws of Hong Kong).

## 7. **Delisting**

### 7.1 **Adjustments following delisting**

If at any time the Units cease to be listed on the Stock Exchange, the Issuer shall give effect to the General Conditions and these Product Conditions in such manner and make such adjustments to the rights attaching to the CBBCs as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Holder or the tax or other consequences that may result in any particular jurisdiction).

### 7.2 **Listing on another exchange**

Without prejudice to the generality of Product Condition 7.1, where the Units are, or, upon the delisting, become, listed on any other stock exchange, the General Conditions and these Product Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other

stock exchange in place of the Stock Exchange and the Issuer may, without the consent of the Holders, make such adjustments to the entitlements of Holders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the relevant currency) as may be appropriate in the circumstances.

### **7.3 *Adjustments binding***

The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Holders in accordance with General Condition 7, as soon as practicable after they are determined.

## **APPENDIX 4 — OUR GENERAL INFORMATION EXTRACTED FROM CREDIT SUISSE ANNUAL REPORT 2021**

We are a wholly owned subsidiary of Credit Suisse Group AG. We have extracted the following sections from the Credit Suisse Annual Report 2021 in this appendix 4. References to the following page numbers in this appendix 4 are to the pages in the Credit Suisse Annual Report 2021 and not to the pages in this document.

- 1 Risk factors (pages 38-52);
- 2 Operating environment (pages 54-55);
- 3 Credit Suisse (pages 56-70)
- 4 Risk management (pages 138-179);
- 5 Board of Directors (pages 197-221);
- 6 Executive Board (pages 222-234); and
- 7 Additional information (pages 235-237).

For further general information, we refer you to the complete Credit Suisse Annual Report 2021 on our website at [www.credit-suisse.com](http://www.credit-suisse.com).

For the purposes of the extracts of the Credit Suisse Annual Report 2021, unless the context otherwise requires, the terms “Credit Suisse Group”, “Credit Suisse”, the “Group”, “we”, “us” and “our” mean Credit Suisse Group AG and its consolidated subsidiaries. The business of Credit Suisse AG, the direct bank subsidiary of the Group, is substantially similar to the Group, these terms are used to refer to both when the subject is the same or substantially similar. The term the “Bank” is used when referring only to Credit Suisse AG and its consolidated subsidiaries. Abbreviations and selected terms are explained in the List of abbreviations and the Glossary in the back of the Credit Suisse Annual Report 2021.



# Risk factors

Our businesses are exposed to a variety of risks that could adversely affect our results of operations and financial condition, including, among others, those described below.

## Liquidity risk

Liquidity, or ready access to funds, is essential to our business, particularly our investment banking businesses. We seek to maintain available liquidity to meet our obligations in a stressed liquidity environment.

→ Refer to "Liquidity and funding management" in III – Treasury, Risk, Balance sheet and Off-balance sheet for information on our liquidity management.

### **Our liquidity could be impaired if we were unable to access the capital markets, sell our assets or if our liquidity costs increase**

Our ability to borrow on a secured or unsecured basis and the cost of doing so can be affected by increases in interest rates or credit spreads, the availability of credit, regulatory requirements relating to liquidity, including the possible amendments to the Swiss liquidity ordinance to increase the regulatory minimum liquidity requirements for systemically important banks, or the market perceptions of risk relating to us, certain of our counterparties or the banking sector as a whole, including our perceived or actual creditworthiness. An inability to obtain financing in the unsecured long-term or short-term debt capital markets, or to access the secured lending markets, could have a substantial adverse effect on our liquidity. In challenging credit markets our funding costs may increase or we may be unable to raise funds to support or expand our businesses, adversely affecting our results of operations. Following the financial crisis in 2008 and 2009, our costs of liquidity have been significant and we expect to incur ongoing costs as a result of regulatory requirements for increased liquidity.

→ Refer to "Regulatory developments" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Liquidity and funding management for further information.

If we are unable to raise needed funds in the capital markets (including through offerings of equity, regulatory capital securities and other debt), we may need to liquidate unencumbered assets to meet our liabilities. In a time of reduced liquidity, we may be unable to sell some of our assets, or we may need to sell assets at depressed prices, which in either case could adversely affect our results of operations and financial condition.

### **Our businesses rely significantly on our deposit base for funding**

Our businesses benefit from short-term funding sources, including primarily demand deposits, inter-bank loans, time deposits and cash bonds. Although deposits have been, over time, a stable source of funding, this may not continue. In that case, our liquidity position could be adversely affected, and we might be unable to meet deposit withdrawals on demand or at their contractual maturity, to repay borrowings as they mature or to fund new loans, investments and businesses.

### **Changes in our ratings may adversely affect our business**

Ratings are assigned by rating agencies. Rating agencies may lower, indicate their intention to lower or withdraw their ratings at any time. The major rating agencies remain focused on the financial services industry, particularly regarding potential declines in profitability, asset quality deterioration, asset price volatility, risk and governance controls, the impact from any potential easing or enhancement of regulatory requirements and challenges from increased costs related to compliance and litigation. In July 2021, Moody's Investors Service lowered its long-term senior unsecured debt and deposit ratings of Credit Suisse AG by one notch. Any downgrades in our ratings could increase our borrowing costs, limit our access to capital markets, increase our cost of capital and adversely affect the ability of our businesses to sell or market their products, engage in business transactions, particularly financing and derivatives transactions, and retain our clients.

## Archegos and SCFF-related risks

### **Significant negative consequences of the Archegos and supply chain finance funds matters**

As previously reported, Credit Suisse incurred a net charge of CHF 4.8 billion in 2021 in respect of the Archegos matter. Credit Suisse also previously reported that it is reasonably possible that it will incur a loss in respect of the SCFF matter, though it is not yet possible to estimate the size of such a reasonably possible loss. However, the ultimate cost of resolving the SCFF matter may be material to our operating results. In addition, we have suffered and may continue to suffer reputational harm and reductions in certain areas of our business, such as a slowdown in net new asset generation in Asset Management in 2021, attributable, at least in part, to these matters.

A number of regulatory and other inquiries, investigations and actions have been initiated or are being considered in respect of each of these matters, including enforcement actions by FINMA. FINMA has also imposed certain risk-reducing measures and capital surcharges discussed elsewhere in this report. Third parties appointed by FINMA are conducting investigations into these matters. The Luxembourg CSSF is also reviewing the SCFF matter through a third party. Furthermore, we are subject to various litigation claims in respect of these matters and we may become subject to additional litigation, disputes or other actions.

→ Refer to "Note 40 – Litigation" in VI – Consolidated financial statements – Credit Suisse Group for further information.

The Board launched investigations into both of these matters, which not only focused on the direct issues arising from each of them, but also reflected on the broader consequences and lessons learned. We also established Asset Management as a separate division of the Group, undertook various senior management changes in response to these matters and previously granted compensation awards were recovered from certain individuals through malus and clawback provisions. On July 29, 2021, we

published the report based on the independent external investigation into Archegos, which found, among other things, a failure to effectively manage risk in the Investment Bank's prime services business by both the first and second lines of defense as well as a lack of risk escalation. On February 10, 2022, we announced that the separate report related to the SCFF matter has been completed and that the findings have been made available to the Board and the report was shared with FINMA.

The combined effect of these two matters, including the material loss incurred in respect of Archegos, may have other material adverse consequences for us, including negative effects on our business and operating results from actions that we have taken and may be required or decide to take in the future in response to these matters. Among these actions are our decision to reduce our 2020 dividend proposal, suspend our share buyback program, deleverage certain businesses and clients and reduce leverage exposure and RWA in the Investment Bank. Furthermore, as part of our revised strategy and restructuring program announced in November 2021, we are in the process of exiting substantially all of our prime services business and redeploying allocated capital from our Investment Bank to our Wealth Management businesses. In addition, we have been required by FINMA to take certain capital and related actions, including a temporary add-on to RWA in the first quarter of 2021 in relation to our exposure in the Archegos matter and a Pillar 2 capital add-on relating to the SCFF matter. There could also be additional capital and related actions, including an add-on to RWA relating to operational risk. There can be no assurance that measures instituted to manage related risks will be effective in all instances. Such actions have caused and may continue to cause loss of revenues and assets under management, as well as a material adverse effect on our ability to attract and retain customers, clients, investors and employees and to conduct business transactions with our counterparties.

Several of the processes discussed above are still ongoing, including the process of seeking to recover amounts in respect of the SCFF matter. In addition, the Board conducted a review of the Group's business strategy and risk appetite. As a result of the new strategy, the Group recorded a goodwill impairment of CHF 1.6 billion in the fourth quarter of 2021. There can be no assurance that any additional losses, damages, costs and expenses, as well as any further regulatory and other investigations and actions or any downgrade of our credit ratings, will not be material to us, including from any impact on our business, financial condition, results of operations, prospects, liquidity, capital position or reputation.

→ Refer to "Archegos Capital Management" in II – Operating and financial review – Credit Suisse – Significant events in 2021, "Key risk developments – Archegos and supply chain finance fund matters" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management and "Regulatory developments" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Capital management for further information.

## Market and credit risks

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

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

The spread of COVID-19 and resulting government controls and containment measures implemented around the world have caused severe disruption to global supply chains, labor markets and economic activity, which have contributed to rising inflationary pressure and spikes in market volatility. The spread of COVID-19 is continuing to have an adverse impact on the global economy, the severity and duration of which is difficult to predict, and has adversely affected our business, operations and financial performance. Modeling for current expected credit losses (CECL) has been made more difficult by the effects of the COVID-19 pandemic on market volatility and macroeconomic factors, and has required ongoing monitoring and more frequent testing across the Group, particularly for credit models. There can be no assurance that, even after adjustments are made to model outputs, the Group will not recognize unexpected losses arising from the model uncertainty that has resulted from the COVID-19 pandemic. The COVID-19 pandemic has significantly impacted, and may continue to adversely affect, our credit loss estimates, mark-to-market losses, trading revenues, net interest income and potential goodwill assessments, and may also adversely affect our ability to successfully realize our strategic objectives and goals, including those related to the Group strategy that we announced on November 4, 2021. Should current economic conditions persist or deteriorate, the macroeconomic environment could have a continued adverse effect on these outlined and other aspects of our business, operations and financial performance, including decreased client activity or demand for our products, disruptions to our workforce or operating systems, possible constraints on capital and liquidity or a possible downgrade of our credit ratings. Additionally, legislative and regulatory changes in response to the COVID-19 pandemic, such as consumer and corporate relief measures, could further affect our business. As such measures are often rapidly introduced and varying in their nature, we are also exposed to heightened risks as we may be required to implement large-scale changes quickly. Furthermore, increases in inflation and expectations that annual inflation may remain high for a long period of time has forced major central banks to accelerate the withdrawal of emergency monetary policies and liquidity support measures put in place during the earlier stages of the COVID-19 pandemic. As some of these measures expire, are withdrawn or are no longer supported by governments, economic growth may be negatively impacted, which in turn may adversely affect our business, operations and financial performance.

The extent of the adverse impact of the pandemic on the global economy and markets will depend, in part, on the duration and severity of the measures taken to limit the spread of the virus and counter its impact, including further emergence of more easily transmissible and/or dangerous strains of COVID-19 and the availability, successful distribution and public acceptance of vaccines and treatments, and, in part, on the size and effectiveness of the compensating measures taken by governments, including additional stimulus legislation, and how quickly and to what extent normal economic and operating conditions can resume. To the extent the COVID-19 pandemic continues to adversely affect the global economy and/or our business, operations or financial performance, it may also have the effect of increasing the likelihood and/or magnitude of other risks described herein, or may give rise to other risks not presently known to us or not currently expected to be significant to our business, operations or financial performance. We continue to closely monitor the potential adverse effects and impact on our operations, businesses and financial performance, including liquidity and capital usage, though the extent of the impact is difficult to fully and accurately predict at this time due to the continuing evolution of this uncertain situation.

**We may incur significant losses on our trading and investment activities due to market fluctuations and volatility**

Although we continue to strive to reduce our balance sheet and have made significant progress in implementing our strategy over the past few years, we also continue to maintain large trading and investment positions and hedges in the debt, currency and equity markets, and in private equity, hedge funds, real estate and other assets. These positions could be adversely affected by volatility in financial and other markets, that is, the degree to which prices fluctuate over a particular period in a particular market, regardless of market levels. To the extent that we own assets, or have net long positions, in any of those markets, a downturn in those markets could result in losses from a decline in the value of our net long positions. Conversely, to the extent that we have sold assets that we do not own, or have net short positions, in any of those markets, an upturn in those markets could expose us to potentially significant losses as we attempt to cover our net short positions by acquiring assets in a rising market. Market fluctuations, downturns and volatility can adversely affect the fair value of our positions and our results of operations. Adverse market or economic conditions or trends have caused, and in the future may cause, a significant decline in our net revenues and profitability.

**Our businesses and organization are subject to the risk of loss from adverse market conditions and unfavorable economic, monetary, political, legal, regulatory and other developments in the countries in which we operate**

As a global financial services company, our businesses could be materially adversely affected by unfavorable global and local economic and market conditions, as well as geopolitical events and other developments in Europe, the US, Asia and elsewhere around the world (even in countries in which we do not currently conduct business). For example, the escalating conflict between

Russia and Ukraine could lead to regional and/or global instability, as well as adversely affect commodity and other financial markets or economic conditions. The US, EU, UK, Switzerland and other countries have imposed, and may further impose, financial and economic sanctions and export controls targeting certain Russian entities and/or individuals, and we may face restrictions on engaging with certain consumer and/or institutional businesses due to any current or impending sanctions and laws (including any Russian countermeasures), which could adversely affect our business. Further, numerous countries have experienced severe economic disruptions particular to that country or region, including extreme currency fluctuations, high inflation, or low or negative growth, among other negative conditions, which could have an adverse effect on our operations and investments. Equity market volatility has decreased during 2021 compared to the previous year despite ongoing concerns surrounding the spread of COVID-19. The economic environment may experience further volatility, increased inflation or other negative economic impacts depending on the longevity and severity of the COVID-19 pandemic.

→ Refer to "Regulation and supervision" and "Key risk developments" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management for further information.

Although the severity of the European sovereign debt crisis appears to have abated somewhat over recent years, political uncertainty, including in relation to the UK's withdrawal from the EU, remains elevated and could cause disruptions in market conditions in Europe and around the world and could further have an adverse impact on financial institutions, including us. The economic and political impact of the UK leaving the EU, including on investments and market confidence in the UK and the remainder of the EU, may adversely affect our future results of operations and financial condition.

Following the UK's withdrawal from the EU, our legal entities that are organized or operate in the UK face limitations on providing services or otherwise conducting business in the EU, which require us to implement significant changes to our legal entity structure. In addition, as part of an overarching global legal entity simplification program, the Group has developed a comprehensive EU entity strategy and is also defining a strategy to optimize the legal entity structure across other regions, including expediting the closure of redundant entities. There are a number of uncertainties that may affect the feasibility, scope and timing of the intended results, including the outcome of the ongoing negotiations between the EU and the UK for a framework for regulatory cooperation on financial services and the operation of their unilateral and autonomous processes for recognizing each other's regulatory framework as equivalent. Finally, future significant legal and regulatory changes, including possible regulatory divergence between the EU and the UK, affecting us and our operations may require us to make further changes to our legal structure. The implementation of these changes has required, and may further require, the investment of significant time and resources and has increased, and may potentially further increase, operational, regulatory, compliance, capital, funding and tax costs as well as our counterparties' credit risk.

→ Refer to "UK-EU relationship" in Regulation and supervision – Recent regulatory developments and proposals – EU and "Corporate Governance framework" in IV – Corporate Governance for further information.

The environment of political uncertainty in countries and regions in which we conduct business may also affect our business. The increased popularity of nationalist and protectionist sentiments, including implementation of trade barriers and restrictions on market access, may result in significant shifts in national policy and a decelerated path to further European integration. Similar uncertainties exist regarding the impact of supply chain disruptions, labor shortages, wage pressures, rising inflation, the escalating conflict between Russia and Ukraine and the continuing COVID-19 pandemic, any of which may be disruptive to global economic growth and may also negatively affect our business.

In the past, the low interest rate environment has adversely affected our net interest income and the value of our trading and non-trading fixed income portfolios, and resulted in a loss of customer deposits as well as an increase in the liabilities relating to our existing pension plans. Furthermore, while interest rates may remain low for a longer period of time, major central banks have begun increasing or signaling that they expect to increase interest rates in response to rising inflation concerns. Future changes in interest rates, including increasing interest rates or changes in the current negative short-term interest rates in our home market, could adversely affect our businesses and results. Interest rate cuts by national governments and central banks could also adversely impact our net interest income. In addition, movements in equity markets have affected the value of our trading and non-trading equity portfolios, while the historical strength of the Swiss franc has adversely affected our revenues and net income and exposed us to currency exchange rate risk. Further, diverging monetary policies among the major economies in which we operate, in particular among the Fed, ECB and SNB, may adversely affect our results.

Such adverse market or economic conditions may negatively impact our investment banking and wealth management businesses and adversely affect net revenues we receive from commissions and spreads. These conditions may result in lower investment banking client activity, adversely impacting our financial advisory and underwriting fees. Such conditions may also adversely affect the types and volumes of securities trades that we execute for customers. Cautious investor behavior in response to adverse conditions could result in generally decreased client demand for our products, which could negatively impact our results of operations and opportunities for growth. Unfavorable market and economic conditions have affected our businesses in the past, including the low interest rate environment, continued cautious investor behavior and changes in market structure. These negative factors could be reflected, for example, in lower commissions and fees from our client-flow sales and trading and asset management activities, including commissions and fees that are based on the value of our clients' portfolios.

Our response to adverse market or economic conditions may differ from that of our competitors and an investment performance that is below that of competitors or asset management benchmarks could also result in a decline in assets under management and related fees, making it harder to attract new clients. There could be a shift in client demand away from more complex products, which may result in significant client deleveraging, and our results of operations related to wealth management and asset management activities could be adversely affected. Adverse market or economic conditions, including as a result of the COVID-19 pandemic, could exacerbate such effects.

In addition, several of our businesses engage in transactions with, or trade in obligations of, governmental entities, including supra-national, national, state, provincial, municipal and local authorities. These activities can expose us to enhanced sovereign, credit-related, operational and reputational risks, which may also increase as a result of adverse market or economic conditions. Risks related to these transactions include the risks that a governmental entity may default on or restructure its obligations or may claim that actions taken by government officials were beyond the legal authority of those officials, which have in the past and may in the future adversely affect our financial condition and results of operations.

Adverse market or economic conditions could also affect our private equity investments. If a private equity investment substantially declines in value, we may not receive any increased share of the income and gains from such investment (to which we are entitled in certain cases when the return on such investment exceeds certain threshold returns), may be obligated to return to investors previously received excess carried interest payments and may lose our pro rata share of the capital invested. In addition, it could become more difficult to dispose of the investment, as even investments that are performing well may prove difficult to exit.

In addition to the macroeconomic factors discussed above, other political, social and environmental developments beyond our control, including terrorist attacks, cyber attacks, military conflicts, diplomatic tensions, economic or political sanctions, disease pandemics, war, political or civil unrest and widespread demonstrations, climate change, natural disasters, or infrastructure issues, such as transportation or power failures, could have a material adverse effect on economic and market conditions, market volatility and financial activity, with a potential related effect on our businesses and results. In addition, as geopolitical tensions rise, compliance with legal or regulatory obligations in one jurisdiction may be seen as supporting the law or policy objectives of that jurisdiction over another jurisdiction, creating additional risks for our business.

→ Refer to "Non-financial risk" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management – Risk coverage and management for further information.

**Uncertainties regarding the discontinuation of benchmark rates may adversely affect our business, financial condition and results of operations and are requiring adjustments to our agreements with clients and other market participants, as well as to our systems and processes**

In July 2017, the FCA, which regulates LIBOR, announced that it will no longer compel banks to submit rates for the calculation of the LIBOR benchmark after year-end 2021. Other IBORs may also be permanently discontinued or cease to be representative. In March 2021, the FCA confirmed that, consistent with its prior announcement, all CHF, EUR, GBP and JPY LIBOR settings and the one-week and two-month USD LIBOR settings will permanently cease to be provided by any administrator or will no longer be representative immediately after December 31, 2021. As of January 1, 2022, these LIBOR settings are no longer available on a representative basis. Although the one-, three- and six-month GBP and JPY LIBOR settings remain published on a synthetic, temporary and non-representative basis, primarily to facilitate the transition of any residual legacy contract that the parties were unable to address in time, these synthetic LIBORs are not available for reference in new trading activity. The remaining USD LIBOR settings will permanently cease to be provided by any administrator or will no longer be representative immediately after June 30, 2023, providing additional time to address the legacy contracts that reference such USD LIBOR settings. However, there is no certainty that the extended period of time to transition to ARR is sufficient given how widely USD LIBOR is referenced. A number of initiatives have been developed to support the transition, such as the publication by ISDA of Supplement number 70 to the 2006 ISDA Definitions (IBOR Supplement) and the accompanying IBOR Protocol. Although these measures may help facilitate the derivatives markets' transition away from IBORs, our clients and other market participants may not adhere to the IBOR Protocol or may not be otherwise willing to apply the provisions of the IBOR Supplement to relevant documentation. Furthermore, no similar multilateral mechanism exists to amend legacy loans or bonds, many of which must instead be amended individually, which may require the consent of multiple lenders or bondholders. As a consequence, there can be no assurance that market participants, including Credit Suisse, will be able to successfully modify all outstanding IBOR referencing contracts or otherwise be sufficiently prepared for the uncertainties resulting from cessation, potentially leading to disputes. Legislation has been proposed or enacted in a number of jurisdictions to address affected contracts without robust fallback provisions. For example, New York State has enacted legislation providing for the replacement of USD LIBOR-based benchmarks in certain agreements by operation of law. However, the scope of this legislation is limited and may be subject to challenge on various grounds. In addition, it is uncertain whether, when and how other jurisdictions will enact similar legislation. Furthermore, the terms and scope of existing and future legislative solutions may be inconsistent and potentially overlapping.

Credit Suisse has identified a significant number of its liabilities and assets, including credit instruments such as credit agreements, loans and bonds, linked to IBORs across its businesses

that require transition to ARRs. The overwhelming majority of Credit Suisse's legacy non-USD LIBOR portfolio has been remediated, either by active transition to ARRs, or by adding robust fallback provisions intended to govern the transition to ARRs upon the cessation of LIBORs. While Credit Suisse has a significant level of liabilities and assets linked to USD LIBOR, derivatives make up the majority of the legacy portfolio, and many of our derivative counterparts have already adhered to the IBOR Protocol. The discontinuation of IBORs or future changes in the administration of benchmarks could result in adverse consequences to the return on, value of and market for securities, credit instruments and other instruments whose returns or contractual mechanics are linked to any such benchmark, including those issued and traded by the Group. For example, ARR-linked products may not provide a term structure and may calculate interest payments differently than benchmark-linked products, which could lead to greater uncertainty with respect to corresponding payment obligations. The transition to ARRs also raises concerns of liquidity risk, which may arise due to slow acceptance, take-up and development of liquidity in products that use ARRs, leading to market dislocation or fragmentation. It is also possible that such products will perform differently to IBOR products during times of economic stress, adverse or volatile market conditions and across the credit and economic cycle, which may impact the value, return on and profitability of our ARR-based assets. The transition to ARRs also requires a change in contractual terms of existing products currently linked to IBORs.

Further, the replacement of IBORs with an ARR in existing securities and other contracts, or in internal discounting models, could negatively impact the value of and return on such existing securities, credit instruments and other contracts and result in mispricing and additional legal, financial, tax, operational, market, compliance, reputational, competitive or other risks to us, our clients and other market participants. For example, we may face a risk of litigation, disputes or other actions from clients, counterparties, customers, investors or others regarding the interpretation or enforcement of related contractual provisions or if we fail to appropriately communicate the effect that the transition to ARRs will have on existing and future products. Further, litigation, disputes or other action may occur as a result of the interpretation or application of legislation, in particular, if there is an overlap between legislation introduced in different jurisdictions. In addition, the transition to ARRs requires changes to our documentation, methodologies, processes, controls, systems and operations, which has resulted and may continue to result in increased effort and cost. There may also be related risks that arise in connection with the transition. For example, our hedging strategy may be negatively impacted or market risk may increase in the event of different ARRs applying to our assets compared to our liabilities. In particular, our swaps and similar instruments that reference an IBOR and that are used to manage long-term interest rate risk related to our credit instruments could adopt different ARRs than the related credit instruments, resulting in potential basis risk and potentially making hedging our credit instruments more costly or less effective.

→ Refer to "Replacement of interbank offered rates" in II – Operating and financial review – Credit Suisse – Other information for further information.

### **We may incur significant losses in the real estate sector**

We finance and acquire principal positions in a number of real estate and real estate-related products, primarily for clients, and originate loans secured by commercial and residential properties. As of December 31, 2021, our real estate loans as reported to the SNB totaled approximately CHF 147.9 billion. We also securitize and trade in commercial and residential real estate and real estate-related whole loans, mortgages and other real estate and commercial assets and products, including CMBS and RMBS. Our real estate-related businesses and risk exposures could be adversely affected by any downturn in real estate markets, other sectors and the economy as a whole. In particular, we have exposure to commercial real estate, which has been impacted by the COVID-19 pandemic and resulting tight government controls and containment measures. Should these conditions persist or deteriorate, they could create additional risk for our commercial real estate-related businesses. In addition, the risk of potential price corrections in the real estate market in certain areas of Switzerland could have a material adverse effect on our real estate-related businesses.

### **Holding large and concentrated positions can expose us to large losses**

Concentrations of risk can expose us to large losses given that we have provided or may in the future provide sizeable loans to, conduct sizeable transactions with and own securities holdings in certain customers, clients, counterparties, industries, countries or any pool of exposures with a common risk characteristic. Decreasing economic growth in any sector in which we make significant commitments, for example, through underwriting, lending or advisory services, could also negatively affect our net revenues. In addition, a significant deterioration in the credit quality of one of our borrowers or counterparties could lead to concerns about the creditworthiness of other borrowers or counterparties in similar, related or dependent industries. This type of interrelationship could exacerbate our credit, liquidity and market risk exposure and potentially cause us to incur losses.

We have significant risk concentration in the financial services industry as a result of the large volume of transactions we routinely conduct with broker-dealers, banks, funds and other financial institutions, and in the ordinary conduct of our business, we can be subject to risk concentration with a particular counterparty. In addition, we, and other financial institutions, may pose systemic risk in a financial or credit crisis, and may be vulnerable to market sentiment and confidence, particularly during periods of severe economic stress. We, like other financial institutions, continue to adapt our practices and operations in consultation with our regulators to better address an evolving understanding of our exposure to, and management of, systemic risk and risk concentration to financial institutions. Regulators continue to focus on these risks, and there are numerous new regulations and government proposals, and significant ongoing regulatory uncertainty, about how best to address them. There can be no assurance that the changes in our industry, operations, practices and regulation will be effective in managing these risks.

→ Refer to "Regulation and supervision" for further information.

Risk concentration can cause us to suffer losses even when economic and market conditions are generally favorable for others in our industry.

### **Our hedging strategies may not prevent losses**

If any of the variety of instruments and strategies we use to hedge our exposure to various types of risk in our businesses is not effective, we can incur losses. We may be unable to purchase hedges or be only partially hedged, or our hedging strategies may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk.

### **Market risk may increase the other risks that we face**

In addition to the potentially adverse effects on our businesses described above, market risk could exacerbate the other risks that we face. For example, if we were to incur substantial trading losses, our need for liquidity could rise sharply while our access to liquidity could be impaired. In conjunction with another market downturn, our customers and counterparties could also incur substantial losses of their own, thereby weakening their financial condition and increasing our credit and counterparty risk exposure to them.

### **We can suffer significant losses from our credit exposures**

Our businesses are subject to the fundamental risk that borrowers and other counterparties will be unable to perform their obligations. Our credit exposures exist across a wide range of transactions that we engage in with a large number of clients and counterparties, including lending relationships, commitments and letters of credit, as well as derivative, currency exchange and other transactions. Our exposure to credit risk can be exacerbated by adverse economic or market trends, as well as increased volatility in relevant markets or instruments. For example, adverse economic effects arising from the COVID-19 pandemic, such as disruptions to economic activity and global supply chains, labor shortages, wage pressures and rising inflation, will likely continue to negatively impact the creditworthiness of certain counterparties and result in increased credit losses for our businesses. In addition, disruptions in the liquidity or transparency of the financial markets may result in our inability to sell, syndicate or realize the value of our positions, thereby leading to increased concentrations. Any inability to reduce these positions may not only increase the market and credit risks associated with such positions, but also increase the level of risk-weighted assets on our balance sheet, thereby increasing our capital requirements, all of which could adversely affect our businesses.

→ Refer to "Credit risk" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management – Risk coverage and management for information on management of credit risk.

Our regular review of the creditworthiness of clients and counterparties for credit losses does not depend on the accounting treatment of the asset or commitment. Changes in creditworthiness of loans and loan commitments that are fair valued are reflected in trading revenues.

Management's determination of the provision for credit losses is subject to significant judgment, and we may not accurately assess

or mitigate all areas of exposure. Our banking businesses may need to increase their provisions for credit losses or may record losses in excess of the previously determined provisions if our original estimates of loss prove inadequate, which could have a material adverse effect on our results of operations. Our accounting standards generally require management to estimate lifetime current expected credit losses on Credit Suisse's credit exposure held at amortized cost. Our adoption of the CECL accounting standard in 2020 has resulted and could in the future result in greater volatility in earnings and capital levels due to economic developments or occurrence of an extreme and statistically rare event that cannot be adequately reflected in the CECL model. For example, the effects surrounding the continuation of the COVID-19 pandemic could have an adverse effect on the Group's credit loss estimates and goodwill assessments in the future, which could have a significant impact on our results of operations and regulatory capital. In addition, we are applying model overlays, as the CECL model outputs are overly sensitive to the effect of economic inputs that lie significantly outside of their historical range. We can suffer unexpected losses if the models and assumptions that are used to estimate our allowance for credit losses are not sufficient to address our credit losses.

→ Refer to "Note 1 – Summary of significant accounting policies", "Note 9 – Provision for credit losses", "Note 19 – Loans" and "Note 20 – Financial instruments measured at amortized cost and credit losses" in VI – Consolidated financial statements – Credit Suisse Group for further information.

Under certain circumstances, we may assume long-term credit risk, extend credit against illiquid collateral and price derivative instruments aggressively based on the credit risks that we take. As a result of these risks, our capital and liquidity requirements may continue to increase.

**Defaults by one or more large financial institutions could adversely affect financial markets generally and us specifically**

Concerns, rumors about or an actual default by one institution could lead to significant liquidity problems, losses or defaults by other institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships between institutions. This risk is typically referred to as systemic risk. Concerns about defaults by and failures of many financial institutions could lead to losses or defaults by financial institutions and financial intermediaries with which we interact on a daily basis, such as clearing agencies, clearing houses, banks, securities firms and exchanges. Our credit risk exposure will also increase if the collateral we hold cannot be realized or can only be liquidated at prices insufficient to cover the full amount of the exposure.

**The information that we use to manage our credit risk may be inaccurate or incomplete**

Although we regularly review our credit exposure to specific clients and counterparties and to specific industries, countries and regions that we believe may present credit concerns, default risk may arise from events or circumstances that are difficult to foresee or detect, such as fraud. We may also lack correct and

complete information with respect to the credit or trading risks of a counterparty or risk associated with specific industries, countries and regions or misinterpret such information that is received or otherwise incorrectly assess a given risk situation. Additionally, there can be no assurance that measures instituted to manage such risk will be effective in all instances.

## Strategy risk

**We may not achieve all of the expected benefits of our strategic initiatives**

On November 4, 2021, we announced certain changes to the structure and organization of the Group and a new strategy and restructuring program. This program is intended to support our efforts to achieve our strategic objectives, which are based on a number of key assumptions regarding the future economic environment, the economic growth of certain geographic regions, the regulatory landscape, our ability to meet certain financial goals, anticipated interest rates and central bank action, among other things. If any of these assumptions (including but not limited to our ability to meet certain financial goals) prove inaccurate in whole or in part, our ability to achieve some or all of the expected benefits of our strategy could be limited, including our ability to generate structural cost savings, fund growth investments, retain key employees, distribute capital to shareholders or achieve our other goals, such as those in relation to return on tangible equity. In addition, the Group depends on dividends, distributions and other payments from its subsidiaries to fund external dividend payments and share buybacks. Factors beyond our control, including but not limited to market and economic conditions, changes in laws, rules or regulations, execution risk related to the implementation of our strategy and other challenges and risk factors discussed in this report, could limit our ability to achieve some or all of the expected benefits of this strategy. Capital payments from subsidiaries might be restricted as a result of regulatory, tax or other constraints. If we are unable to implement our strategy successfully in whole or in part or should the components of the strategy that are implemented fail to produce the expected benefits, our financial results and our share price may be materially and adversely affected.

→ Refer to "Strategy" for further information on our strategic direction.

Additionally, part of our strategy has involved a change in focus within certain areas of our business, including the exit of certain businesses as well as the expansion of products, such as sustainable investment and financing offerings, which may have unanticipated negative effects in other areas of the business and may result in an adverse effect on our business as a whole. For example, we anticipate that revenues for the Investment Bank will be adversely affected by the planned exit of substantially all of our prime services business and the related reduction of more than USD 3 billion in capital from the Investment Bank. In addition, the effect of the impairment of the capital effective component of the participation book values of the Bank parent company, discussed

elsewhere in this report, may also have an adverse effect on our results of operations in certain areas of our business.

The implementation of our strategy may increase our exposure to certain risks, including but not limited to credit risks, market risks, operational risks and regulatory risks. We also seek to achieve certain financial goals, for example in relation to return on tangible equity, which may or may not be successful. There is no guarantee that we will be able to achieve these goals in the form described or at all. Finally, changes to the organizational structure of our business, as well as changes in personnel and management, may lead to temporary instability of our operations.

In addition, acquisitions and other similar transactions we undertake subject us to certain risks. Even though we review the records of companies we plan to acquire, it is generally not feasible for us to review all such records in detail. Even an in-depth review of records may not reveal existing or potential problems or permit us to become familiar enough with a business to fully assess its capabilities and deficiencies. As a result, we may assume unanticipated liabilities (including legal and compliance issues), or an acquired business may not perform as well as expected. We also face the risk that we will not be able to integrate acquisitions into our existing operations effectively as a result of, among other things, differing procedures, business practices and technology systems, as well as difficulties in adapting an acquired company into our organizational structure. We face the risk that the returns on acquisitions will not support the expenditures or indebtedness incurred to acquire such businesses or the capital expenditures needed to develop such businesses. We also face the risk that unsuccessful acquisitions result in us being required to write down or write off any goodwill associated with such transactions. We continue to have a significant amount of goodwill recorded on our balance sheet that could result in additional goodwill impairment charges.

We may also seek to engage in new joint ventures (within the Group and with external parties) and strategic alliances. Although we endeavor to identify appropriate partners, our joint venture efforts may prove unsuccessful or may not justify our investment and other commitments.

## Country and currency exchange risk

### **Country risks may increase market and credit risks we face**

Country, regional and political risks are components of market and credit risk. Financial markets and economic conditions generally have been and may in the future be materially affected by such risks. Economic or political pressures in a country or region, including those arising from local market disruptions, currency crises, monetary controls or other factors, may adversely affect the ability of clients or counterparties located in that country or region to obtain foreign currency or credit and, therefore, to perform their obligations to us, which in turn may have an adverse impact on our results of operations.

### **We may face significant losses in emerging markets**

An element of our strategy is to increase our wealth management businesses in emerging market countries. Our implementation of this strategy will increase our existing exposure to economic instability in those countries. We monitor these risks, seek diversity in the sectors in which we invest and emphasize client-driven business. Our efforts at limiting emerging market risk, however, may not always succeed. In addition, various emerging market countries have experienced and may continue to experience severe economic, financial and political disruptions or slower economic growth than in previous years, including significant devaluations of their currencies, defaults or threatened defaults on sovereign debt and capital and currency exchange controls. In addition, sanctions have been imposed on certain individuals and companies in these markets that prohibit or restrict dealings with them and certain related entities and further sanctions are possible. The possible effects of any such disruptions may include an adverse impact on our businesses and increased volatility in financial markets generally.

### **Currency fluctuations may adversely affect our results of operations**

We are exposed to risk from fluctuations in exchange rates for currencies, particularly the US dollar. In particular, a substantial portion of our assets and liabilities are denominated in currencies other than the Swiss franc, which is the primary currency of our financial reporting. Our capital is also stated in Swiss francs, and we do not fully hedge our capital position against changes in currency exchange rates. The Swiss franc remained strong in 2021.

As we incur a significant part of our expenses in Swiss francs while we generate a large proportion of our revenues in other currencies, our earnings are sensitive to changes in the exchange rates between the Swiss franc and other major currencies. Although we have implemented a number of measures designed to offset the impact of exchange rate fluctuations on our results of operations, the appreciation of the Swiss franc in particular and exchange rate volatility in general have had an adverse impact on our results of operations and capital position in recent years and may continue to have an adverse effect in the future.

## Operational, risk management and estimation risks

### **We are exposed to a wide variety of operational risks, including cybersecurity and other information technology risks**

Operational risk is the risk of financial loss arising from inadequate or failed internal processes, people or systems or from external events. In general, although we have business continuity plans, our businesses face a wide variety of operational risks, including technology risk that stems from dependencies on information technology, third-party suppliers and the telecommunications infrastructure as well as from the interconnectivity of multiple financial institutions with central agents, exchanges and clearing houses. As a global financial services company, we rely heavily on our financial, accounting and other data processing



systems, which are varied and complex, and we may face additional technology risks due to the global nature of our operations. Our business depends on our ability to process a large volume of diverse and complex transactions within a short space of time, including derivatives transactions, which have increased in volume and complexity. We may rely on automation, robotic processing, machine learning and artificial intelligence for certain operations, and this reliance may increase in the future with corresponding advancements in technology, which could expose us to additional cybersecurity risks. We are exposed to operational risk arising from errors made in the execution, confirmation or settlement of transactions or from transactions not being properly recorded or accounted for. Cybersecurity and other information technology risks for financial institutions have significantly increased in recent years and we may face an increased risk of cyber attacks or heightened risks associated with a lesser degree of data and intellectual property protection in certain foreign jurisdictions in which we operate. Regulatory requirements in these areas have increased and are expected to increase further, which may vary and potentially conflict across different jurisdictions.

Information security, data confidentiality and integrity are of critical importance to our businesses, and there has been recent regulatory scrutiny on the ability of companies to safeguard personal information of individuals in accordance with data protection regulation, including the European General Data Protection Regulation and the Swiss Federal Act on Data Protection. Governmental authorities, employees, individual customers or business partners may initiate proceedings against us as a result of security breaches affecting the confidentiality or integrity of personal data, as well as the failure, or perceived failure, to comply with data protection regulations. The adequate monitoring of operational risks and adherence to data protection regulations have also come under increased regulatory scrutiny. Any failure of Credit Suisse to adequately ensure the security of data and to address the increased technology-related operational risks could also lead to regulatory sanctions or investigations and a loss of trust in our systems, which may adversely affect our reputation, business and operations.

→ Refer to "Recent regulatory developments and proposals – Switzerland – Data Protection Act", "Regulatory Framework – Switzerland – Cybersecurity", "Regulatory Framework – US – Cybersecurity" and "Regulatory Framework – EU – Data protection regulation" in Regulation and supervision for further information.

Threats to our cybersecurity and data protection systems require us to dedicate significant financial and human resources to protect the confidentiality, integrity and availability of our systems and information. Despite our wide range of security measures, it is not always possible to anticipate the evolving threat landscape and mitigate all risks to our systems and information. These threats may derive from human error, misconduct (including errors in judgment, fraud or malice and/or engaging in violations of applicable laws, rules, policies or procedures), or may result from accidental technological failure. There may also be attempts to fraudulently induce employees, clients, third parties or other users of our systems to disclose sensitive information in order to gain access to our data or that of our clients. We could also be

affected by risks to the systems and information of our clients, vendors, service providers, counterparties and other third parties. For example, remote working may require our employees to use third party technology, which may not provide the same level of information security as our own information systems. Risks relating to cyber attacks on our vendors and other third parties have also been increasing due to more frequent and severe supply chain attacks impacting software and information technology service providers in recent years. Security breaches may involve substantial remediation costs, affect our ability to carry out our businesses or impair the trust of our clients or potential clients, any of which could have a material adverse effect on our business and financial results. In addition, we may introduce new products or services or change processes, resulting in new operational risks that we may not fully appreciate or identify.

The ongoing global COVID-19 pandemic has led to a wide-scale and prolonged shift to remote working for our employees, which increases the vulnerability of our information technology systems and the likelihood of damage as a result of a cybersecurity incident. For example, the use of remote devices to access the firm's networks could impact our ability to quickly detect and mitigate security threats and human errors as they arise. Additionally, it is more challenging to ensure the comprehensive roll-out of system security updates and we also have less visibility over the physical security of our devices and systems. Our customers have also increasingly relied on remote (digital) banking services during the COVID-19 pandemic. This has resulted in a greater demand for our information technology infrastructure and increases the potential significance of any outage or cybersecurity incident that may occur. Due to the evolving nature of cybersecurity risks and our reduced visibility and control in light of remote working in the context of the global COVID-19 pandemic, our efforts to provide appropriate policies and security measures may prove insufficient to mitigate all cybersecurity and data protection threats. The rise in remote access, by both our employees and customers, has increased the burden on our information technology systems and may cause our systems (and our ability to deliver our services) to become slow or fail entirely. Any slowdown in our service delivery or any system outage due to overutilization will have a negative impact on our business and reputation.

We and other financial institutions have suffered cyber attacks, information or security breaches, personal data breaches and other forms of attacks, incidents and failures. Cybersecurity risks have also significantly increased in recent years in part due to the growing number and increasingly sophisticated activities of malicious cyber actors, including organized crime groups, state-sponsored actors, terrorist organizations, extremist parties and hackers. In addition, we have been and will continue to be subject to cyber attacks, information or security breaches, personal data breaches and other forms of attacks, incidents and failures involving disgruntled employees, activists and other third parties, including those engaging in corporate espionage. We expect to continue to be the target of such attacks in the future, and we may experience other forms of cybersecurity or data protection incidents or failures in the future. In the event of a cyber attack,

information or security breach, personal data breach or technology failure, we have experienced and may in the future experience operational issues, the infiltration of payment systems or the unauthorized release, gathering, monitoring, misuse, loss or destruction of confidential, proprietary and other information relating to Credit Suisse, our clients, employees, vendors, service providers, counterparties or other third parties. Emerging technologies, including the increasing use of automation, artificial intelligence (AI) and robotics, as well as the broad utilization of third-party financial data aggregators, could further increase our cybersecurity risk and exposure.

Given our global footprint and the high volume of transactions we process, the large number of clients, partners and counterparties with which we do business, our growing use of digital, mobile, cloud- and internet-based services, and the increasing frequency, sophistication and evolving nature of cyber attacks, a cyber attack, information or security breach, personal data breach or technology failure may occur without detection for an extended period of time. In addition, we expect that any investigation of a cyber attack, information or security breach, personal data breach or technology failure will be inherently unpredictable and it may take time before any investigation is complete. These factors may inhibit our ability to provide timely, accurate and complete information about the event to our clients, employees, regulators, other stakeholders and the public. During such time, we may not know the extent of the harm or how best to remediate it and certain errors or actions may be repeated or compounded before they are discovered and rectified, all or any of which would further increase the costs and consequences of a cyber attack, information or security breach, personal data breach or technology failure.

If any of our systems do not operate properly or are compromised as a result of cyber attacks, information or security breaches, personal data breaches, technology failures, unauthorized access, loss or destruction of data, unavailability of service, computer viruses or other events that could have an adverse security impact, we could, among other things, be subject to litigation or suffer financial loss not covered by insurance, a disruption of our businesses, liability to our clients, employees, counterparties or other third parties, damage to relationships with our vendors or service providers, regulatory intervention or reputational damage. Any such event could also require us to expend significant additional resources to modify our protective measures or to investigate and remediate vulnerabilities or other exposures. We may also be required to expend resources to comply with new and increasingly expansive regulatory requirements related to cybersecurity.

#### **We may suffer losses due to employee misconduct**

Our businesses are exposed to risk from potential non-compliance with policies or regulations, employee misconduct or negligence and fraud, which could result in civil, regulatory or criminal investigations, litigations and charges, regulatory sanctions and serious reputational or financial harm. In recent years, a number of multinational financial institutions have suffered material losses due to, for example, the actions of traders executing unauthorized

trades or other employee misconduct. It is not always possible to deter or fully prevent employee misconduct and the precautions we take to prevent and detect this activity have not always been, and may not always be, fully effective.

#### **Our risk management procedures and policies may not be fully effective in mitigating our risk exposures in all market environments or against all types of risk, which can result in unexpected, material losses in the future**

We seek to monitor and control our risk exposure through a broad and diversified set of risk management policies and procedures as well as hedging strategies, including the use of models in analyzing and monitoring the various risks we assume in conducting our activities. These risk management strategies, techniques, models, procedures and policies, however, may not be fully effective in mitigating our risk exposure in all economic market environments or against all types of risk, including risks that we fail to identify, anticipate or mitigate, in whole or in part, which may result in unexpected, material losses.

Some of our quantitative tools and metrics for managing risk, including value-at-risk and economic risk capital, are based upon our use of observed historical market behavior. Our risk management tools and metrics may fail to predict important risk exposures. In addition, our quantitative modeling does not take all risks into account and makes numerous assumptions and judgments regarding the overall environment, and therefore cannot anticipate every market development or event or the specifics and timing of such outcomes. As a result, risk exposures could arise from factors we did not anticipate or correctly evaluate in our statistical models. This could limit our ability to manage our risks, and in these and other cases, it can also be difficult to reduce our risk positions due to the activity of other market participants or widespread market dislocations. As a result, our losses may be significantly greater than what the historical measures may indicate.

In addition, inadequacies or lapses in our risk management procedures and policies can expose us to unexpected losses, and our financial condition or results of operations could be materially and adversely affected. For example, in respect of the Archegos matter, the independent report found, among other things, a failure to effectively manage risk in the Investment Bank's prime services business by both the first and second lines of defense as well as a lack of risk escalation. Such inadequacies or lapses can require significant resources and time to remediate, lead to non-compliance with laws, rules and regulations, attract heightened regulatory scrutiny, expose us to regulatory investigations or legal proceedings and subject us to litigation or regulatory fines, penalties or other sanctions, or capital surcharges or add-ons. In addition, such inadequacies or lapses can expose us to reputational damage. If existing or potential customers, clients or counterparties believe our risk management is inadequate, they could take their business elsewhere or seek to limit their transactions with us, which could have a material adverse effect on our results of operation and financial condition.

→ Refer to "Risk management" in III – Treasury, Risk, Balance sheet and Off-balance sheet for information on our risk management.

### **Our actual results may differ from our estimates and valuations**

We make estimates and valuations that affect our reported results, including determining the fair value of certain assets and liabilities, establishing provisions for contingencies and losses for loans, litigation and regulatory proceedings, accounting for goodwill and intangible asset impairments, evaluating our ability to realize deferred tax assets, valuing equity-based compensation awards, modeling our risk exposure and calculating expenses and liabilities associated with our pension plans. These estimates are based on judgment and available information, and our actual results may differ materially from these estimates.

→ Refer to "Critical accounting estimates" in II – Operating and financial review and "Note 1 – Summary of significant accounting policies" in VI – Consolidated financial statements – Credit Suisse Group for information on these estimates and valuations.

Our estimates and valuations rely on models and processes to predict economic conditions and market or other events that might affect the ability of counterparties to perform their obligations to us or impact the value of assets. To the extent our models and processes become less predictive due to unforeseen market conditions, illiquidity or volatility, our ability to make accurate estimates and valuations could be adversely affected.

### **Our accounting treatment of off-balance sheet entities may change**

We enter into transactions with special purpose entities (SPEs) in our normal course of business, and certain SPEs with which we transact and conduct business are not consolidated and their assets and liabilities are off-balance sheet. We may have to exercise significant management judgment in applying relevant accounting consolidation standards, either initially or after the occurrence of certain events that may require us to reassess whether consolidation is required. Accounting standards relating to consolidation, and their interpretation, have changed and may continue to change. If we are required to consolidate an SPE, its assets and liabilities would be recorded on our consolidated balance sheets and we would recognize related gains and losses in our consolidated statements of operations, and this could have an adverse impact on our results of operations and capital and leverage ratios.

→ Refer to "Off-balance sheet" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Balance sheet and off-balance sheet for information on our transactions with and commitments to SPEs.

### **We are exposed to climate change risks, which could adversely affect our reputation, business operations, clients and customers, as well as the creditworthiness of our counterparties**

We operate in many regions, countries and communities around the world where our businesses, and the activities of our clients, could be impacted by climate change, which poses both short- and long-term risks to us and our clients. Climate change could expose us to financial risk either through its physical (e.g., climate or weather-related events) or transitional (e.g., changes in climate

policy or in the regulation of financial institutions with respect to climate change risks) effects. Transition risks could be further accelerated by the increasingly frequent occurrence of changes in the physical climate, such as hurricanes, floods, wildfires and extreme temperatures.

Physical and transition climate risks could have a financial impact on us either directly, through our physical assets, costs and operations, or indirectly, through our financial relationships with our clients. These risks are varied and include, but are not limited to, the risk of declines in asset values, including in connection with our real estate investments, credit risk associated with loans and other credit exposures to our clients, business risk, including loss of revenues associated with reducing exposure to traditional business with clients that do not have a credible transition plan, decreased assets under management if such clients decide to move assets away, increased defaults and reallocation of capital as a result of changes in global policies, and regulatory risk, including ongoing legislative and regulatory uncertainties and changes regarding climate risk management and best practices. Additionally, the risk of reduced availability of insurance, operational risk related to Credit Suisse-owned buildings and infrastructure, the risk of significant interruptions to business operations, as well as the need to make changes in response to those consequences are further examples of climate-related risks.

At our 2020 Investor Day, we announced our ambition to achieve net zero emissions from our financing activities no later than 2050, with intermediate emissions goals to be defined for 2030, as part of our approach to align our financing with the objectives of the Paris Agreement. In order to reach these ambitions and goals, or any other related aspirations we may set from time to time, we will need to incorporate climate considerations into our business strategy, products and services and our financial and non-financial risk management processes, and may incur significant cost and effort in doing so. Further, national and international standards, industry and scientific practices, regulatory requirements and market expectations regarding Environmental, Social and Governance (ESG) initiatives are under continuous development, may rapidly change and are subject to different interpretations. There can be no assurance that these standards, practices, regulatory requirements and market expectations will not be interpreted differently than our interpretation when setting our related goals and ambitions, or change in a manner that substantially increases the cost or effort for us to achieve such goals and ambitions, or that our goals and ambitions may prove to be considerably more difficult or even impossible to achieve. This may be exacerbated if we choose or are required to accelerate our goals and ambitions based on national or international regulatory developments or stakeholder expectations. In addition, data relating to ESG, including climate change, may be limited in availability and variable in quality and consistency, which may limit our ability to perform robust climate-related risk analyses and realize our ambitions and goals.

Given the growing volume of nascent climate and sustainability-related laws, rules and regulations, increasing demand from various stakeholders for environmentally sustainable products and services and regulatory scrutiny, we and other financial institutions may be subject to increasing litigation, enforcement and contract liability risks in connection with climate change, environmental degradation and other ESG-related issues. In addition, our reputation and client relationships may be damaged by our or our clients' involvement in certain business activities associated with climate change or as a result of negative public sentiment, regulatory scrutiny or reduced investor and stakeholder confidence due to our response to climate change and our climate change strategy. If we fail to appropriately measure and manage the various risks we face as a result of climate change, fail to achieve the goals and ambitions we have set (or can only do so at a significant expense to our business), or fail to adapt our strategy and business model to the changing regulatory requirements and market expectations, our reputation, business, results of operations and financial condition could be materially adversely affected.

→ Refer to "Key risk developments – Climate change" and "Climate-related risks" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management for further information on our risk management procedures relating to climate change.

## Legal, regulatory and reputational risks

### Our exposure to legal liability is significant

We face significant legal risks in our businesses, and the volume and amount of damages claimed in litigation, regulatory proceedings and other adversarial proceedings against financial services firms continue to increase in many of the principal markets in which we operate.

We and our subsidiaries are subject to a number of material legal proceedings, regulatory actions and investigations, and an adverse result in one or more of these proceedings could have a material adverse effect on our operating results for any particular period, depending, in part, on our results for such period.

→ Refer to "Note 40 – Litigation" in VI – Consolidated financial statements – Credit Suisse Group for information relating to these and other legal and regulatory proceedings involving our investment banking and other businesses.

It is inherently difficult to predict the outcome of many of the legal, regulatory and other adversarial proceedings involving our businesses, particularly those cases in which the matters are brought on behalf of various classes of claimants, seek damages of unspecified or indeterminate amounts or involve novel legal claims. Management is required to establish, increase or release reserves for losses that are probable and reasonably estimable in connection with these matters, all of which requires the application of significant judgment and discretion.

→ Refer to "Critical accounting estimates" in II – Operating and financial review and "Note 1 – Summary of significant accounting policies" in VI – Consolidated financial statements – Credit Suisse Group for further information.

### Our business is highly regulated, and existing, new or changed laws, rules and regulations may adversely affect our business and ability to execute our strategic plans

In many areas of our business, we are subject to extensive laws, rules and regulations by governments, governmental agencies, supervisory authorities and self-regulatory organizations in Switzerland, the EU, the UK, the US and other jurisdictions in which we operate. We have in the past faced, and expect to continue to face, increasingly extensive and complex laws, rules, regulations and regulatory scrutiny and possible enforcement actions. In recent years, costs related to our compliance with these requirements and the penalties and fines sought and imposed on the financial services industry by regulatory authorities have increased significantly. We expect such increased regulation and enforcement to continue to increase our costs, including, but not limited to, costs related to compliance, systems and operations, and to negatively affect our ability to conduct certain types of business. These increased costs and negative impacts on our business could adversely affect our profitability and competitive position. These laws, rules and regulations often serve to limit our activities, including through the application of increased or enhanced capital, leverage and liquidity requirements, the implementation of additional capital surcharges for risks related to operational, litigation, regulatory and similar matters, customer protection and market conduct regulations, anti-money laundering, anti-corruption and anti-bribery laws, rules and regulations, and direct or indirect restrictions on the businesses in which we may operate or invest. Such limitations can have a negative effect on our business and our ability to implement strategic initiatives. To the extent we are required to divest certain businesses, we could incur losses, as we may be forced to sell such businesses at a discount, which in certain instances could be substantial, as a result of both the constrained timing of such sales and the possibility that other financial institutions are liquidating similar investments at the same time.

Since 2008, regulators and governments have focused on the reform of the financial services industry, including enhanced capital, leverage and liquidity requirements, changes in compensation practices (including tax levies) and measures to address systemic risk, including ring-fencing certain activities and operations within specific legal entities. These regulations and requirements could require us to reduce assets held in certain subsidiaries or inject capital or other funds into or otherwise change our operations or the structure of our subsidiaries and the Group. Differences in the details and implementation of such regulations may further negatively affect us, as certain requirements are currently not expected to apply equally to all of our competitors or to be implemented uniformly across jurisdictions.

Moreover, as a number of these requirements are currently being finalized and implemented, their regulatory impact may further increase in the future and their ultimate impact cannot be predicted at this time. For example, the Basel III reforms are still being finalized and implemented and/or phased in, as applicable. The additional requirements related to minimum regulatory capital, leverage ratios and liquidity measures imposed by Basel III, as

implemented in Switzerland, together with more stringent requirements imposed by the Swiss legislation and their application by FINMA, and the related implementing ordinances and actions by our regulators, have contributed to our decision to reduce risk-weighted assets and the size of our balance sheet, and could potentially affect our business, impact our access to capital markets and increase our funding costs. In addition, various reforms in the US, including the “Volcker Rule” and derivatives regulation, have imposed, and will continue to impose, new regulatory duties on certain of our operations. These requirements have contributed to our decision to exit certain businesses (including a number of our private equity businesses) and may lead us to exit other businesses. Recent CFTC, SEC and Fed rules and proposals have materially increased, or could in the future materially increase, the operating costs, including margin requirements, compliance, information technology and related costs, associated with our derivatives businesses with US persons, while at the same time making it more difficult for us to operate a derivatives business outside the US. Further, in 2014, the Fed adopted a final rule under the Dodd-Frank Act that introduced a new framework for regulation of the US operations of foreign banking organizations such as ours. Implementation is expected to continue to result in us incurring additional costs and to affect the way we conduct our business in the US, including through our US IHC. Further, current and possible future cross-border tax regulation with extraterritorial effect, such as FATCA, the OECD global minimum tax rate levels and rules (Pillar Two) and other bilateral or multilateral tax treaties and agreements on the automatic exchange of information in tax matters, impose detailed reporting obligations and increased compliance and systems-related costs on our businesses, and, as concerns the Pillar Two system of global minimum tax, may affect our tax rate. In addition, the US tax reform enacted on December 22, 2017 introduced substantial changes to the US tax system, including the lowering of the corporate tax rate and the introduction of the US base erosion and anti-abuse tax. Additionally, implementation of regulations such as the Capital Requirements Directive V (CRD V) in the EU, FinSA in Switzerland, and other reforms may negatively affect our business activities. Whether or not the FinSA, together with supporting or implementing ordinances and regulations, will be deemed equivalent to MiFID II, currently remains uncertain. Swiss banks, including us, may accordingly be limited from participating in certain businesses regulated by MiFID II. Finally, we expect that TLAC requirements, currently in force in Switzerland, the US and in the UK, as well as in the EU and which are being finalized in many other jurisdictions, as well as new requirements and rules with respect to the internal total loss-absorbing capacity (iTLAC) of G-SIBs and their operating entities, may increase our cost of funding and restrict our ability to deploy capital and liquidity on a global basis as needed once the TLAC and iTLAC requirements are implemented across all relevant jurisdictions.

We are subject to economic sanctions laws and regulatory requirements of various countries. These laws and regulatory requirements generally prohibit or restrict transactions involving certain countries/territories and parties. Our costs of monitoring and complying with frequent, complex, and potentially conflicting

changes to applicable economic sanctions laws and regulatory requirements have increased and there is an increased risk that we may not identify and stop prohibited activities before they occur or that we may otherwise fail to comply with economic sanctions laws and regulatory requirements. Any conduct targeted by or in violation of a sanctions program could subject us to significant civil and potentially criminal penalties or other adverse consequences.

→ Refer to “Sanctions” in Regulation and supervision – Recent regulatory developments and proposals – US for further information.

We expect the financial services industry and its members, including us, to continue to be affected by the significant uncertainty over the scope and content of regulatory reform in 2022 and beyond, in particular, uncertainty in relation to the future US regulatory agenda, which includes a variety of proposals to change existing regulations or the approach to regulation of the financial industry as well as potential new tax policy, and potential changes in regulation following the UK’s withdrawal from the EU and the results of European national elections. In addition, we face regulatory and legislative uncertainty in the US and other jurisdictions with respect to climate change, including with respect to any new or changing disclosure requirements. Changes in laws, rules or regulations, or in their interpretation or enforcement, or the implementation of new laws, rules or regulations, may adversely affect our results of operations.

Despite our best efforts to comply with applicable laws, rules and regulations, a number of risks remain, particularly in areas where applicable laws, rules or regulations may be unclear or inconsistent across jurisdictions or where governments, regulators or international bodies, organizations or unions revise their previous guidance or courts overturn previous rulings. Additionally, authorities in many jurisdictions have the power to bring administrative or judicial proceedings against us, which could result in, among other things, suspension or revocation of our licenses, cease and desist orders, fines, civil penalties, criminal penalties, deferred prosecution agreements or other disciplinary action. Such matters have in the past and could in the future materially adversely affect our results of operations and seriously harm our reputation.

→ Refer to “Regulation and supervision” for a description of our regulatory regime and a summary of some of the significant regulatory and government reform proposals affecting the financial services industry as well as to “Liquidity and funding management” and “Capital management” in III – Treasury, Risk, Balance sheet and Off-balance sheet for information regarding our current regulatory framework and expected changes to this framework affecting capital and liquidity standards.

#### **Damage to our reputation can significantly harm our businesses, including our competitive position and business prospects**

We suffered reputational harm as a result of the Archegos and SCFF matters and may suffer further reputational harm in the future as a result of these matters or other events. Our ability to attract and retain customers, clients, investors and employees, and conduct business transactions with our counterparties, can be adversely affected to the extent our reputation is damaged. Harm to our reputation can arise from various sources, including if our comprehensive procedures and controls fail, or appear

to fail, to prevent employee misconduct, negligence and fraud, to address conflicts of interest and breach of fiduciary obligations, to produce materially accurate and complete financial and other information, to identify credit, liquidity, operational and market risks inherent in our business or to prevent adverse legal or regulatory actions or investigations. Additionally, our reputation can be harmed by compliance failures, information or security breaches, personal data breaches, cyber incidents, technology failures, challenges to the suitability or reasonableness of our particular trading or investment recommendations or strategies and the activities of our customers, clients, counterparties and third parties. Actions by the financial services industry generally or by certain members or individuals in the industry also can adversely affect our reputation. In addition, our reputation may be negatively impacted by our ESG practices and disclosures, including those related to climate change and how we address ESG concerns in our business activities, or by our clients' involvement in certain business activities associated with climate change. Adverse publicity or negative information in the media, posted on social media by employees, or otherwise, whether or not factually correct, can also adversely impact our business prospects or financial results, which risk can be magnified by the speed and pervasiveness with which information is disseminated through those channels.

A reputation for financial strength and integrity is critical to our performance in the highly competitive environment arising from globalization and convergence in the financial services industry, and our failure to address, or the appearance of our failing to address, these and other issues gives rise to reputational risk that can harm our business, results of operations and financial condition. Failure to appropriately address any of these issues could also give rise to additional regulatory restrictions and legal risks, which may further lead to reputational harm.

→ Refer to "Reputational risk" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management – Risk coverage and management for further information.

#### **Resolution proceedings and resolution planning requirements may affect our shareholders and creditors**

Pursuant to Swiss banking laws, FINMA has broad powers and discretion in the case of resolution proceedings with respect to a Swiss bank, such as Credit Suisse AG or Credit Suisse (Schweiz) AG, and to a Swiss parent company of a financial group, such as Credit Suisse Group AG. These broad powers include the power to initiate restructuring proceedings with respect to Credit Suisse AG, Credit Suisse (Schweiz) AG or Credit Suisse Group AG and, in connection therewith, cancel the outstanding equity of the entity subject to such proceedings, convert such entity's debt instruments and other liabilities into equity and/or cancel such debt instruments and other liabilities, in each case, in whole or in part, and stay (for a maximum of two business days) certain termination and netting rights under contracts to which such entity is a party, as well as the power to order protective measures, including the deferment of payments, and institute liquidation proceedings with respect to Credit Suisse AG, Credit Suisse (Schweiz) AG or Credit Suisse Group AG. The scope of such powers and discretion and the legal mechanisms that would be applied are subject to development and interpretation.

We are currently subject to resolution planning requirements in Switzerland, the US, the EU and the UK and may face similar requirements in other jurisdictions. If a resolution plan is determined by the relevant authority to be inadequate, relevant regulations may allow the authority to place limitations on the scope or size of our business in that jurisdiction, require us to hold higher amounts of capital or liquidity, require us to divest assets or subsidiaries or to change our legal structure or business to remove the relevant impediments to resolution.

→ Refer to "Switzerland – Resolution regime", "US – Resolution regime", "EU – Resolution regime" and "UK – Resolution regime" in Regulation and supervision – Regulatory Framework for a description of the current resolution regime under Swiss, US, EU and UK banking laws as they apply to Credit Suisse.

#### **Any conversion of our convertible capital instruments would dilute the ownership interests of existing shareholders**

Under Swiss regulatory capital rules, we are required to issue a significant amount of contingent capital instruments, certain of which would convert into common equity upon the occurrence of specified triggering events, including our common equity tier 1 ratio falling below prescribed thresholds (7% in the case of high-trigger instruments), or a determination by FINMA that conversion is necessary, or that we require extraordinary public sector support, to prevent us from becoming insolvent. As of December 31, 2021, we had 2,569.7 million shares outstanding and we had issued in the aggregate an equivalent of CHF 1.4 billion in principal amount of such contingent convertible capital instruments, and we may issue more such contingent convertible capital instruments in the future. The conversion of some or all of our contingent convertible capital instruments due to the occurrence of any of such triggering events would result in the dilution of the ownership interests of our then existing shareholders, which dilution could be substantial. Additionally, any conversion, or the anticipation of the possibility of a conversion, could negatively impact the market price of our ordinary shares.

→ Refer to "Contingent capital instruments" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Capital management – Capital instruments for further information on the triggering events related to our contingent convertible capital instruments.

#### **Changes in monetary policy are beyond our control and difficult to predict**

We are affected by the monetary policies adopted by the central banks and regulatory authorities of Switzerland, the US and other countries. The actions of the SNB and other central banking authorities directly impact our cost of funds for lending, capital raising and investment activities and may impact the value of financial instruments we hold and the competitive and operating environment for the financial services industry. Many central banks, including the Fed, have implemented significant changes to their monetary policy or have experienced significant changes in their management and may implement or experience further changes. We cannot predict whether these changes will have a material adverse effect on us or our operations. In addition, changes in monetary policy may affect the credit quality of our customers. Any changes in monetary policy are beyond our control and difficult to predict.

### **Legal restrictions on our clients may reduce the demand for our services**

We may be materially affected not only by regulations applicable to us as a financial services company, but also by regulations and changes in enforcement practices applicable to our clients. Our business could be affected by, among other things, existing and proposed tax legislation, antitrust and competition policies, corporate governance initiatives and other governmental regulations and policies, and changes in the interpretation or enforcement of existing laws and rules that affect business and the financial markets. For example, focus on tax compliance and changes in enforcement practices could lead to further asset outflows from our wealth management businesses.

## **Competition**

### **We face intense competition**

We face intense competition in all sectors of the financial services markets and for the products and services we offer. Consolidation through mergers, acquisitions, alliances and cooperation, including as a result of financial distress, has increased competitive pressures. Competition is based on many factors, including the products and services offered, pricing, distribution systems, customer service, brand recognition, perceived financial strength and the willingness to use capital to serve client needs. Consolidation has created a number of firms that, like us, have the ability to offer a wide range of products and services, from loans and deposit taking to brokerage, investment banking and asset management services. Some of these firms may be able to offer a broader range of products than we do, or offer such products at more competitive prices. Current market conditions have resulted in significant changes in the competitive landscape in our industry as many institutions have merged, altered the scope of their business, declared bankruptcy, received government assistance or changed their regulatory status, which will affect how they conduct their business. In addition, current market conditions have had a fundamental impact on client demand for products and services. Some new competitors in the financial technology sector have sought to target existing segments of our businesses that could be susceptible to disruption by innovative or less regulated business models. Emerging technology, including robo-advising services, digital asset services and other financial products and services, may also result in further competition in the markets in which we operate, for example, by allowing e-commerce firms or other companies to provide products and services similar to ours at a lower price or in a more competitive manner in terms of customer convenience. We may face a competitive disadvantage if these services or our other competitors are subject to different and, in certain cases, less restrictive legal and/or regulatory requirements. We can give no assurance that our results of operations will not be adversely affected.

### **We must recruit and retain highly skilled employees**

Our performance is largely dependent on the talents and efforts of highly skilled individuals. Competition for qualified employees is

intense and the hiring market in the financial services and other industries has been and is expected to continue to be extremely competitive. In addition, the impact of COVID-19 on evolving workforce norms, practices and expectations, as well as persistent labor shortages, could adversely affect our ability to recruit and retain employees. We have devoted considerable resources to recruiting, training and compensating employees. Our continued ability to compete effectively in our businesses depends on our ability to attract new employees and to retain and motivate our existing employees. The continued public focus on compensation practices in the financial services industry, and related regulatory changes, may have an adverse impact on our ability to attract and retain highly skilled employees. In particular, limits on the amount and form of executive compensation imposed by regulatory initiatives, including the Swiss Compensation Ordinance, or any successor legislation thereof in Switzerland and the Capital Requirements Directive IV (as amended by CRD V) in the EU and the UK, could potentially have an adverse impact on our ability to retain certain of our most highly skilled employees and hire new qualified employees in certain businesses. Additionally, following the Archegos and SCFF matters, we announced a reduction in our Group variable compensation pool for 2021 compared to the prior year. Decreases in compensation, as well as matters impacting our financial results or reputation, can negatively impact our ability to retain employees and recruit new talent.

### **We face competition from new technologies**

Our businesses face competitive challenges from new technologies, including new trading technologies and trends towards direct access to automated and electronic markets with low or no fees and commissions, and the move to more automated trading platforms. Such technologies and trends may adversely affect our commission and trading revenues, exclude our businesses from certain transaction flows, reduce our participation in the trading markets and the associated access to market information and lead to the establishment of new and stronger competitors. We have made, and may continue to be required to make, significant additional expenditures to develop and support new trading systems or otherwise invest in technology to maintain our competitive position.

The evolution of internet-based financial solutions has also facilitated growth in new technologies, such as cryptocurrency and blockchain, which may disrupt the financial services industry and require us to commit further resources to adapt our products and services. Wider adoption of such emerging technologies may also increase our costs for complying with evolving laws, rules and regulations, and if we are not timely or successful in adapting to evolving consumer or market preferences, our business and results of operations may be adversely affected. Additionally, as we develop new products and services that involve emerging technologies, we may face new risks if they are not designed and governed adequately.

# Operating environment

Global economic activity rebounded sharply in 2021. Global equity markets ended the year substantially higher. Major government bond yields increased but remained at low levels, and the US dollar was generally stronger against major currencies in 2021.

## COVID-19 pandemic

The COVID-19 pandemic continued to affect the economic environment throughout 2021. Infection rates ebbed and flowed across the world during the course of 2021, including in countries where Credit Suisse has a significant presence. Vaccination programs during the year continued to significantly reduce the correlation between COVID-19 infection and serious illness, although booster shots were increasingly required to sustain a high level of protection. In addition, in the fourth quarter of 2021 an additional challenge arose with the emergence of the Omicron variant, which is more transmissible than previous variants. However, in early 2022 there were signs that the Omicron infection wave was peaking and that governments would relatively soon be able to ease social and economic activity restrictions.

by strong demand for goods, supply shortages and recovering labor markets.

Global monetary policies started to tighten from an accommodative stance in the second half of 2021. The US Federal Reserve (Fed) kept its target range for the federal funds rate at 0-0.25% but started to reduce asset purchases at the end of year and indicated interest rate increases would be forthcoming in 2022. The Bank of England ended asset purchases and began raising interest rates. A number of emerging market central banks started to increase interest rates in the second half of the year. However, the European Central Bank, the Bank of Japan and the Swiss National Bank all maintained their accommodative policies with interest rates at or below zero.

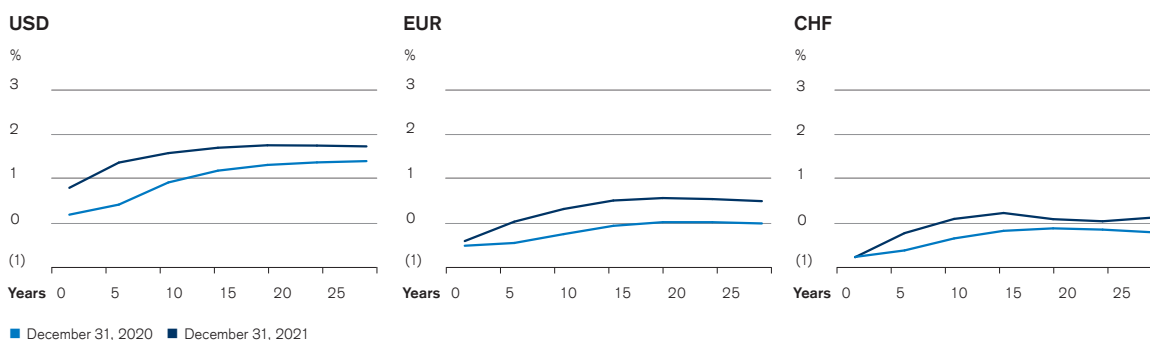
## Economic environment

Global economic output rebounded sharply in 2021. Service sector activity remained constrained in the first quarter as ongoing waves of COVID-19 caused social distancing in major economies. At the same time, fiscal stimulus, particularly in the US, boosted household income and caused demand for goods to surge. As the year progressed, increasing vaccination levels meant social distancing declined, causing an increase in demand for services. Inflation increased significantly in most major economies, driven

Global equities moved substantially higher in 2021, helped by the economic recovery and improving investors' risk appetite. Global equities appreciated more than 20%, driven by measures introduced by governments and central banks globally to address the economic impact of the COVID-19 pandemic, including fiscal stimulus and accommodative monetary policies such as substantial asset purchase programs. US and Swiss equities outperformed global equities, while Japanese and emerging market equities underperformed. Among industry sectors, energy was the top performer with a 44% increase, followed by real estate and information technology. The utilities sector was the worst performer, followed by communications services and consumer staples.

### Yield curves

Bond yields generally increased across major currencies and became steeper for the euro and the Swiss franc.



Source: Bloomberg, Credit Suisse

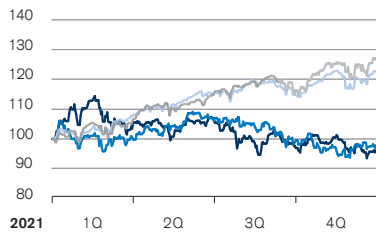


## Equity markets

Global equity markets ended the year significantly higher. World bank stocks outperformed.

### Performance by region

Index (December 31, 2020 = 100)

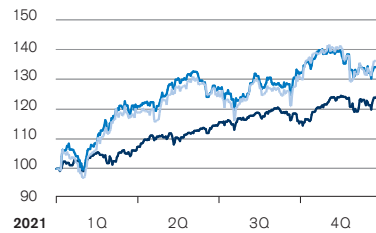


■ Emerging markets Asia ■ Europe  
■ Emerging markets Latin America ■ North America

Source: Bloomberg, MSCI, Credit Suisse

### Performance world banks

Index (December 31, 2020 = 100)

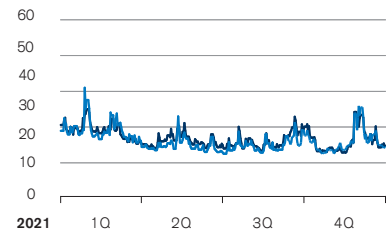


■ MSCI World banks ■ MSCI European banks  
■ MSCI World

Source: Bloomberg, MSCI, Credit Suisse

### Volatility

%

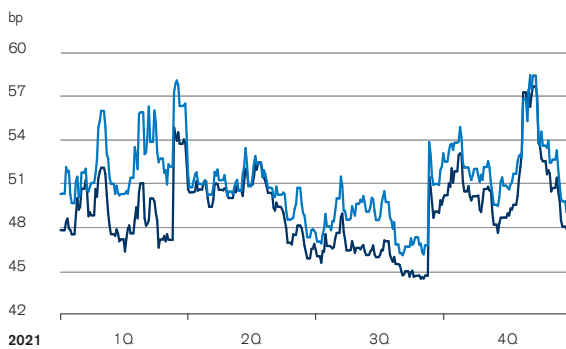


■ VDAX  
■ VIX Index

Source: Bloomberg, Credit Suisse

## Credit spreads

Credit spreads remained at low levels in 2021.



■ European CDS (iTraxx) ■ North American CDS (CDX) bp: basis points

Source: Bloomberg, Credit Suisse

In fixed income, most bonds delivered negative returns with high volatility towards the end of 2021, reflecting market expectations as central banks started tightening monetary policies. In US dollar rates, the spread between the 2-year and 10-year on the yield curve flattened gradually, while the yield curves became steeper for the euro and the Swiss franc (refer to the charts under "Yield curves"). In credit, global high-yield corporate bonds outperformed both global investment-grade corporate bonds and emerging market sovereign bonds, both of which delivered negative total returns due to their longer duration. Credit spreads remained at tight levels (refer to the chart under "Credit spreads").

The Fed's shift from its accommodative monetary policy supported the US dollar, which gained against most major currencies in 2021. The euro lost 7% and the Swiss franc 3% against the US dollar. The Japanese yen depreciated substantially by more than 10% against the US dollar. Most emerging market currencies also lost against the US dollar. The Chinese renminbi outperformed the US dollar and was the best performing major emerging market currency, while the Turkish lira and the Argentine peso were the worst performers against the US dollar.

Equity market volatility, as measured by the Chicago Board Options Exchange Market Volatility Index (VIX), experienced multiple short-term spikes, which were most pronounced in late January and early December of 2021 but ended the year slightly lower than 2020. The Credit Suisse Hedge Fund Index increased 8% in 2021. World bank stocks outperformed against global equity markets in 2021. European bank stocks outperformed world bank stocks in 2021, particularly due to a strong performance in the fourth quarter. At the end of 2021, world bank stocks traded 35% higher compared to 2020 (refer to the charts under "Equity markets").

The Credit Suisse Commodity Benchmark rose significantly through 2021, ending the year 43% higher. Energy was the key outperforming sector as OPEC+ supply restraints and recovering demand pushed oil inventories well below average. Similarly, low gas inventories globally and concerns over insufficient winter reserves lifted prices. Industrial metals as well as agricultural markets rose as well, but sector performance trailed the benchmark. Decreasing inventories across both segments, supply chain problems and strong demand created significant upward price pressures. In contrast, precious metals recorded a negative year, with both gold and silver prices declining.

# Credit Suisse

In 2021, we recorded a net loss attributable to shareholders of CHF 1,650 million. Return on equity and return on tangible equity were (3.8)% and (4.2)%, respectively. As of the end of 2021, our CET1 ratio was 14.4%.

## Results

	in / end of			% change	
	2021	2020	2019	21 / 20	20 / 19
<b>Statements of operations (CHF million)</b>					
Net interest income	5,811	5,948	7,017	(2)	(15)
Commissions and fees	13,165	11,853	11,158	11	6
Trading revenues <sup>1</sup>	2,431	3,295	1,739	(26)	89
Other revenues	1,289	1,293	2,570	0	(50)
<b>Net revenues</b>	<b>22,696</b>	<b>22,389</b>	<b>22,484</b>	<b>1</b>	<b>0</b>
<b>Provision for credit losses</b>	<b>4,205</b>	<b>1,096</b>	<b>324</b>	<b>284</b>	<b>238</b>
Compensation and benefits	8,963	9,890	10,036	(9)	(1)
General and administrative expenses	7,159	6,523	6,128	10	6
Commission expenses	1,243	1,256	1,276	(1)	(2)
Goodwill impairment	1,623	0	0	–	–
Restructuring expenses	103	157	–	(34)	–
Total other operating expenses	10,128	7,936	7,404	28	7
<b>Total operating expenses</b>	<b>19,091</b>	<b>17,826</b>	<b>17,440</b>	<b>7</b>	<b>2</b>
<b>Income/(loss) before taxes</b>	<b>(600)</b>	<b>3,467</b>	<b>4,720</b>	<b>–</b>	<b>(27)</b>
Income tax expense	1,026	801	1,295	28	(38)
<b>Net income/(loss)</b>	<b>(1,626)</b>	<b>2,666</b>	<b>3,425</b>	<b>–</b>	<b>(22)</b>
Net income/(loss) attributable to noncontrolling interests	24	(3)	6	–	–
<b>Net income/(loss) attributable to shareholders</b>	<b>(1,650)</b>	<b>2,669</b>	<b>3,419</b>	<b>–</b>	<b>(22)</b>
<b>Statement of operations metrics (%)</b>					
Return on regulatory capital	(1.2)	6.9	8.4	–	–
Cost/income ratio	84.1	79.6	77.6	–	–
Effective tax rate	(171.0)	23.1	27.4	–	–
<b>Earnings per share (CHF)</b>					
Basic earnings/(loss) per share	(0.67)	1.09	1.35	–	(19)
Diluted earnings/(loss) per share	(0.67)	1.06	1.32	–	(20)
<b>Return on equity (%)</b>					
Return on equity	(3.8)	5.9	7.7	–	–
Return on tangible equity <sup>2</sup>	(4.2)	6.6	8.7	–	–
<b>Book value per share (CHF)</b>					
Book value per share	17.10	17.74	17.91	(4)	(1)
Tangible book value per share <sup>2</sup>	15.86	15.80	15.88	–	(1)
<b>Balance sheet statistics (CHF million)</b>					
Total assets <sup>3</sup>	755,833	818,965	801,829	(8)	2
Risk-weighted assets	267,787	275,084	290,463	(3)	(5)
Leverage exposure <sup>3</sup>	889,137	812,996	924,528	9	(12)
<b>Number of employees (full-time equivalents)</b>					
Number of employees	50,110	48,770	47,860	3	2

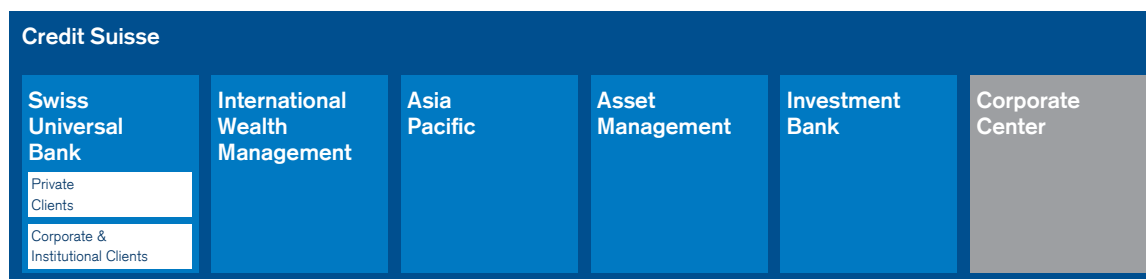
<sup>1</sup> Represent revenues on a product basis which are not representative of business results within our business segments as segment results utilize financial instruments across various product types.

<sup>2</sup> Based on tangible shareholders' equity, a non-GAAP financial measure, which is calculated by deducting goodwill and other intangible assets from total shareholders' equity as presented in our balance sheet. Management believes that these metrics are meaningful as they are measures used and relied upon by industry analysts and investors to assess valuations and capital adequacy.

<sup>3</sup> Prior periods have been revised. Refer to "Note 1 – Summary of significant accounting policies – Revisions of prior period financial statements" in VI – Consolidated financial statements – Credit Suisse Group for further information.

## Credit Suisse reporting structure

Effective April 1, 2021, the Asset Management business was separated from the International Wealth Management division and was managed as a new separate division of the Group. Reflecting these updates, our financial reporting for 2021 is presented as five reporting segments plus the Corporate Center. Prior periods have been restated to conform to the current presentation. These restatements had no impact on the net income/(loss) or the total shareholders' equity of the Group.



## Organizational structure

Effective January 1, 2022, the Group is organized into four divisions – Wealth Management, Investment Bank, Swiss Bank and Asset Management – and four geographic regions – Switzerland, Europe, Middle East and Africa (EMEA), Asia Pacific and Americas, reflecting the strategic announcement made on November 4, 2021. Our first quarter 2022 financial reporting will be presented as four divisional reporting segments plus the Corporate Center.

→ Refer to "Strategy" in I – Information on the company for further information.

the divisional results of Swiss Universal Bank and International Wealth Management. Results also included an impairment of CHF 113 million relating to York Capital Management (York), which was recognized in Asset Management.

As of the end of 2021, our Bank for International Settlements (BIS) common equity tier 1 (CET1) ratio was 14.4% and our risk-weighted assets (RWA) were CHF 267.8 billion.

→ Refer to "Capital management" in III – Treasury, Risk, Balance sheet and Off-balance sheet for further information.

## Results summary

### 2021 results

In 2021, Credit Suisse reported a net loss attributable to shareholders of CHF 1,650 million compared to net income attributable to shareholders of CHF 2,669 million in 2020. In 2021, Credit Suisse reported a loss before taxes of CHF 600 million, compared to income before taxes of CHF 3,467 million in 2020. Our 2021 results included a goodwill impairment charge of CHF 1,623 million, of which CHF 1,520 million was recognized in the Investment Bank. Adjusted income before taxes excluding significant items and Archegos Capital Management (Archegos) in 2021 was CHF 6,599 million compared to CHF 4,375 million in 2020. The 2021 results included provision for credit losses of CHF 4,205 million, mainly driven by a net charge of CHF 4,307 million in respect of the failure by Archegos to meet its margin commitments, which was reflected in the Investment Bank.

→ Refer to "Archegos Capital Management" in Significant events in 2021 for further discussion.

The 2021 results included a net gain of CHF 602 million relating to our equity investment in Allfunds Group (as described below), which was recognized in the divisional results of Swiss Universal Bank, International Wealth Management and Asia Pacific and a loss of CHF 70 million relating to our equity investment in the SIX Swiss Exchange (SIX) Group AG, which was recognized in

The COVID-19 pandemic continued to affect the economic environment throughout 2021. Equity and credit markets generally performed well during the year on the increased prospect of a strong economic recovery due to significant fiscal supports, accommodative monetary policies, accelerating vaccination programs and the easing of economic and social activity lockdowns. Negative impacts related to the pandemic on a broad and diverse population of supply chains began to affect numerous business sectors in the global economy and toward the end of the year gave rise to inflationary pressures. We continue to closely monitor the COVID-19 pandemic and its effects on our operations and businesses.

→ Refer to "COVID-19 pandemic" in III – Treasury, Risk, Balance Sheet and Off-balance sheet – Risk management for further information.

At least in part due to recent events, we have experienced a slowdown in net new asset generation, particularly in Asset Management in the second half of 2021, which is likely to negatively affect our performance in 2022. Additionally, we anticipate that revenues in the Investment Bank will be adversely affected by the planned exit of substantially all of the prime services business and the expected reduction of more than USD 3 billion in allocated capital in the Investment Bank compared to the end of 2020. The effect of the impairment of the capital effective component of the participation book values of the Bank parent company, discussed elsewhere in this report, as well as steps we have taken beginning in 2021, or plan to take, with respect to risk-reducing measures and capital surcharges, including in response to the

Archeegos and the supply chain finance funds (SCFF) matters, can also be expected to have an adverse effect on our results of operations in certain areas of our business. Our results are expected to also reflect volatility in the share price of our 8.6% holding in Allfunds Group.

→ Refer to "Archeegos Capital Management" and "Supply chain finance funds" in Significant events in 2021, "Strategy" in I – Information on the company, "Capital management" in III – Treasury, Risk, Balance sheet and Off-balance sheet.

## 2020 results

In 2020, Credit Suisse reported net income attributable to shareholders of CHF 2,669 million compared to CHF 3,419 million in 2019. Income before taxes was CHF 3,467 million compared to CHF 4,720 million in 2019. The 2020 results reflected stable net revenues and a 2% increase in total operating expenses. Provision for credit losses was CHF 1,096 million compared to CHF 324 million in 2019, driven by negative developments in our corporate lending portfolio and the application of the current expected credit loss (CECL) methodology. Total operating expenses in 2020 included net litigation provisions of CHF 1,227 million, mainly in connection with mortgage-related matters, and restructuring expenses of CHF 157 million. Total operating expenses in 2019 included net litigation provisions of CHF 623 million, mainly in connection with mortgage-related matters. Results in 2020 were impacted by the weakening of the average rate of the US dollar against the Swiss franc, which adversely impacted revenues, but favorably impacted expenses.

The 2020 results included a gain of CHF 268 million relating to the completed transfer of the Credit Suisse InvestLab AG (InvestLab) fund platform to Allfunds Group (as described below), which was recognized in the divisional results of Swiss Universal Bank, International Wealth Management and Asia Pacific. In 2020, we revalued our equity investment in the SIX Group AG, resulting in a gain before taxes of CHF 158 million, which was recognized in the divisional results of Swiss Universal Bank and International Wealth Management, we revalued our equity investment in Pfandbriefbank, resulting in a gain of CHF 134 million, which was recognized in the divisional results of Swiss Universal Bank, and we revalued our equity investment in Allfunds Group, resulting in a gain before taxes of CHF 127 million, which was recognized in the divisional results of Swiss Universal Bank, International Wealth Management and Asia Pacific. Results also included an impairment of CHF 414 million relating to York, which was recognized in Asset Management.

The COVID-19 pandemic and the consequences for markets and the global economy affected the Group's financial performance in 2020, including significant impacts on our provision for credit losses and trading revenues as well as on net interest income as a result of foreign exchange movements and a sharp reduction in US dollar interest rates.

→ Refer to "Risk factors" in I – Information on the company, "COVID-19 pandemic and related regulatory measures" in II – Operating and financial review – Credit Suisse and "Key risk developments" in III – Treasury, Risk, Balance Sheet and Off-balance sheet – Risk management in the Credit Suisse Annual Report 2020.

## 2021 results details

### Net revenues

Compared to 2020, net revenues of CHF 22,696 million were stable, as higher net revenues in Asset Management and Swiss Universal Bank were offset by lower net revenues in International Wealth Management and the Investment Bank. The increase in net revenues in Asset Management was driven by higher investment and partnership income, increased performance and placement revenue, and growth in management fees, reflecting higher average assets under management. The increase in net revenues in Swiss Universal Bank was mainly due to higher recurring commissions and fees as well as higher other revenues, partially offset by lower transaction-based revenues. The decrease in net revenues in International Wealth Management was driven by lower transaction- and performance-based revenues and lower net interest income, partially offset by higher other revenues and higher recurring commissions and fees. The decrease in net revenues in the Investment Bank, compared to a strong prior year, reflected lower sales and trading revenues, as a result of the loss related to Archeegos, partially offset by higher capital markets and advisory activity.

### Provision for credit losses

In 2021, we recorded provision for credit losses of CHF 4,205 million, primarily reflecting provisions of CHF 4,193 million in the Investment Bank in respect of the Archeegos matter. Provision for credit losses reflected CHF 4,440 million of specific provisions, partially offset by a release of CHF 235 million of non-specific provisions for expected credit losses.

### Total operating expenses

We reported total operating expenses of CHF 19,091 million in 2021, a 7% increase compared to 2020, mainly relating to a goodwill impairment charge of CHF 1,623 million and increased general and administrative expenses, partially offset by lower compensation and benefits. General and administrative expenses increased 10%, primarily driven by higher professional services fees, higher litigation provisions and higher IT, machinery and equipment expenses. Litigation provisions in 2021 were mainly in connection with legacy litigation matters, including mortgage-related matters and settlements with regard to the Stadtwerke München GmbH (SWM) and the Mozambique matters, as well as provisions in connection with the SCFF matter. Compensation and benefits decreased 9%, mainly due to lower discretionary compensation expenses and lower deferred compensation awards, including a downward adjustment to performance share awards as a result of the full year divisional loss in the Investment Bank and malus and clawbacks of previously granted compensation awards in connection with the Archeegos and the SCFF matters. Total operating expenses in 2021 included restructuring expenses of CHF 103 million.

→ Refer to Note 40 – Litigation in VI – Consolidated financial statements – Credit Suisse Group for further information.

## Results overview

in / end of	Swiss Universal Bank	International Wealth Management	Asia Pacific	Asset Management	Investment Bank	Corporate Center <sup>1</sup>	Credit Suisse
<b>2021 (CHF million)</b>							
<b>Net revenues</b>	<b>5,801</b>	<b>3,462</b>	<b>3,242</b>	<b>1,456</b>	<b>8,888</b>	<b>(153)</b>	<b>22,696</b>
<b>Provision for credit losses</b>	<b>6</b>	<b>(14)</b>	<b>27</b>	<b>0</b>	<b>4,193</b>	<b>(7)</b>	<b>4,205</b>
Compensation and benefits	1,807	1,548	1,288	612	3,443	265	8,963
Total other operating expenses	1,259	952	933	544	4,955	1,485	10,128
of which general and administrative expenses	1,040	785	667	427	2,826	1,414	7,159
of which goodwill impairment	0	0	103	0	1,520	0	1,623
of which restructuring expenses	14	12	4	3	71	(1)	103
<b>Total operating expenses</b>	<b>3,066</b>	<b>2,500</b>	<b>2,221</b>	<b>1,156</b>	<b>8,398</b>	<b>1,750</b>	<b>19,091</b>
<b>Income/(loss) before taxes</b>	<b>2,729</b>	<b>976</b>	<b>994</b>	<b>300</b>	<b>(3,703)</b>	<b>(1,896)</b>	<b>(600)</b>
Return on regulatory capital	17.1	16.2	21.3	33.9	(22.8)	–	(1.2)
Cost/income ratio	52.9	72.2	68.5	79.4	94.5	–	84.1
Total assets	263,797	88,715	67,395	3,393	211,802	120,731	755,833
Goodwill	585	285	940	1,107	0	0	2,917
Risk-weighted assets	79,880	30,942	24,698	8,230	70,181	53,856	267,787
Leverage exposure	301,289	104,310	74,530	2,527	281,326	125,155	889,137
<b>2020 (CHF million)</b>							
<b>Net revenues</b>	<b>5,615</b>	<b>3,747</b>	<b>3,155</b>	<b>1,090</b>	<b>9,098</b>	<b>(316)</b>	<b>22,389</b>
<b>Provision for credit losses</b>	<b>270</b>	<b>110</b>	<b>236</b>	<b>0</b>	<b>471</b>	<b>9</b>	<b>1,096</b>
Compensation and benefits	1,975	1,658	1,319	652	3,934	352	9,890
Total other operating expenses	1,266	888	772	477	3,038	1,495	7,936
of which general and administrative expenses	1,013	707	614	373	2,409	1,407	6,523
of which restructuring expenses	44	37	4	18	47	7	157
<b>Total operating expenses</b>	<b>3,241</b>	<b>2,546</b>	<b>2,091</b>	<b>1,129</b>	<b>6,972</b>	<b>1,847</b>	<b>17,826</b>
<b>Income/(loss) before taxes</b>	<b>2,104</b>	<b>1,091</b>	<b>828</b>	<b>(39)</b>	<b>1,655</b>	<b>(2,172)</b>	<b>3,467</b>
Return on regulatory capital	13.4	18.4	17.1	(4.0)	9.6	–	6.9
Cost/income ratio	57.7	67.9	66.3	103.6	76.6	–	79.6
Total assets <sup>1</sup>	261,465	91,503	67,356	3,703	271,976	122,962	818,965
Goodwill	575	284	1,021	1,068	1,478	0	4,426
Risk-weighted assets	81,288	34,017	26,589	8,983	77,872	46,335	275,084
Leverage exposure <sup>1</sup>	295,507	101,025	74,307	2,989	320,828	18,340	812,996
<b>2019 (CHF million)</b>							
<b>Net revenues</b>	<b>5,905</b>	<b>4,181</b>	<b>3,029</b>	<b>1,635</b>	<b>8,161</b>	<b>(427)</b>	<b>22,484</b>
<b>Provision for credit losses</b>	<b>109</b>	<b>48</b>	<b>55</b>	<b>1</b>	<b>104</b>	<b>7</b>	<b>324</b>
Compensation and benefits	1,945	1,688	1,285	689	3,940	489	10,036
Total other operating expenses	1,278	859	767	466	3,091	943	7,404
of which general and administrative expenses	1,060	710	620	393	2,470	875	6,128
<b>Total operating expenses</b>	<b>3,223</b>	<b>2,547</b>	<b>2,052</b>	<b>1,155</b>	<b>7,031</b>	<b>1,432</b>	<b>17,440</b>
<b>Income/(loss) before taxes</b>	<b>2,573</b>	<b>1,586</b>	<b>922</b>	<b>479</b>	<b>1,026</b>	<b>(1,866)</b>	<b>4,720</b>
Return on regulatory capital	15.9	26.2	16.6	44.6	5.6	–	8.4
Cost/income ratio	54.6	60.9	67.7	70.6	86.2	–	77.6
Total assets <sup>1</sup>	249,829	86,555	73,719	4,722	268,997	118,007	801,829
Goodwill	607	295	995	1,199	1,567	0	4,663
Risk-weighted assets	80,489	33,742	31,857	9,787	82,218	52,370	290,463
Leverage exposure <sup>1</sup>	284,798	95,356	81,090	3,729	334,759	124,796	924,528

<sup>1</sup> Prior periods have been revised. Refer to "Note 1 – Summary of significant accounting policies – Revisions of prior period financial statements" in VI – Consolidated financial statements – Credit Suisse Group for further information.

## Goodwill

The strategic announcement made on November 4, 2021 required an impairment assessment of the carrying value of our goodwill position in the fourth quarter of 2021. Upon performance of that assessment, we recorded a goodwill impairment charge of CHF 1,623 million in 2021, which was recognized across two business divisions in relation to our investment banking businesses, CHF 1,520 million in the Investment Bank and CHF 103 million in Asia Pacific, and was mainly related to the acquisition of Donaldson, Lufkin & Jenrette (DLJ) in 2000. The goodwill impairment charge did not impact CET1 capital and leverage ratios.

→ Refer to "Goodwill impairment" in Critical accounting estimates and "Note 21 – Goodwill" in VI – Consolidated financial statements – Credit Suisse Group for further information.

## Income tax expense

In 2021, we recorded an income tax expense of CHF 1,026 million compared to CHF 801 million in 2020. The negative effective tax rate for the full year mainly reflected the impact of the loss related to Archegos, for which only the loss attributable to non-UK operations could be recognized as a partial tax benefit, whereas, for the remainder of the loss, a valuation allowance was required.

Additionally, the tax rate reflected the impact of the non-deductible goodwill impairment, the impact of the geographical mix of results, litigation provisions, including provisions relating to the Mozambique matter, for which only limited tax benefits could be obtained, withholding taxes and non-deductible funding costs. Overall, net deferred tax assets decreased CHF 184 million to CHF 2,953 million during 2021, primarily driven by earnings, partially offset by the impact of the partial tax benefit of the loss related to Archegos, for which the Group recognized a deferred tax asset.

→ Refer to "Note 29 – Tax" in VI – Consolidated financial statements – Credit Suisse Group for further information.

## Subsequent event

### Litigation settlement

In March 2022, Credit Suisse International reached a settlement related to a legacy litigation brought by SWM, and the parties will shortly apply to the court to have all proceedings against Credit Suisse discontinued. As a result, the Group increased its 2021 litigation provision by CHF 78 million in the Corporate Center and decreased its estimate of the aggregate range of reasonably possible losses not covered by existing provisions from zero to CHF 1.6 billion to zero to CHF 1.5 billion.

## 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. The sanctions included limitations on the ability of Russian banks to access the SWIFT financial messaging service and restrictions on transactions with the Russian central bank. The Russian government has also imposed certain countermeasures, which include restrictions relating to foreign currency accounts and security transactions. These measures followed earlier sanctions that had already been imposed

by the US, EU and UK in 2021 in response to alleged Russian activities related to Syria, cybersecurity, electoral interference and other matters. The Group is assessing the impact of the sanctions already imposed, and potential future escalations, on its exposures and client relationships. As of December 31, 2021, the Group had a net credit exposure to Russia of approximately CHF 0.8 billion primarily comprised of corporate and institutional loans, trade finance activities and derivatives exposures. In addition, its Russian subsidiaries had a net asset value of approximately CHF 0.2 billion as of December 31, 2021. As of March 7, 2022, we had minimal total credit exposures towards specifically sanctioned individuals managed by our Wealth Management division. The Group is currently monitoring settlement risk on certain open transactions with Russian counterparties, and market closures, the imposition of exchange controls, sanctions or other actions may limit our ability to settle existing transactions or realize on collateral, which could result in unexpected increases in exposures. The Group notes that these recent developments may affect its financial performance, including credit loss estimates and potential asset impairments, albeit given the early stage of these developments, it is not yet possible to estimate the size of any reasonably possible losses.

## 2020 results details

### Net revenues

Compared to 2019, net revenues of CHF 22,389 million were stable, primarily reflecting higher net revenues in the Investment Bank, offset by lower net revenues in Asset Management and International Wealth Management. The increase in net revenues in the Investment Bank was driven by broad-based growth across all businesses. The decrease in net revenues in Asset Management was mainly driven by the impairment loss from York reflected in investment and partnership income. The decrease in net revenues in International Wealth Management was driven by significantly lower other revenues, lower net interest income and lower recurring commissions and fees, partially offset by higher transaction-based revenues.

### Provision for credit losses

In 2020, we recorded provision for credit losses of CHF 1,096 million, primarily reflecting provisions of CHF 471 million in the Investment Bank, CHF 270 million in Swiss Universal Bank, CHF 236 million in Asia Pacific and CHF 110 million in International Wealth Management. Provision for credit losses reflected CHF 685 million of specific provisions and CHF 411 million related to the application of the CECL methodology.

### Total operating expenses

We reported total operating expenses of CHF 17,826 million in 2020, a 2% increase compared to 2019. General and administrative expenses increased 6%, primarily driven by higher net litigation provisions of CHF 1,227 million, mainly in connection with mortgage-related matters, partially offset by lower travel and entertainment expenses and lower professional services fees. Total operating expenses in 2020 included restructuring expenses of CHF 157 million.

## Reconciliation of adjustment items

Results excluding certain items included in our reported results are non-GAAP financial measures. Management believes that such results provide a useful presentation of our operating results for purposes of assessing our Group and divisional performance consistently over time, on a basis that excludes items that management does not consider representative of our underlying performance. Provided below is a reconciliation to the most directly comparable US GAAP measures.

## Reconciliation of adjustment items

in	Swiss Universal Bank	International Wealth Management	Asia Pacific	Asset Management	Investment Bank	Corporate Center	Credit Suisse
<b>2021 (CHF million)</b>							
<b>Net revenues</b>	<b>5,801</b>	<b>3,462</b>	<b>3,242</b>	<b>1,456</b>	<b>8,888</b>	<b>(153)</b>	<b>22,696</b>
Real estate (gains)/losses	(213)	(19)	0	0	0	0	(232)
(Gains)/losses on business sales	6	18	0	0	0	5	29
Major litigation recovery	(49)	0	0	0	0	0	(49)
Valuation adjustment related to major litigation	0	0	0	0	0	69	69
<b>Adjusted net revenues</b>	<b>5,545</b>	<b>3,461</b>	<b>3,242</b>	<b>1,456</b>	<b>8,888</b>	<b>(79)</b>	<b>22,513</b>
Significant items							
Gain on equity investment in Allfunds Group	(186)	(249)	(187)	0	0	0	(622)
Loss on equity investment in SIX Group AG	43	27	0	0	0	0	70
Impairment on York Capital Management	0	0	0	113	0	0	113
<b>Adjusted net revenues excluding significant items</b>	<b>5,402</b>	<b>3,239</b>	<b>3,055</b>	<b>1,569</b>	<b>8,888</b>	<b>(79)</b>	<b>22,074</b>
Archegos	0	0	0	0	470	0	470
<b>Adjusted net revenues excluding significant items and Archegos</b>	<b>5,402</b>	<b>3,239</b>	<b>3,055</b>	<b>1,569</b>	<b>9,358</b>	<b>(79)</b>	<b>22,544</b>
<b>Provision for credit losses</b>	<b>6</b>	<b>(14)</b>	<b>27</b>	<b>0</b>	<b>4,193</b>	<b>(7)</b>	<b>4,205</b>
Archegos	0	0	0	0	(4,307)	0	(4,307)
<b>Provision for credit losses excluding Archegos</b>	<b>6</b>	<b>(14)</b>	<b>27</b>	<b>0</b>	<b>(114)</b>	<b>(7)</b>	<b>(102)</b>
<b>Total operating expenses</b>	<b>3,066</b>	<b>2,500</b>	<b>2,221</b>	<b>1,156</b>	<b>8,398</b>	<b>1,750</b>	<b>19,091</b>
Goodwill impairment	0	0	(103)	0	(1,520)	0	(1,623)
Restructuring expenses	(14)	(12)	(4)	(3)	(71)	1	(103)
Major litigation provisions	(1)	9	0	0	(149)	(1,080)	(1,221)
Expenses related to real estate disposals	(4)	(7)	0	(1)	(44)	0	(56)
<b>Adjusted total operating expenses</b>	<b>3,047</b>	<b>2,490</b>	<b>2,114</b>	<b>1,152</b>	<b>6,614</b>	<b>671</b>	<b>16,088</b>
Significant items							
Expenses related to equity investment in Allfunds Group	(6)	(7)	(7)	0	0	0	(20)
<b>Adjusted total operating expenses excluding significant items</b>	<b>3,041</b>	<b>2,483</b>	<b>2,107</b>	<b>1,152</b>	<b>6,614</b>	<b>671</b>	<b>16,068</b>
Archegos	0	0	0	0	(26)	5	(21)
<b>Adjusted total operating expenses excluding significant items and Archegos</b>	<b>3,041</b>	<b>2,483</b>	<b>2,107</b>	<b>1,152</b>	<b>6,588</b>	<b>676</b>	<b>16,047</b>
<b>Income/(loss) before taxes</b>	<b>2,729</b>	<b>976</b>	<b>994</b>	<b>300</b>	<b>(3,703)</b>	<b>(1,896)</b>	<b>(600)</b>
<b>Adjusted income/(loss) before taxes</b>	<b>2,492</b>	<b>985</b>	<b>1,101</b>	<b>304</b>	<b>(1,919)</b>	<b>(743)</b>	<b>2,220</b>
<b>Adjusted income/(loss) before taxes excluding significant items</b>	<b>2,355</b>	<b>770</b>	<b>921</b>	<b>417</b>	<b>(1,919)</b>	<b>(743)</b>	<b>1,801</b>
<b>Adjusted income/(loss) before taxes excluding significant items and Archegos</b>	<b>2,355</b>	<b>770</b>	<b>921</b>	<b>417</b>	<b>2,884</b>	<b>(748)</b>	<b>6,599</b>
Adjusted return on regulatory capital (%)	15.6	16.3	23.6	34.5	(11.5)	–	4.3
Adjusted return on regulatory capital excluding significant items (%)	14.8	12.8	19.7	47.3	(11.5)	–	3.5
Adjusted return on regulatory capital excluding significant items and Archegos (%)	14.8	12.8	19.7	47.3	18.3	–	12.9

## Reconciliation of adjustment items (continued)

in	Swiss Universal Bank	International Wealth Management	Asia Pacific	Asset Management	Investment Bank	Corporate Center	Credit Suisse
<b>2020 (CHF million)</b>							
<b>Net revenues</b>	<b>5,615</b>	<b>3,747</b>	<b>3,155</b>	<b>1,090</b>	<b>9,098</b>	<b>(316)</b>	<b>22,389</b>
Real estate (gains)/losses	(15)	0	0	0	0	0	(15)
<b>Adjusted net revenues</b>	<b>5,600</b>	<b>3,747</b>	<b>3,155</b>	<b>1,090</b>	<b>9,098</b>	<b>(316)</b>	<b>22,374</b>
Significant items							
Gain related to InvestLab transfer	(25)	(15)	(25)	(203)	0	0	(268)
Gain on equity investment in Allfunds Group	(38)	(51)	(38)	0	0	0	(127)
Gain on equity investment in SIX Group AG	(97)	(61)	0	0	0	0	(158)
Gain on equity investment in Pfandbriefbank	(134)	0	0	0	0	0	(134)
Impairment on York Capital Management	0	0	0	414	0	0	414
<b>Adjusted net revenues excluding significant items</b>	<b>5,306</b>	<b>3,620</b>	<b>3,092</b>	<b>1,301</b>	<b>9,098</b>	<b>(316)</b>	<b>22,101</b>
<b>Provision for credit losses</b>	<b>270</b>	<b>110</b>	<b>236</b>	<b>0</b>	<b>471</b>	<b>9</b>	<b>1,096</b>
<b>Total operating expenses</b>	<b>3,241</b>	<b>2,546</b>	<b>2,091</b>	<b>1,129</b>	<b>6,972</b>	<b>1,847</b>	<b>17,826</b>
Restructuring expenses	(44)	(37)	(4)	(18)	(47)	(7)	(157)
Major litigation provisions	(45)	11	0	0	(24)	(930)	(988)
Expenses related to real estate disposals	(3)	(5)	0	(2)	(41)	0	(51)
<b>Adjusted total operating expenses</b>	<b>3,149</b>	<b>2,515</b>	<b>2,087</b>	<b>1,109</b>	<b>6,860</b>	<b>910</b>	<b>16,630</b>
<b>Income/(loss) before taxes</b>	<b>2,104</b>	<b>1,091</b>	<b>828</b>	<b>(39)</b>	<b>1,655</b>	<b>(2,172)</b>	<b>3,467</b>
<b>Adjusted income/(loss) before taxes</b>	<b>2,181</b>	<b>1,122</b>	<b>832</b>	<b>(19)</b>	<b>1,767</b>	<b>(1,235)</b>	<b>4,648</b>
<b>Adjusted income/(loss) before taxes excluding significant items</b>	<b>1,887</b>	<b>995</b>	<b>769</b>	<b>192</b>	<b>1,767</b>	<b>(1,235)</b>	<b>4,375</b>
Adjusted return on regulatory capital (%)	13.9	18.9	17.2	(2.0)	10.2	–	9.2
Adjusted return on regulatory capital excluding significant items (%)	12.0	16.8	15.9	19.4	10.2	–	8.7
<b>2019 (CHF million)</b>							
<b>Net revenues</b>	<b>5,905</b>	<b>4,181</b>	<b>3,029</b>	<b>1,635</b>	<b>8,161</b>	<b>(427)</b>	<b>22,484</b>
Real estate (gains)/losses	(223)	(45)	0	0	(7)	24	(251)
(Gains)/losses on business sales	0	0	0	0	0	2	2
<b>Adjusted net revenues</b>	<b>5,682</b>	<b>4,136</b>	<b>3,029</b>	<b>1,635</b>	<b>8,154</b>	<b>(401)</b>	<b>22,235</b>
Significant items							
Gain related to InvestLab transfer	(98)	(131)	(98)	0	0	0	(327)
Gain on equity investment in SIX Group AG	(306)	(192)	0	0	0	0	(498)
<b>Adjusted net revenues excluding significant items</b>	<b>5,278</b>	<b>3,813</b>	<b>2,931</b>	<b>1,635</b>	<b>8,154</b>	<b>(401)</b>	<b>21,410</b>
<b>Provision for credit losses</b>	<b>109</b>	<b>48</b>	<b>55</b>	<b>1</b>	<b>104</b>	<b>7</b>	<b>324</b>
<b>Total operating expenses</b>	<b>3,223</b>	<b>2,547</b>	<b>2,052</b>	<b>1,155</b>	<b>7,031</b>	<b>1,432</b>	<b>17,440</b>
Major litigation provisions	(3)	30	0	0	0	(416)	(389)
Expenses related to real estate disposals	(12)	(17)	0	(4)	(76)	1	(108)
<b>Adjusted total operating expenses</b>	<b>3,208</b>	<b>2,560</b>	<b>2,052</b>	<b>1,151</b>	<b>6,955</b>	<b>1,017</b>	<b>16,943</b>
<b>Income/(loss) before taxes</b>	<b>2,573</b>	<b>1,586</b>	<b>922</b>	<b>479</b>	<b>1,026</b>	<b>(1,866)</b>	<b>4,720</b>
<b>Adjusted income/(loss) before taxes</b>	<b>2,365</b>	<b>1,528</b>	<b>922</b>	<b>483</b>	<b>1,095</b>	<b>(1,425)</b>	<b>4,968</b>
<b>Adjusted income/(loss) before taxes excluding significant items</b>	<b>1,961</b>	<b>1,205</b>	<b>824</b>	<b>483</b>	<b>1,095</b>	<b>(1,425)</b>	<b>4,143</b>
Adjusted return on regulatory capital (%)	14.6	25.2	16.6	44.9	6.0	–	8.9
Adjusted return on regulatory capital excluding significant items (%)	12.1	19.9	14.8	44.9	6.0	–	7.4

### Income tax expense

In 2020, we recorded income tax expense of CHF 801 million compared to CHF 1,295 million in 2019. The Credit Suisse effective tax rate was 23.1% in 2020, compared to 27.4% in 2019. The effective tax rate for 2020 mainly reflected the impact of the geographical mix of results, non-deductible funding costs and other tax adjustments of a recurring nature. Additionally, the effective tax rate was positively impacted by the re-assessment of the US base erosion and anti-abuse tax (BEAT) provision for 2019 of

CHF 180 million, the impact of previously unrecognized tax benefits of CHF 157 million relating to the resolution of interest cost deductibility with and between international tax authorities and the impact of a change in US tax rules, which resulted in a benefit of CHF 141 million. The impact of these benefits was partially offset by the annual reassessment of deferred taxes of CHF 252 million. Overall, net deferred tax assets decreased CHF 739 million to CHF 3,137 million during 2020, mainly driven by foreign exchange impacts, the annual re-assessment of deferred taxes and earnings.



## Net revenues by region

	in			% change	
	2021	2020	2019	21 / 20	20 / 19
<b>Net revenues (CHF million)</b>					
Switzerland	6,609	6,502	6,774	2	(4)
EMEA	4,670	4,803	5,149	(3)	(7)
Americas	7,294	7,116	7,276	3	(2)
Asia Pacific	4,276	4,284	3,712	0	15
Corporate Center	(153)	(316)	(427)	(52)	(26)
<b>Net revenues</b>	<b>22,696</b>	<b>22,389</b>	<b>22,484</b>	<b>1</b>	<b>0</b>

A significant portion of our business requires inter-regional coordination in order to facilitate the needs of our clients. The methodology for allocating our results by region is dependent on management judgment. For the wealth management business, results are allocated based on the management reporting structure of our relationship manager organization. For the investment banking business, trading results are allocated based on where the risk is primarily managed, while also reflecting certain revenue transfers to regions where the relevant sales teams and clients are domiciled.

The US tax reform enacted in December 2017 introduced the BEAT tax regime, effective as of January 1, 2018, for which final regulations were issued by the US Department of Treasury on December 2, 2019. Following the publication of the 2019 financial statements, Credit Suisse continued its analysis of the final regulations, resulting in a revision to the technical application of the prior BEAT estimate. This new information was not available or reasonably knowable at the time of the publication of the 2019 financial statements and resulted in a change of accounting estimate reflected in 2020.

→ Refer to "Note 29 – Tax" in VI – Consolidated financial statements – Credit Suisse Group for further information.

Investment Bank, partially offset by a decrease in the Corporate Center. The number of outsourced roles, contractors and consultants increased by 3,220 compared to the end of 2020.

## Organizational changes

Several changes were made to the Board of Directors and the Executive Board during 2021.

→ Refer to "Overview" in IV – Corporate Governance for further information.

### Changes to the Board of Directors

At the 2021 Annual General Meeting (AGM), António Horta-Osório was elected Chairman of the Board of Directors (Board) and Clare Brady and Blythe Masters were elected new members. At an Extraordinary General Meeting on October 1, 2021, Axel Lehmann and Juan Colombas were elected members of the Board. Effective January 16, 2022, Axel Lehmann was appointed Chairman of the Board succeeding António Horta-Osório, who resigned from the Board.

In December 2021, we announced a board composition model change of the Group's main regional subsidiary and advisory boards, including a number of subsidiary board appointments, in order to further increase connectivity between the Group Board and our main subsidiary boards.

→ Refer to "Governance of Group subsidiaries" in IV – Corporate Governance – Board of Directors for further information.

### Changes to the Executive Board

Effective April 1, 2021, the Board appointed Ulrich Körner CEO of Asset Management and a member of the Executive Board.

Effective April 30, 2021, in connection with the Archegos matter, Brian Chin, former CEO of the Investment Bank, stepped down from his role on the Executive Board. Lara Warner, former Chief Risk and Compliance Officer, stepped down from her role on the Executive Board on April 6, 2021. Both left Credit Suisse.

Effective May 1, 2021, Christian Meissner, former co-head of IWM Investment Banking Advisory and vice-chairman of Investment Banking, was appointed CEO of the Investment Bank and a

## Employees and other headcount

As of December 31, 2021, we had 50,110 employees worldwide, of which 16,370 were in Switzerland and 33,740 were abroad.

### Employees and other headcount

end of	2021	2020
<b>Employees</b>		
Swiss Universal Bank	13,370	13,220
International Wealth Management	8,110	7,880
Asia Pacific	7,530	6,890
Asset Management	2,270	1,970
Investment Bank	17,750	17,560
Corporate Center	1,080	1,250
<b>Total employees</b>	<b>50,110</b>	<b>48,770</b>
of which Switzerland	16,370	16,040
of which all other regions	33,740	32,730
<b>Other headcount</b>		
Outsourced roles, contractors and consultants <sup>1</sup>	16,430	13,210
<b>Total employees and other headcount</b>	<b>66,540</b>	<b>61,980</b>

Based on full-time equivalents.

<sup>1</sup> Excludes the headcount of certain managed service resources which are related to fixed fee projects.

The number of employees increased by 1,340 compared to the end of 2020. The increase reflected increases in Asia Pacific, Asset Management, International Wealth Management and the

member of the Executive Board. Effective April 6, 2021, Joachim Oechslin, former senior advisor and chief of staff to the CEO, was appointed interim Chief Risk Officer and a member of the Executive Board on an interim basis, and Thomas Grotzer, former General Counsel and member of the executive board of Credit Suisse (Schweiz) AG, was appointed ad interim Global Head of Compliance. Effective October 1, 2021, Rafael Lopez Lorenzo was appointed Chief Compliance Officer and member of the Executive Board. Effective January 1, 2022, David Wildermuth was appointed Chief Risk Officer (CRO) and a member of the Executive Board. Joachim Oechslin reassumed a senior role as strategic advisor to the CEO.

Effective December 31, 2021, Lydie Hudson, former CEO Sustainability, Research & Investment Solutions, stepped down from the Executive Board.

Effective January 1, 2022, Joanne Hannaford was appointed Chief Technology & Operations Officer and a member of the Executive Board and James Walker, the former Chief Operating Officer, stepped down from the Executive Board and became the deputy chief executive officer of Credit Suisse Holdings (USA), Inc. Also effective January 1, 2022, the following additional appointments were made to the Executive Board: Francesco De Ferrari, CEO of the Wealth Management division and ad interim CEO of the EMEA region; Christian Meissner, CEO of the Investment Bank and CEO of the Americas region; André Helfenstein, CEO of the Swiss Bank and CEO of the Switzerland region; Ulrich Körner, CEO of the Asset Management division; and Helman Sitohang, CEO of the Asia Pacific region.

Effective February 1, 2022, Christine Graeff was appointed Global Head of Human Resources.

## Significant events in 2021

### Archegos Capital Management

The Group incurred significant losses in 2021 in respect of the failure by Archegos to meet its margin commitments. Certain Group subsidiaries were notified by the fund that it would be unable to return margin advances previously extended and, following the failure of the fund, the Group exited the fund positions.

In the first quarter of 2021, we recorded a provision for credit losses of CHF 4,430 million with regard to this matter. In the second quarter of 2021, we incurred additional losses of CHF 594 million with regard to this matter, consisting of CHF 493 million of trading losses as a result of market movements during the process of closing out the fund positions, a provision for credit losses of CHF 70 million and operating expenses of CHF 31 million mainly reflecting severance-related costs and professional services fees. In the third quarter of 2021, our results included a positive impact of CHF 235 million, consisting of net revenues of CHF 23 million, a release of provision for credit losses of CHF 188 million pertaining to an assessment of the future recoverability of receivables and negative operating expenses of

CHF 24 million. In the fourth quarter of 2021, our results included a release of provision for credit losses of CHF 5 million and total operating expenses of CHF 14 million. The aggregate loss attributable to this matter in 2021 was CHF 4,798 million.

In connection with this matter, we reviewed exposures across the Investment Bank, in particular in our prime services business. In 2021, we significantly reduced RWA and leverage exposure by USD 11.7 billion and USD 56.7 billion, respectively, in the Investment Bank, compared to the end of 2020, including a substantial resizing of our prime services business. In connection with our long-term strategic direction for the Group announced on November 4, 2021, we are in the process of exiting the prime services business, with the exception of Index Access and APAC Delta One.

The Board had initiated an externally led investigation of the Archegos matter, which was supervised by a special committee of the Board. On July 29, 2021, Credit Suisse published on its website the report based on this independent external investigation, as well as a summary of management's responses to this report. Since then, we have continued to further implement a Group-wide remediation program to facilitate the execution of key activities including:

- strengthening the risk management environment through the streamlining of governance and oversight structures, including the alignment of incentives with roles and accountability, and through the reinforcement of a Group-wide risk mindset and speak-up culture;
- holistically reviewing client relationships to identify and manage risk concentrations; and
- reinforcing risk capabilities and frameworks, especially in the areas of credit risk, counterparty risk and stress testing, including the related models employed.

→ Refer to "Risk management" in III – Treasury, Risk, Balance sheet and Off-balance sheet for further information.

The Archegos review contains a broader aspect of leveraging remediation efforts in specific functions and business lines to identify areas across the Group where similar risks may exist and to identify and implement solutions in response to lessons learned, including key controls and requisite risk metrics. While many of the key actions have already been completed or are in the process of being completed in 2022, we expect certain aspects of our remediation activities, particularly to the extent they require infrastructure changes, to continue into 2023 and beyond as we seek to strengthen specific risk management capabilities, expertise and culture.

As a consequence of the Archegos losses and the findings of the externally led investigation of this matter, previously granted compensation awards were recovered from certain individuals through malus and clawback provisions. In 2021, we also applied a downward adjustment on outstanding performance share awards in the Investment Bank, reflecting the full year loss in the Investment Bank division.

### Supply chain finance funds

On March 1, 2021, the boards of four SCFFs managed by certain Group subsidiaries decided to suspend redemptions and subscriptions of those funds to protect the interests of the funds' investors. On March 4, 2021, the boards decided to terminate the SCFFs and to proceed to their liquidation. Those decisions were based on concerns that a substantial part of the funds' assets was subject to considerable valuation uncertainty. Credit Suisse Asset Management (Schweiz) AG (CSAM) acts as the portfolio manager of the SCFFs.

The assets held by the SCFFs, largely consisting of notes backed by existing and future receivables, were originated and structured by Greensill Capital (UK) Limited or one of its affiliates (Greensill Capital). Greensill Capital filed for insolvency in the UK on March 8, 2021, and the portfolio manager is working closely with the administrators of Greensill Capital, Grant Thornton, and with other parties to facilitate this process.

The last published net asset value (NAV) of the SCFFs in late February 2021 was approximately USD 10 billion in the aggregate. As of January 31, 2022, together with the cash already distributed to investors and cash remaining in the funds, total cash collected in the SCFFs amounts to approximately USD 7.3 billion including the cash position in the funds at the time of suspension. Redemption payments totaling approximately USD 6.7 billion have been made to their investors in six cash distributions. The portfolio manager continues to work to liquidate the remaining assets of the SCFFs, including by engaging directly with potentially delinquent obligors and other creditors, and to file insurance claims, as appropriate. However, there remains considerable uncertainty regarding the valuation of a significant part of the remaining assets, including the fact that certain of the notes underlying the funds were not paid when they fell due and the portfolio manager has been informed that further notes will not be paid when they fall due in the future. It therefore can be assumed that the investors of the SCFFs will suffer a loss. CSAM intends to take all necessary steps to collect outstanding amounts from debtors and insurers, but can give no assurance as to the final amount that may be recovered for the SCFFs under such notes. The amount of loss of the investors therefore is currently unknown.

Based on currently available information, losses for the investors can be expected to occur predominantly in positions that, prior to March 31, 2021, had a NAV of approximately USD 2.3 billion in the aggregate. These positions relate primarily to three groups of companies: "GFG Alliance", Kattera and Bluestone. For these three focus areas, more time is required to assess the situation accurately. CSAM continues to invest substantial efforts to maximize and expedite recovery in these positions, including pursuing consensual restructuring in addition to filing insurance claims and seeking legal enforcement of the funds' claims where appropriate. For these three focus group areas, given the complexity of the situation and negotiations, any predictions on recovery rates would be premature.

In October 2021, CSAM reached an agreement with "GFG Alliance" for the repayment in full of the portion of the "GFG Alliance" exposure relating to its Australian operations. Under the terms of this agreement, an upfront payment of AUD 129 million (USD 96 million) was made and further payments on the remaining principal of AUD 240 million (USD 178 million), including interest, are expected through mid-2023.

A number of regulatory and other inquiries, investigations and actions have been initiated or are being considered in respect of this matter, including by FINMA, one of which is the agreement to a Pillar 2 buffer with Credit Suisse. Furthermore, civil actions have been filed by fund investors against Credit Suisse. As this matter develops, we may become subject to additional litigation and regulatory inquiries, investigations and actions.

We continue to analyze this matter, including with the assistance of external counsel and other experts. The Board initiated an externally led investigation of this matter, supervised by a special committee of the Board. The related report has been completed, the findings have been made available to the Board and the report was shared with FINMA. Given the reputational impact of the SCFF matter on us, actions have been taken against a number of employees where the Board deemed it was appropriate. In light of the ongoing recovery process and the legal complexities of the matter, there is no intention by the Board to publish the report. An internal project has been set up to further enhance governance as well as to strengthen risk management processes. The Group continues to assess the potential for recovery on behalf of the investors in the funds, and further analyze new, pending or threatened proceedings. As previously reported, the resolution of the matter, the timing of which is difficult to predict, could cause the Group to incur material losses.

Redemptions and subscriptions of certain other funds managed by CSAM or CSAM subsidiaries that invested in part in the SCFFs were also suspended in early March 2021. The illiquid part of these funds' assets was subsequently separated into a separate share class to allow for subscriptions and redemptions of the original share classes, reflecting the liquid part of the funds' assets, to resume as of April 7, 2021. The separate share class reflecting the illiquid assets is in the process of being liquidated, and shareholders receive pro rata payments of the redemption proceeds.

Group subsidiaries also have collateralized bridge lending and other direct and indirect exposures to Greensill Capital, including exposures relating to certain fund-linked products. With respect to the outstanding collateralized bridge loan of USD 140 million, USD 50 million was repaid by the administrators of Greensill Capital, reducing the outstanding amount of the loan to USD 90 million, and we marked its fair value to USD 63 million as of December 31, 2021.

As a consequence of the SCFF matter, previously granted compensation awards were recovered from certain individuals through malus and clawback provisions, primarily in Asset Management.

Beginning in the fourth quarter of 2021, we introduced a fee waiver program for clients impacted by this matter wherein certain commissions and fees arising from current and future business transactions may be reimbursed on a quarterly basis, provided certain conditions are met. We incurred negative revenues of CHF 28 million in 2021 in our wealth management businesses relating to this fee waiver program.

#### **Significant negative consequences of the supply chain finance funds and Archegos matters**

There can be no assurance that any additional losses, damages, costs and expenses, as well as any further regulatory and other investigations and actions or any further downgrade of our credit ratings, will not be material to us, including from any impact on our business, financial condition, results of operations, prospects, liquidity or capital position.

→ Refer to "Risk factors" in I – Information on the company for further information on risks that may arise in relation to these matters, "Archegos and supply chain finance funds matters" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk Management for further information and "Note 40 – Litigation" in VI – Consolidated financial statements – Credit Suisse Group for a description of the regulatory and legal developments relating to these matters.

#### **Amendments to AGM Proposals**

In connection with the above, on April 6, 2021, the Board announced adjusted proposals for the 2021 AGM. The adjusted proposals included a withdrawal of the proposal on variable compensation for the Executive Board, an update to the 2020 Compensation Report, a withdrawal of the proposal on discharge of the members for the Board and the Executive Board and an update to the dividend proposal.

→ Refer to "Annual General Meeting" in IV – Corporate Governance for further information.

#### **Allfunds Group initial public offering**

As previously disclosed, during 2019 and 2020 Credit Suisse held an equity investment in Allfunds Group following the transfer of the Group's open architecture investment fund platform Credit Suisse InvestLab to Allfunds Group. On April 23, 2021, Allfunds Group announced a successful initial public offering (IPO) on the Euronext Amsterdam exchange, with an initial market capitalization of EUR 7.24 billion on the day of the listing. Net revenues in 2021 pertaining to Allfunds Group included gains of CHF 622 million reflecting share price movements as well as a reduction of our equity interest from 14.0% to 8.6% as of December 31, 2021. Following the IPO, the Group's investment in Allfunds Group was reclassified from other investments to trading assets. In accordance with historical practice, the impact was reflected in the Swiss Universal Bank, International Wealth Management and Asia Pacific divisions.

#### **Credit Suisse Life & Pensions AG**

In the third quarter of 2021, Credit Suisse Life & Pensions AG was sold to Octium Holdings SA. As a result of the sale, the Group recorded a loss of CHF 42 million, which was reflected in International Wealth Management and Swiss Universal Bank.

#### **Share buyback**

On December 30, 2021, we completed the 2021 share buyback program, which commenced on January 12, 2021 and was suspended in April 2021. In 2021, 25.1 million shares were repurchased and are expected to be cancelled by means of a capital reduction to be proposed at the next AGM.

→ Refer to "Share purchases" in III – Treasury, Risk, Balance Sheet and Off-Balance sheet – Capital Management for further information.

#### **Mandatory Convertible Notes Offering**

On April 22, 2021, the Group announced that it had placed two series of mandatory convertible notes (MCNs), Series A MCNs and Series B MCNs, to be convertible into 100 million shares and 103 million shares of Credit Suisse Group AG, respectively. The MCNs settled on May 12, 2021. The aggregate principal amount of Series A MCNs issued was CHF 865 million and the aggregate principal amount of Series B MCNs issued was CHF 891 million. The shares of Credit Suisse Group AG underlying the Series A MCNs were issued from Credit Suisse Group AG's conditional capital. The shares of Credit Suisse Group AG underlying the Series B MCNs were issued from Credit Suisse Group AG's authorized capital. On November 12, 2021, the Series A MCNs and Series B MCNs were converted, and the shares of Credit Suisse Group AG held by Credit Suisse Group (Guernsey) VII Limited, the issuing entity of the MCNs, were delivered to the holders of MCNs.

#### **Dividend proposal**

Our Board will propose to the shareholders at the AGM on April 29, 2022 a cash distribution of CHF 0.10 per share for the financial year 2021. 50% of the distribution will be paid out of capital contribution reserves, free of Swiss withholding tax and will not be subject to income tax for Swiss resident individuals holding the shares as a private investment, and 50% will be paid out of retained earnings, net of 35% Swiss withholding tax.

## **Other information**

#### **Recent media reports**

In February 2022, a consortium of media outlets issued reports focused on Credit Suisse and purported client relationships with related allegations targeting a broad time period as early as the 1940s. Credit Suisse strongly rejects the allegations and insinuations about the bank's purported business practices. In their reporting, the consortium refers to a large number of external sources, including those previously known, as well as an alleged leak. We take the information about the purported leak very seriously and will continue with our related investigation, with an internal task force including specialist external experts, building on our data protection and data leakage prevention controls.

#### **Legacy RMBS settlement relating to consumer relief**

As previously disclosed, on January 18, 2017, Credit Suisse Securities (USA) LLC (CSS LLC) and its current and former US subsidiaries and US affiliates reached a settlement with the US

Department of Justice (DOJ) related to its legacy residential mortgage-backed securities (RMBS) business, a business conducted through 2007. The settlement resolved potential civil claims by the DOJ related to certain of those Credit Suisse entities' packaging, marketing, structuring, arrangement, underwriting, issuance and sale of RMBS. Pursuant to the terms of the settlement a civil monetary penalty was paid to the DOJ in January 2017. The settlement also required the above-mentioned entities to provide certain levels of consumer relief measures, including affordable housing payments and loan forgiveness, and the DOJ and Credit Suisse agreed to the appointment of an independent monitor to oversee the completion of the consumer relief requirements of the settlement. A reassessment of progress towards satisfaction of this consumer relief commitment within the five-year period provided in the settlement has resulted in a plan of a revised approach pursuant to which the Group may include acquiring and modifying loan assets on a principal basis and an expectation that the Group may only complete the consumer relief conditions by 2026 or later, subject to market conditions and the Group's risk appetite. In light of Credit Suisse's current plans as to how it will satisfy these obligations, Credit Suisse expects to incur additional costs beyond those previously anticipated in relation to satisfying those obligations. Credit Suisse has also recorded an additional litigation provision in the second quarter of 2021 with regard to these matters. This estimated additional cost is highly sensitive to certain parameters, including market conditions in the US housing market, which at present are dynamic, the assumed eligibility and classification of consumer relief already completed and the acceptance rate on such completed consumer relief by the monitor. A lower acceptance rate on such completed activity may result in a higher volume of principal activity under the planned revised approach. The amount of consumer relief Credit Suisse must provide also increases after 2021 pursuant to the original settlement by 5% per annum of the outstanding amount due until these obligations are settled. The monitor publishes reports periodically on these consumer relief matters.

#### **Replacement of interbank offered rates**

Following significant international and regulatory pressure to replace certain interbank offered rate (IBOR) benchmarks with alternative reference rates (ARRs), a major structural change in global financial markets is in progress. A significant milestone of the transition was passed at the end of 2021. From January 1, 2022 representative settings for all CHF, EUR, GBP and JPY LIBORs and for the one-week and two-month USD LIBORs have ceased publication. These rates had previously been in use for decades and the cessation has impacted millions of transactions and thousands of market participants. The transition of the remaining USD LIBOR settings was given an 18-month extension, with these scheduled to be discontinued following the LIBOR publication on June 30, 2023. The one-, three- and six-month GBP and JPY LIBOR settings remain published on a synthetic, temporary and non-representative basis, primarily to facilitate the transition of any residual legacy contract that the parties were unable to address in time. However, synthetic LIBORs are not available for reference in new trading activity, and as publication is temporary, remediation efforts need to continue.

The overwhelming majority of Credit Suisse's legacy non-USD LIBOR portfolio has been remediated, either by active transition to ARRs, or by adding robust fallback provisions intended to govern the transition to ARRs upon the cessation of LIBORs. Legacy derivative contracts were de-risked largely by the widespread adherence to the International Swap and Derivatives Association's 2020 IBOR Fallbacks Protocol (IBOR Protocol), while for cash instruments the dominant strategy involved direct engagement with counterparties. By the end of 2021, the CHF, JPY, GBP and EUR LIBOR derivatives and cash markets transitioned to ARRs, and these ARRs now underpin the Group's core product offerings worldwide. As for the legacy non-USD portfolio, the bank is fully prepared to implement the fallback provisions that transition the portfolio away from the relevant LIBORs.

With respect to the USD markets, the Secured Overnight Financing Rate (SOFR), the alternative reference rate recommended by the Alternative Reference Rates Committee (ARRC), has already gained a significant foothold in the markets. With regulatory pressure to move new trading activity away from LIBOR, except in certain limited circumstances, SOFR is now becoming the dominant market rate even ahead of the official cessation date for USD LIBOR.

While Credit Suisse has a significant level of liabilities and assets linked to USD LIBOR, most of the legacy portfolio should have a reduced level of transition risk due to the presence of robust fallback provisions. Derivatives make up the majority of this portfolio, and many of our derivative counterparts have already adhered to the IBOR Protocol, which should help to eliminate contractual uncertainty around the discontinuation of USD LIBOR.

Under the leadership of members of the Executive Board and our business and functional leaders across the entire Group, the IBOR Transition Program remains fully engaged to facilitate the transition away from USD LIBOR by mid-2023. With respect to the remaining USD LIBOR settings, work remains focused on the five key areas identified in 2019:

- Operational readiness and resiliency: by the end of 2021 the bank was operationally ready to support SOFR products in most markets in which it was active, but product development and facilitation work continues in select markets. Given the significant number of USD transactions that are expected to rely on fallback provisions, we are also starting to prepare for the transition in 2023.
- Legal contract assessment and repapering: while most of the remaining legacy contracts have undergone an initial review, work remains to capture, analyze and, where possible, amend the documentation for key LIBOR-terms in a significant amount of contracts, primarily related to cash products. Resources are in place to accommodate contract renegotiations when our clients are ready to engage.
- Product development and industry engagement: Credit Suisse continues to participate in national working groups in all of our main markets and actively supports the initiatives developed in these forums. In industry and client interactions we seek to build consensus with our clients, peers and national regulators to strengthen the integrity and robustness of our core markets

through the transition to ARR. Building on our established USD franchise, we are continuing to pioneer innovative solutions in the SOFR markets.

- Risk management and mitigation: to manage transition risk, the Group implemented a group-wide policy to limit new LIBOR-referencing business and control the wind-down of legacy exposures in advance of the expected cessation (now July 2023). Accordingly, divisional plans were developed to ensure timely compliance with the policy and limits therein. Certain milestones were put in place and are monitored to ensure the transition is progressed in a timely fashion. Modeling and other risk management systems have been revised to accommodate the transition and were successfully tested in 2021. Pricing models have been reviewed and updated where needed. While most of the remaining legacy LIBOR portfolio has reduced transition risk, we are continuing our client outreach efforts to actively transition or de-risk the residual portfolio by adding robust fallback provisions.
- Strategic Transition Planning and Communication: aligned with regulatory guidance on the transition, Credit Suisse's businesses have developed and ratified their own transition plans. While certain product details and conventions remain to be agreed upon across the markets, we believe that these plans position us to be prepared and to optimally service our clients during and after the transition. Over forty thousand of our employees have been trained for taking our clients on this journey and we continue to inform our clients about the progress of the transition.

While the significant majority of the Group's legacy LIBOR portfolio has robust fallback provisions to guide the transition to ARR once LIBOR rates become non-representative or not available, certain risks associated with the transition may still exist, including financial, legal, tax, operational and conduct risks. Credit Suisse continues to focus on identifying the potential impact this transition may have on clients, and new risks that may arise to assist them through the whole of the transition period.

#### Subsidiary guarantee information

Certain wholly owned finance subsidiaries of the Group, including Credit Suisse Group Funding (Guernsey) Limited, which is a Guernsey incorporated non-cellular company limited by shares, have issued securities fully and unconditionally guaranteed by the Group. There are various legal and regulatory requirements, including the satisfaction of a solvency test under Guernsey law for the Guernsey subsidiary, applicable to some of the Group's subsidiaries that may limit their ability to pay dividends or distributions and make loans and advances to the Group.

The Group and the Bank have issued full, unconditional and several guarantees of Credit Suisse (USA), Inc.'s outstanding SEC-registered debt securities, which as of December 31, 2021 consisted of a single outstanding issuance with a balance of USD 742 million maturing in July 2032. Credit Suisse (USA), Inc. is an indirect, wholly owned subsidiary of the Group, and the guarantees have been in place since March 2007. In accordance with the guarantees, if Credit Suisse (USA), Inc. fails to make a timely payment under the agreements governing such debt securities, the holders of the debt securities may

demand payment from either the Group or the Bank, without first proceeding against Credit Suisse (USA), Inc., but to date there has been no occasion where holders of the debt securities have demanded payment under the guarantees. The guarantee from the Group is subordinated to senior liabilities, and the guarantees from the Group and the Bank are structurally subordinated to liabilities of any of the subsidiaries of the Group or the Bank that do not guarantee the debt securities.

#### Return on regulatory capital

Credit Suisse measures firm-wide returns against total shareholders' equity and tangible shareholders' equity, a non-GAAP financial measure also known as tangible book value. In addition, it also measures the efficiency of the firm and its divisions with regard to the usage of regulatory capital. Beginning in the third quarter of 2021, the return on regulatory capital calculation has been updated to closer align with the actual capital and leverage ratio levels under which Credit Suisse operates, rather than the previously used minimum requirements set by regulators. Regulatory capital is calculated as the average of 13.5% of RWA and 4.25% of leverage exposure and return on regulatory capital, a non-GAAP financial measure, is calculated using income/(loss) after tax and assumes a tax rate of 30% for periods prior to 2020 and 25% from 2020 onward. Prior periods have been restated. For the Investment Bank, return on regulatory capital is based on US dollar denominated numbers. Return on regulatory capital excluding certain items included in our reported results is calculated using results excluding such items, applying the same methodology.

End of / in 2021 (CHF billion)

Shareholders' equity		44.0
Return on equity	(3.8)%	
Tangible shareholders' equity		40.8
Return on tangible equity	(4.2)%	
Regulatory capital		37.8
Return on regulatory capital	(1.2)%	

#### Format of presentation

In managing our business, revenues are evaluated in the aggregate, including an assessment of trading gains and losses and the related interest income and expense from financing and hedging positions. For this reason, specific individual revenue categories in isolation may not be indicative of performance. Certain reclassifications have been made to prior periods to conform to the current presentation. In connection with ongoing internal control processes, the Group identified accounting issues that were not material individually or in aggregate to prior balance sheet-related disclosures, and as a result of these accounting issues prior periods have been revised.

#### Compensation and benefits

Compensation and benefits for a given year reflect the strength and breadth of the business results and staffing levels and include fixed components, such as salaries, benefits and the amortization of share-based and other deferred compensation from prior-year awards, and a discretionary variable component. The variable component reflects the performance-based variable

compensation for the current year. The portion of the performance-based compensation for the current year deferred through share-based and other awards is expensed in future periods and is subject to vesting and other conditions.

Our shareholders' equity reflects the effect of share-based compensation. Share-based compensation expense (which is generally based on fair value at the time of grant) reduces equity; however, the recognition of the obligation to deliver the shares increases equity by a corresponding amount. Equity is generally unaffected by the granting and vesting of share-based awards and by the settlement of these awards through the issuance of shares from approved conditional capital. The Group may issue shares from conditional capital to meet its obligations to deliver share-based compensation awards. If Credit Suisse purchases shares from the market to meet its obligation to employees, these purchased treasury shares reduce equity by the amount of the purchase price.

→ Refer to "Group compensation" in V – Compensation, "Consolidated statements of changes in equity", "Tax benefits associated with share-based compensation" in Note 29 – Tax and "Note 30 – Employee deferred compensation" in VI – Consolidated financial statements – Credit Suisse Group for further information.

## Allocations and funding

### Revenue sharing

Responsibility for each product is allocated to a specific segment, which records all related revenues and expenses. Revenue-sharing and service level agreements govern the compensation received by one segment for generating revenue or providing services on behalf of another. These agreements are negotiated periodically by the relevant segments on a product-by-product basis. The aim of revenue-sharing and service level agreements is to reflect the pricing structure of unrelated third-party transactions.

### Cost allocation

Corporate services and business support, including in finance, operations, human resources, legal, risk management, compliance and IT, are provided by corporate functions, and the related costs are allocated to the segments and the Corporate Center based on their respective requirements and other relevant measures.

### Funding

We centrally manage our funding activities. We primarily focus our issuance strategy on offering long-term debt securities at the Group level for funding and capital purposes.

→ Refer to "Note 4 – Segment information" in VI – Consolidated financial statements – Credit Suisse Group for further information.

## Fair valuations

Fair value can be a relevant measurement for financial instruments when it aligns the accounting for these instruments with how we manage our business. The levels of the fair value hierarchy as defined by the relevant accounting guidance are not a measurement of economic risk, but rather an indication of the observability of prices or valuation inputs.

→ Refer to "Note 1 – Summary of significant accounting policies" and "Note 36 – Financial instruments" in VI – Consolidated financial statements – Credit Suisse Group for further information.

The fair value of the majority of the Group's financial instruments is based on quoted prices in active markets (level 1) or observable inputs (level 2). These instruments include government and agency securities, certain short-term borrowings, most investment grade corporate debt, certain high yield debt securities, exchange-traded and certain over-the-counter (OTC) derivative instruments and most listed equity securities.

In addition, the Group holds financial instruments for which no prices are available and for which have few or no observable inputs (level 3). For these instruments, the determination of fair value requires subjective assessment and judgment depending on liquidity, pricing assumptions, the current economic and competitive environment and the risks affecting the specific instrument. In such circumstances, valuation is determined based on management's own judgments about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These instruments include certain OTC derivatives, including interest rate, foreign exchange, equity and credit derivatives, certain corporate equity-linked securities, mortgage-related securities, private equity investments, certain loans and credit products, including leveraged finance, certain syndicated loans and certain high yield bonds.

Models were used to value financial instruments for which no prices are available and which have little or no observable inputs (level 3). Models are developed internally and are reviewed by functions independent of the front office to ensure they are appropriate for current market conditions. The models require subjective assessment and varying degrees of judgment depending on liquidity, concentration, pricing assumptions and risks affecting the specific instrument. The models consider observable and unobservable parameters in calculating the value of these products, including certain indices relating to these products. Consideration of these indices is more significant in periods of lower market activity.

As of the end of 2021, 29% and 20% of our total assets and total liabilities, respectively, were measured at fair value.

The majority of our level 3 assets are recorded in our investment banking businesses. Total assets at fair value recorded as level 3 instruments decreased CHF 5.8 billion to CHF 10.6 billion as of the end of 2021, primarily reflecting net transfers out, mainly in trading assets, loans and other investments, and net settlements, mainly in loans, loans held-for-sale and trading assets.

As of the end of 2021, our level 3 assets comprised 1% of total assets and 5% of total assets measured at fair value, compared to 2% and 6%, respectively, as of the end of 2020.

We believe that the range of any valuation uncertainty, in the aggregate, would not be material to our financial condition; however, it may be material to our operating results for any particular period, depending, in part, upon the operating results for such period.

## Group and Bank differences

The business of the Bank is substantially the same as the business of Credit Suisse Group, and substantially all of the Bank's operations are conducted through the Swiss Universal Bank, International Wealth Management, Asia Pacific, Asset Management and the Investment Bank segments. Certain Corporate Center activities of the Group, such as hedging activities relating to share-based

compensation awards, are not applicable to the Bank. Certain other assets, liabilities and results of operations, primarily relating to Credit Suisse Services AG, our Swiss service company, with branches in the UK, Singapore and India, and its subsidiary in Poland, are managed as part of the activities of the Group's segments. However, they are legally owned by the Group and are not part of the Bank's consolidated financial statements.

### Comparison of consolidated statements of operations

in	Group			Bank		
	2021	2020	2019	2021	2020	2019
<b>Statements of operations (CHF million)</b>						
Net revenues	22,696	22,389	22,484	23,042	22,503	22,686
Provision for credit losses	4,205	1,096	324	4,209	1,092	324
Total operating expenses	19,091	17,826	17,440	18,924	18,200	17,969
<b>Income/(loss) before taxes</b>	<b>(600)</b>	<b>3,467</b>	<b>4,720</b>	<b>(91)</b>	<b>3,211</b>	<b>4,393</b>
Income tax expense	1,026	801	1,295	938	697	1,298
<b>Net income/(loss)</b>	<b>(1,626)</b>	<b>2,666</b>	<b>3,425</b>	<b>(1,029)</b>	<b>2,514</b>	<b>3,095</b>
Net income/(loss) attributable to noncontrolling interests	24	(3)	6	(100)	3	14
<b>Net income/(loss) attributable to shareholders</b>	<b>(1,650)</b>	<b>2,669</b>	<b>3,419</b>	<b>(929)</b>	<b>2,511</b>	<b>3,081</b>

### Comparison of consolidated balance sheets

end of	Group		Bank	
	2021	2020	2021	2020
<b>Balance sheet statistics (CHF million)</b>				
Total assets <sup>1</sup>	755,833	818,965	759,214	822,831
Total liabilities <sup>1</sup>	711,603	776,024	711,127	775,772

<sup>1</sup> Prior periods have been revised. Refer to "Note 1 – Summary of significant accounting policies – Revisions of prior period financial statements" in VI – Consolidated financial statements – Credit Suisse Group for further information.

### Dividends from the Bank to the Group

for the financial year	2021	2020	2019	2018	2017
<b>Dividends (CHF million)</b>					
Dividends	570 <sup>1</sup>	11 <sup>1</sup>	10	10	10

<sup>1</sup> The Bank's total share capital is fully paid and consisted of 4,399,680,200 registered shares as of December 31, 2021. Dividends are determined in accordance with Swiss law and the Bank's articles of incorporation. Proposal of the Board of Directors to the annual general meeting of the Bank.

<sup>2</sup> Includes a non-cash distribution of CHF 1 million made in connection with a transfer of certain employees and the related assets and liabilities to Credit Suisse Services AG.

### Capitalization and indebtedness

end of	Group		Bank	
	2021	2020	2021	2020
<b>Capitalization and indebtedness (CHF million)</b>				
Due to banks	18,965	16,423	18,960	16,420
Customer deposits	392,819	390,921	393,841	392,039
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions <sup>1</sup>	35,274	36,994	35,368	37,087
Long-term debt	166,896	161,087	160,695	160,279
Other liabilities	97,649	170,599	102,263	169,947
<b>Total liabilities</b>	<b>711,603</b>	<b>776,024</b>	<b>711,127</b>	<b>775,772</b>
Total equity	44,230	42,941	48,087	47,059
<b>Total capitalization and indebtedness</b>	<b>755,833</b>	<b>818,965</b>	<b>759,214</b>	<b>822,831</b>

<sup>1</sup> Prior periods have been revised. Refer to "Note 1 – Summary of significant accounting policies – Revisions of prior period financial statements" in VI – Consolidated financial statements – Credit Suisse Group for further information.

### BIS capital metrics

end of	Group			Bank
	2021	2020	2021	2020
<b>Capital and risk-weighted assets (CHF million)</b>				
CET1 capital	38,529	35,361	44,185	40,701
Tier 1 capital	54,373	51,202	59,110	55,659
Total eligible capital	54,852 <sup>1</sup>	52,163 <sup>1</sup>	59,589 <sup>2</sup>	56,620 <sup>2</sup>
Risk-weighted assets	267,787	275,084	266,934	275,676
<b>Capital ratios (%)</b>				
CET1 ratio	14.4	12.9	16.6	14.8
Tier 1 ratio	20.3	18.6	22.1	20.2
Total capital ratio	20.5 <sup>1</sup>	19.0 <sup>1</sup>	22.3 <sup>2</sup>	20.5 <sup>2</sup>

<sup>1</sup> Amounts are shown on a look-through basis. Certain tier 2 instruments were subject to phase out and are no longer eligible as of January 1, 2022. As of 2021 and 2020, total eligible capital was CHF 55,074 million and CHF 52,437 million, including CHF 222 million and CHF 273 million of such instruments and the total capital ratio was 20.6% and 19.1%, respectively.

<sup>2</sup> Amounts are shown on a look-through basis. Certain tier 2 instruments were subject to phase out and are no longer eligible as of January 1, 2022. As of 2021 and 2020, total eligible capital was CHF 59,811 million and CHF 56,893 million, including CHF 222 million and CHF 273 million of such instruments and the total capital ratio was 22.4% and 20.6%, respectively.



# Risk management

As of the end of 2021, the Group had a gross loan portfolio of CHF 293.1 billion, gross impaired loans of CHF 2.8 billion and, in 2021, an average risk management VaR of USD 60 million.

In 2021, we undertook a number of actions and implemented an enhanced risk approach in response to Archegos and the SCFF matters. In response to these matters, we implemented senior management changes, constrained our risk appetite and significantly reduced leverage exposure and RWA in the Investment Bank. We performed extensive reviews of elevated risks and single name concentrations, among others. We are reinforcing risk culture across the Group, including in our business divisions.

Our discussion of risk management includes the following main sections:

- **Key risk developments** provides an overview of topics with an actual or potential impact on risk management that have been important for the Group in 2021 and beyond.
- **Risk oversight and governance** provides an overview on oversight, culture and key management bodies and committees covering risk management matters.
- **Risk appetite framework** provides an overview on key aspects and our process of risk appetite setting as well as the types of risk constraints we apply.
- **Risk coverage and management** provides an overview of our main risk types. For each of the risk types presented, we provide our definition of this risk type, sources of this risk, our approach to evaluation and management of this risk and related governance.
- **Risk portfolio analysis** provides quantitative information and discussion of our risk exposure, primarily in relation to credit and market risk.

## Key risk developments

We are closely monitoring the following key risk and global economic developments as well as the potential effects on our operations and businesses, including through the reassessment of financial plans and the development of stress scenarios that take into account potential additional negative impacts.

### Archegos and supply chain finance funds matters

The Group incurred significant losses in the first and second quarter of 2021 in respect of the failure by Archegos to meet its margin commitments. Certain Group subsidiaries were notified by Archegos that it would be unable to return margin advances previously extended and, following the failure of the fund, the Group exited the fund positions. Subsequently, Investment Bank RWA and leverage exposure were reduced in prime services, and RWA in the other divisions reflected reductions from de-risking measures. Also, in connection with our long-term strategic direction for the Group announced on November 4, 2021, we are in the

process of exiting the prime services businesses, with the exception of Index Access and APAC Delta One.

The Board had initiated an externally led investigation of the Archegos matter, which was supervised by a special committee of the Board. On July 29, 2021, Credit Suisse published on its website the report based on this independent external investigation, as well as a summary of management's responses to this report. Since then, we have continued to further implement a Group-wide remediation program to facilitate the execution of key activities including:

- **Risk appetite:** In connection with the Archegos matter, Credit Suisse significantly reduced its overall risk appetite in 2021, reduced credit concentrations and conducted a detailed review across all business divisions and risk types to assess if Credit Suisse has other material risk concentrations similar to Archegos. A subsequent risk appetite review was performed in late 2021 also in connection with the strategy review across all risk classes, including a review of the strategic risk objectives, the Group's overall risk capacity in light of the updated financial and capital plans and an assessment of several focus portfolios. In addition, we continue to review and implement efforts to improve the overall risk appetite and limit framework and breach escalation processes. We have completed the initial fundamental review of risk exposures led by the tactical crisis committee. We continue to examine the risk profile of each business division, recalibrating limits, reducing concentrations and strengthening our risk governance.
- **Governance and leadership:** The Group focused on strengthening the risk management environment through the streamlining of governance and oversight structures, including the alignment of incentives with roles and accountability. The Group also focused on the reinforcement of a Group-wide risk mindset and speak-up culture, a broad-reaching review of resource and seniority levels across relevant areas to strengthen the overall Risk organization and its leadership team as well as the first line of defense.
- **Risk management culture and capabilities:** Credit Suisse initiated a series of cultural measures, such as strengthening risk awareness and setting the right incentives for the businesses to better balance risk and return. Credit Suisse is committed to continuing to build and enhance risk management capabilities through investments in people, data and infrastructure and reporting capabilities. We holistically reviewed client relationships to identify and manage risk concentrations and reinforced risk capabilities and frameworks, especially in the areas of credit risk, counterparty risk and stress testing, including the related models employed.

The Archegos review contains a broader aspect of leveraging remediation efforts in specific functions and business lines to identify areas across the Group where similar risks may exist and to identify and implement solutions in response to lessons learned, including key controls and requisite risk metrics. While many of the key actions have already been completed or are in the process of being completed in 2022, we expect certain aspects of our remediation activities, particularly to the extent they require infrastructure changes, to continue into 2023 and beyond as we seek to further strengthen specific risk management capabilities, expertise and culture.

Separately, in early March 2021, the boards of four SCFFs managed by certain Group subsidiaries decided to suspend redemptions and subscriptions of those funds to protect the interests of the funds' investors, to terminate the SCFFs and to proceed to their liquidation. It is reasonably possible that we will incur a loss in respect of the SCFF matter, though it is not yet possible to estimate the size of such a reasonably possible loss. Effective April 1, 2021, we established Asset Management as a separate division. With this change, we have appointed new leadership positions within Asset Management and also moved risk oversight of the division into a dedicated divisional risk management function. Furthermore, we have enhanced our due diligence by strengthening governance and introduced an enhanced new product approval process. The Board also initiated an externally led investigation of this matter, supervised by a special committee of the Board. The related report has been completed, the findings have been made available to the Board and the report was shared with FINMA. An internal project has been set up to further enhance governance as well as to strengthen risk management processes.

Consideration of these matters was included in the Group-wide review of risk appetite, risk positions and business and risk processes in close cooperation with the Board and external advisors. We continue to analyze these matters, including with the assistance of external counsel and other experts. We also intend to apply lessons learned from these matters across the bank.

→ Refer to "Significant events in 2021" in II – Credit Suisse results – Credit Suisse and "Risk factors" in I – Information on the company for information on the Archegos and SCFF matters.

### COVID-19 pandemic

The COVID-19 pandemic continued to affect the economic environment throughout 2021. Infection rates ebbed and flowed across the world during the course of 2021, including in countries where Credit Suisse has a significant presence. Vaccination programs during the year continued to significantly reduce the correlation between COVID-19 infection and serious illness, although booster shots were increasingly required to sustain a high level of protection. In addition, in the fourth quarter of 2021 an additional challenge arose with the emergence of the Omicron variant, which is more transmissible than previous variants. However, in early 2022 there were signs that the Omicron infection wave was peaking and that governments would relatively soon be able to ease social and economic activity restrictions. We continue to

closely monitor the COVID-19 pandemic and its effects on our operations and businesses.

### 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. The sanctions included limitations on the ability of Russian banks to access the SWIFT financial messaging service and restrictions on transactions with the Russian central bank. The Russian government has also imposed certain countermeasures, which include restrictions relating to foreign currency accounts and security transactions. These measures followed earlier sanctions that had already been imposed by the US, EU and UK in 2021 in response to alleged Russian activities related to Syria, cybersecurity, electoral interference and other matters, including the prohibition of US banks from participating in the primary market for any Russian sovereign bonds or any lending to the Russian sovereign, as well as other restrictions since 2014 relating to new debt or equity of certain Russian banks and energy companies. We are assessing the impact of the sanctions already imposed, and potential future escalations, on our exposures and client relationships. A stress test has also been developed and in February 2022 the Executive Board invoked the crisis management process. Key priorities in this respect include taking measures to protect the safety and security of impacted staff, implementing the different sanctions and close monitoring of potential business interruptions and increased cyber threats.

→ Refer to "Selected European credit risk exposures" in Risk portfolio analysis – Credit risk for further information on the Group's credit risk exposure to Russia.

### Inflation concerns

Annual inflation rates increased in 2021 across all major economies. The prospect that supply chain disruptions could be prolonged and the surge in natural gas prices in late 2021 also indicated that annual inflation rates would likely remain high far into 2022. The outlook of annual inflation remaining high for a longer period of time forced major central banks to accelerate the withdrawal of emergency monetary policies and liquidity supports put in place to underpin the markets during the earlier stages of the COVID-19 crisis. In the fourth quarter of 2021 and in early 2022, the Fed started to reduce its asset purchase program and indicated to the markets that it would raise the federal funds rate and start to reduce its balance sheet during the course of 2022. Other major central banks also started to withdraw their emergency monetary policies in late 2021. Government bond yields increased across durations and were more volatile. The rise in US government bond yields also lifted sovereign bond yields in other developed market economies and led to a stronger US dollar. Investors were concerned that an accelerated withdrawal of support, as well as higher and more volatile government bond yields would have potentially adverse impacts on major global equity and credit markets as well as on certain emerging market countries. Based on an internal review of our exposures in the first half of

2021, we adjusted certain country risk and transaction limits. A stress test was developed and frequently applied to assess market risk vulnerabilities.

### **China**

China-related market developments during 2021 continued to require intensified risk management of Credit Suisse exposures throughout the year. In early January 2021, sanctions came into effect which prohibited US persons from holding investments in what were identified by the US Department of Defense as Chinese military-linked companies. China's policymakers also placed new restrictions on leverage in the real estate sector and increased their oversight and antitrust investigations in various parts of its economy, including the financial technology, child education and online gaming sectors, and with respect to the listing of Chinese companies in foreign countries. There were also concerns that the default of certain credit instruments issued by one of China's largest property developers would seriously damage China's property development sector, with potentially adverse impacts on China's economy and global markets. In December 2021 and in the first months of 2022, to help mitigate these potentially adverse impacts, Chinese government policies pivoted toward providing more support for the economy in the form of policy interest rate cuts, reductions in reserve requirement ratios for banks as well as introducing some targeted fiscal initiatives. We have closely monitored the risk management implications on our lombard loan portfolio and on our trading and lending book exposures to local government- and state-owned enterprises, as well as the accelerating default trend in the onshore corporate debt market.

### **Cyber risk**

The financial industry continues to be increasingly reliant on technology, faces dynamic cyber threats from a variety of actors and new technology vulnerabilities are being discovered. We continue to invest significantly in our information and cybersecurity program in order to strengthen our ability to anticipate, detect, defend against and recover from cyber attacks. We regularly assess the effectiveness of our key controls and conduct ongoing employee training and awareness activities, including for key management personnel, in order to seek to strengthen resilience of our systems and promote a strong cyber risk culture. In response to the ongoing COVID-19 pandemic, the Group has further increased the usage of remote working technology and has been continuously adapting controls to address the increased cyber risk exposure.

### **Climate change**

The relevance of climate-related risks continues to grow, driven by a potential acceleration of transition policies and manifesting physical impacts. Credit Suisse has made significant progress in analyzing climate-related risks and developing solutions addressing local regulatory initiatives, while engaging with industry peers and other stakeholders with the aim to set best practices in this field. To manage transition risks, we have adopted several initiatives, including becoming a founding member of the Net-Zero Banking Alliance convened by the UN Environment Program

Finance Initiative, and also committed to the Science Based Targets initiative (SBTi). With regard to indirect physical risks, we assessed climate-related risks by applying physical models to our portfolios, starting with pilot assessments for certain legal entities. We are expanding our capabilities to identify and monitor climate-related risks at the Group-wide level and we extended the sectorial coverage of client energy transition frameworks (CETFs) which are designed to assist clients in developing and executing plans to decarbonize.

### **Swiss property market**

Property prices rose strongly in Switzerland in 2021 due to continued low interest rates and constrained supply. The Swiss National Bank (SNB) warned on several occasions during 2021 that the rise in prices, particularly in residential real estate, was stretching affordability and was increasing the risk of an eventual sharp price correction which could potentially disrupt the financial sector and the economy. Property and mortgage bubbles were also cited as a significant risk for Switzerland in FINMA's 2021 Risk Monitor report which was published in November 2021. In light of these recent developments in the Swiss real estate and mortgage markets, the Swiss Federal Council at the request of the Swiss National Bank reactivated the Swiss countercyclical capital buffer during its meeting on January 26, 2022. From September 30, 2022 onward, banks, such as Credit Suisse, will be required to hold additional CET1 capital amounting to 2.5% of RWA pertaining to mortgage loans that are directly or indirectly secured by residential real estate in Switzerland. We regularly monitor risks in our Swiss residential mortgage loan portfolio and apply risk mitigation measures.

### **Turkey**

The implementation of central bank interest rate cuts, in the context of inflation far above the Turkish central bank target, created the potential for a further large decrease in the value of the Turkish lira, a significant widening in sovereign and corporate debt spreads and an increase in political and social risks, and threatened a substantial weakening in gross domestic product growth. Domestic economic policymaking in 2021 and in the first months of 2022 remained especially challenging to predict. Dependency on foreign capital inflows remained high in the context of Turkey's need to roll over significant amounts of debt in 2021 and 2022 while its foreign reserves remained close to historically low levels. We are continuing to monitor exposures and local funding conditions as well as potential reputational risks. Stress tests are also frequently applied.

### **SPACs**

Special purpose acquisition companies (SPACs) are publicly listed shell companies created to merge with a private operating company. SPAC issuance rose strongly in 2020, peaked in February 2021 and slowed sharply in the second quarter of 2021, slightly recovering by end of 2021. Many companies that completed a public listing through a SPAC merger in 2020 have underperformed the major equity markets in 2021 and investor interest in SPACs has decreased. At the same time regulatory scrutiny has increased, particularly with regard to financial forecasts, due

diligence and the accounting treatment of warrants issued when a SPAC is established. Credit Suisse is a major participant in the SPAC underwriting market through our equity capital markets business, and we have enhanced business oversight and deal selection criteria to reflect ongoing changes in regulatory, legal and reputational risks.

#### **Replacement of interbank offered rates**

A major structural change in global financial markets is in progress with respect to the replacement of certain IBOR benchmarks with alternative reference rates. At the end of 2021 a major industry milestone was reached: the publication of most non-USD and select USD LIBOR rates has been discontinued. The overwhelming majority of Credit Suisse's legacy non-USD LIBOR portfolio has been remediated, either by active transition to alternative reference rates (ARRs), or by adding robust fallback provisions intended to govern the transition to ARRs upon the cessation of LIBORs. The transition of the remaining USD LIBOR settings was given an 18-month extension, with these scheduled to be discontinued at the end of June 2023. With regulatory pressure to move new trading activity away from LIBOR, except in certain limited circumstances, the Secured Overnight Financing Rate (SOFR) is now becoming the dominant market rate even ahead of the official cessation date for USD LIBOR. While the significant majority of the Group's legacy USD LIBOR portfolio has robust fallback provisions to guide the transition to ARRs once LIBOR rates become non-representative or not available, certain risks associated with the transition may still exist, including financial, legal, tax, operational and conduct risks. Global policies and controls have been updated to reflect the latest developments and the Group's IBOR transition program team continues to work with our businesses and clients to seek to timely mitigate the residual risks.

#### **Equity markets**

Equity markets experienced large moves in January and February of 2021 in some single-name stocks, driven by unprecedented activity from retail investors focused on stocks in which hedge funds held large short positions. The rally in those heavily shorted stocks led to a so-called short squeeze, which forced some hedge funds into quickly unwinding their positions. The event drew scrutiny from regulators on concerns over market collusion, investor protection and potentially excessive risk-taking. In addition, the need for trading platforms favored by retail investors to raise significant amounts of additional capital showed that such activities have grown to potentially become systemic threats to future financial market stability. In response to these events, we have tightened our monitoring of potential short squeeze target positions.

## **Risk management oversight**

Risk management is an integral part of the business planning process with strong senior management and Board involvement. We continuously work to strengthen risk management across the Group in an effort to meet the challenges resulting from a

volatile market environment and increasing complexity driven by the changing regulatory landscape. Utilizing comprehensive risk management processes and sophisticated control systems, we continuously work to minimize the negative impact that may arise from risk concentrations.

Furthermore, following the Archegos matter, the Board immediately launched a broad review of potential issues and implemented responsive changes. These changes included a reduction in risk appetite, reviews across businesses and risk types to identify potential other risk exposures, reductions in credit concentrations and enhancements to limit governance and escalation processes. Additionally, we have launched a comprehensive remediation program which aims to ensure lasting change in the overall organization.

The Group's business operations are designed to facilitate a commitment to conscious and disciplined risk-taking. We believe that independent risk management, compliance and audit processes with proper management accountability are critical to the interests and concerns of stakeholders. The Group's approach to risk management is supported by the following principles:

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

#### **Culture**

Our culture encompasses a shared set of values across the Group that fosters the importance, understanding and control of risk.

We continue to promote a strong risk culture where employees are empowered to take accountability for identifying and escalating risks and for challenging inappropriate actions. 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. In 2021, our performance management and compensation management processes were further strengthened to reiterate these expectations. Performance management enhancements include a more comprehensive performance evaluation of designated employees with regard to risk management objectives.

→ Refer to "V – Compensation" for further information on our compensation process.

We seek to promote responsible behavior through the Group's Code of Conduct, which sets forth the behavioral expectations of our employees and members of the Board, in order to maintain and strengthen our reputation for integrity, fair dealing and measured risk-taking.

With the launch of our revised culture framework in January 2021, we recognized the need to increase our focus on inclusion and accountability. As a core element of our activities in 2021, we actively engaged with our employees to measure how we are performing in relation to our cultural values. This has identified areas for further focus, which has resulted in a coordinated program of work for 2022 and beyond.

→ Refer to "Purpose" in our Sustainability Report, available on [credit-suisse.com/sustainabilityreport](https://credit-suisse.com/sustainabilityreport), for further information on our approach to culture.

## Governance

Effective governance sets a solid foundation for comprehensive risk management discipline. The Group's risk governance framework is based on a "three lines of defense" governance model, where each line has a specific role with defined responsibilities and works in close collaboration to identify, assess and mitigate risks.

The first line of defense is the front office, which is responsible for pursuing suitable business opportunities within the strategic risk objectives and compliance requirements of the Group. Its primary responsibility is to oversee compliance with relevant legal and regulatory requirements, maintain effective internal controls and help to ensure that the Group operates within its risk appetite. The first line of defense represents the business area or function that allows the risk to enter the Group from clients, employees or other third parties or events and is responsible for managing them or enabling their management. The first line of defense is accountable for managing risks inherent in its activities.

The second line of defense consists of independent risk management, compliance and control functions which are responsible for establishing risk management framework and associated control standards, and providing independent challenge to the activities, processes and controls carried out by the first line of defense. In this context, the Risk function (Risk) for example is responsible for articulating and designing the risk appetite framework across the Group. The second line of defense can perform and complement the responsibility of identification, measurement, management and reporting of risks, while the first line of defense retains the overall accountability for risk management related to its activities. Independent risk management in the second line of defense is not limited to the Risk and Compliance functions. Instead, it comprises relevant standard setting and independent review and challenge activities over processes and controls carried out by the first line of defense in relation to the risks faced.

The third line of defense is the Internal Audit function, which monitors the effectiveness of controls across various functions and operations, including risk management, compliance and governance practices.

The Group's operations are regulated by authorities in each of the jurisdictions in which we conduct business. Central banks and other bank regulators, financial services agencies, securities agencies and exchanges and self-regulatory organizations are among the regulatory authorities that oversee our businesses. FINMA is our primary regulator.

→ Refer to "Regulation and supervision" in I – Information on the company for further information.

The Group's governance includes a committee structure and a comprehensive set of corporate policies which are developed, reviewed and approved by the Board, the Executive Board, their respective committees, the Chief Risk Officer of the Group (CRO) and the board of directors of significant subsidiaries, in accordance with their respective responsibilities and levels of authority.

→ Refer to "Board of Directors" and "Executive Board" in IV – Corporate Governance for further information.

### Board of Directors

The Board is responsible for our overall strategic direction, supervision and control, and for defining our overall tolerance for risk. In particular, the Board approves the risk management framework and sets overall risk appetite for the Group in consultation with its Risk Committee (Risk Committee) among other responsibilities and authorities defined in the Organizational Guidelines and Regulations (OGR).

The **Risk Committee** is responsible for assisting the Board in fulfilling its oversight responsibilities of risk management. These responsibilities include the oversight of the enterprise-wide risk management and practices, the promotion of a sound risk culture with clear accountability and ownership, the review of key risk and resources and the assessment of the effectiveness and efficiency of the Group's Risk function.

The **Audit Committee** is responsible for assisting the Board in fulfilling its oversight role by monitoring management's approach with respect to financial reporting, internal controls, accounting and legal and regulatory compliance. Additionally, the Audit Committee monitors the qualifications, independence and performance of external auditors and Internal Audit.

The **Conduct and Financial Crime Control Committee** is responsible for assisting the Board in fulfilling its oversight duties with respect to the Group's exposure to financial crime risk. It is tasked with monitoring and assessing the effectiveness of financial crime compliance programs and initiatives focused on improving conduct and vigilance within the context of combatting financial crime.

The **Compensation Committee** is responsible for determining, reviewing and proposing compensation and related principles

for the Group. Under the compensation risk framework, various corporate functions including Risk, Compliance, General Counsel, Human Resources, Internal Audit and Product Control provide input for the assessment of the divisions' and certain individuals' overall risk and conduct performance and determine an overall risk rating, which is presented to the chairs of the Compensation Committee, Risk Committee and Audit Committee, and is contemplated as part of the divisions' and certain individuals' performance.

The **Digital Transformation and Technology Committee** was established in January 2022 with the primary function of assisting the Board in setting, steering and overseeing the execution of the bank's data, digitalization and technology strategy. The committee is tasked with overseeing the strategically aligned execution of the bank's major digitalization and technology initiatives and setting governance standards for digital transformation across the Group. The Digital Transformation and Technology Committee replaces the advisory Innovation and Technology Committee, which was retired in December 2021.

#### Executive Board

The Executive Board is responsible for establishing our strategic business plans, subject to approval by the Board, and implementing such plans. It further reviews and coordinates significant initiatives within Risk and approves Group-wide risk policies. The CRO and the Chief Compliance Officer of the Group (CCO) represent the Risk and Compliance functions, respectively, and provide regular information and reports to the Executive Board and the Board.

#### Executive Board committees

In the fourth quarter of 2021, we undertook several changes to our risk committees at the Executive Board level. Most notably, we dissolved the Capital Allocation & Risk Management Committee (CARMC), which operated in three cycles, and the Executive

Board Risk Forum. The responsibilities of those former committees have been assumed by the newly established Executive Board Risk Management Committee (ExB RMC) and the Group Capital Allocation and Liability Management Committee (Group CALMC).

The **Executive Board Risk Management Committee (ExB RMC)**, co-chaired by the Group's CEO, CRO and CCO, replaces the Internal Control System and Position & Client Risk cycles of the former CARMC and the former Executive Board Risk Forum. The ExB RMC is primarily responsible for steering and monitoring the development and execution of the Group's risk strategy, approving risk appetite across all risk types for the Group and its divisions, as well as reviewing the aggregate and highest risk exposures, major risk concentrations and key non-financial risks. The ExB RMC approves applications for risk limits that require final approval by the Risk Committee or the Board. The ExB RMC is also responsible for assessing the appropriateness and efficiency of the internal control system and serves as an escalation point for risk issues raised by subordinated risk committees or Executive Board members.

The **Group Capital Allocation and Liability Management Committee (Group CALMC)** replaces the Asset & Liability Management cycle of the former CARMC. Group CALMC reviews the funding and balance sheet trends and activities, plans and monitors regulatory and business liquidity requirements and internal and regulatory capital adequacy. Group CALMC also reviews and proposes the contingency funding plan for approval by the Board, reviews the position taking of interest rate risk in the banking book and decides on changes in approaches relating to investment of own equity. Further, it sets internal targets, approves and reviews adherence to internal targets for capital allocation, funding, liquidity and capital management actions, including the review and monitoring of share repurchases.

### Key management bodies and committees covering risk management matters

Group / Bank				
<b>Board of Directors</b>				
Risk Committee	Audit Committee	Conduct and Financial Crime Control Committee	Compensation Committee	Digital Transformation and Technology Committee
<b>Executive Board</b>				
Executive Board Risk Management Committee (ExB RMC)	Group Capital Allocation and Liability Management Committee (Group CALMC)	Credit Suisse AG Capital Allocation, Liability and Risk Management Committee (Credit Suisse AG CALRMC)	Valuation Risk Management Committee (VARMC)	
<b>Divisional risk management committees<sup>1</sup></b>			<b>Legal entities</b>	
Wealth Management	Swiss Bank		<ul style="list-style-type: none"> <li>■ Risk boards and risk management committees for certain significant legal entities with independent governance and oversight</li> <li>■ Responsible for assuring local regulatory compliance as well as defining local risk appetite</li> </ul>	
Investment Bank	Asset Management			

<sup>1</sup> Divisional risks may be covered by the respective legal entity risk management committees. Reflects the new organizational structure effective from January 1, 2022; under the previous organizational structure, divisional risk management committees covered Swiss Universal Bank, International Wealth Management, Asia Pacific, Asset Management and the Investment Bank.

The **Credit Suisse AG Parent Capital Allocation, Liability and Risk Management Committee (Credit Suisse AG Parent CALRMC)** reviews the capital, liquidity and funding trends and activities of Credit Suisse AG (Bank parent company). The Credit Suisse AG Parent CALRMC reviews and challenges the financial and capital plans of major subsidiaries of the Bank parent company, including key risks and key dependencies, such as dividends or other capital repatriations from the major subsidiaries to the Bank parent company, ahead of approvals by the respective subsidiary governance bodies. The committee also monitors and reviews the Bank parent company's aggregate risk profile, in particular the Bank parent company-specific vulnerabilities, and approves risk appetite for the Bank parent company and its branches.

The **Valuation Risk Management Committee (VARMC)** is responsible for establishing policies regarding the valuation of certain material assets and the policies and calculation methodologies applied in the valuation process. Further, VARMC is responsible for monitoring and assessing valuation risks, reviewing inventory valuation conclusions and directing the resolution of significant inventory valuation issues.

**Divisional and legal entity risk management committees**  
Our governance framework includes dedicated risk management committees for each division. Divisional and legal entity risk management committees review risk, legal, compliance and internal control matters specific to the divisions and individual legal entities, respectively.

The divisional chief risk officers have established granular risk appetite frameworks and reporting capabilities to cover the specific needs of their business divisions and are responsible for the alignment of the risk management activities within our divisions.

Legal entity chief risk officers provide risk oversight within their region and for certain significant legal entities operating in locations of those regions. They are responsible for a consistent and compliant application of the Group's risk appetite frameworks and related policies.

## Risk function

Following the Archegos and SCFF matters, the previously combined Chief Risk and Compliance Officer function reverted to the separate functions of Risk and Compliance, headed by the CRO and the CCO, respectively.

Risk, headed by the CRO, is an independent global function responsible for providing risk management oversight and establishing an organizational basis to manage risk matters. Risk challenges and engages with the business divisions, focusing on strategic, sustainable and compliant returns on risk that reflect the appetite of the Group. The function promotes holistic risk management as well as a consistent, effective and efficient control framework across the Group's defined risk types. Risk defines,

monitors and manages limits and models as well as creates, implements and monitors risk relevant policies and procedures.

The organizational structure of Risk is aligned to oversee our divisions as well as our regions and significant legal entities and covers global risk types.

## Compliance function

Compliance, headed by the CCO, is an independent global function that works with the businesses to manage risks arising from the potential failure to comply with applicable laws, regulations, rules or market standards. As a second line of defense function, responsibilities include independently assessing compliance risk, executing, monitoring and testing activities and reporting on adherence to our compliance risk appetite and other significant matters to the Board and senior management. Compliance creates, implements and monitors compliance policies and procedures designed to prevent or detect compliance breaches of employees and clients. Compliance is mandated to ensure that regulatory and compliance risks are overseen and managed in the organization and is also responsible for the identification and appropriate remediation of significant breaches of the Group's compliance processes and controls. Compliance runs global risk oversight programs, for example anti-fraud, conflict of interest, cross border and financial crime compliance, and establishes and monitors policies, guidelines, procedures and controls related to potential risks such as money laundering, bribery and corruption and sanctions.

The organizational structure of Compliance is aligned to oversee our divisions as well as our regions and significant legal entities and covers global key compliance topics.

## Risk appetite framework

### Overview

We maintain a comprehensive Group-wide risk appetite framework, which is governed by a global policy and provides a robust foundation for risk appetite setting and management across the Group. A key element of the framework is a detailed statement of the Board-approved risk appetite which is aligned to our financial and capital plans. The framework also encompasses the processes and systems for assessing the appropriate level of risk appetite required to constrain our overall risk profile.

Risk capacity is the maximum level of risk that we can assume given our current level of resources before breaching any constraints determined by liquidity and capital requirements, the operational environment and our responsibilities to depositors, shareholders, investors and other stakeholders. Risk appetite expresses the aggregate level and types of risk we are willing to assume within our risk capacity to achieve our strategic objectives and business plan. Risk profile is a point-in-time assessment of our net risk exposures aggregated within and across each

relevant risk category and is expressed in a variety of different quantitative risk metrics and qualitative risk observations. The size of our risk profile is restricted to the planned level of our risk appetite through the use of risk constraints, such as limits, guidelines, tolerances and targets.

### Key aspects and process

The Group 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. Strategic risk objectives (SROs) are effectively embedded across our organization at the Group, business division and legal entity level through a suite of different types of risk measures (quantitative and qualitative) as part of our efforts to ensure we operate within the thresholds defined by the Board. The SROs are regularly assessed as part of our continuing enhancements to our risk management processes. In December 2021, the Board reviewed and confirmed the SROs, which consist of:

- promoting stability of earnings to support performance in line with financial objectives;
- ensuring sound management of funding and liquidity in normal and stressed conditions;
- maintaining capital adequacy under both normal and stressed conditions; and
- maintaining the integrity of our business and operations.

Group-wide risk appetite is reviewed in partnership with the financial and capital planning process at least annually, based on bottom-up forecasts that reflect planned risk usage by the

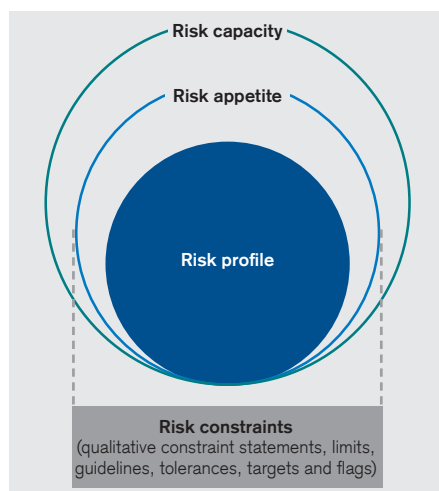
businesses and top-down, Board-driven strategic risk objectives and risk appetite. Scenario stress testing of financial and capital plans is an essential element in the risk appetite calibration process, through which our strategic risk objectives, financial resources and business plans are aligned. The capital plans are also analyzed using our economic capital coverage ratio, which provides a further means of assessing bottom-up risk plans with respect to available capital resources. The Group-wide risk appetite is approved through a number of internal governance forums, including the ExB RMC, the Risk Committee and, subsequently, by the Board. Ad hoc risk appetite reviews may be triggered by material market events, material loss events, material revisions to the financial and capital plans as well as breaches of Board-level risk constraints. The Archegos matter was classified as a material loss event and triggered a Group-wide risk appetite re-assessment which concluded in risk appetite reductions.

The risk appetite statement is the formal plan, approved by the Board, for our Group-wide risk appetite. Divisional allocations are cascaded from the Group and approved in divisional risk management committees. Legal entity risk appetites are set by the local legal entity board of directors within the limits established by the Group. The top-down and bottom-up risk appetite calibration process includes the following key steps:

#### Top-down:

- Group-level strategic risk objectives are agreed by the Board in line with our 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.

### Risk appetite framework – key definitions



**Risk capacity** Maximum level of risk that we can assume given our current level of resources before breaching any constraints determined by capital and liquidity requirements, the operational environment and our responsibilities to depositors, shareholders, investors and other stakeholders.

**Risk appetite** Aggregate level and types of risk we are willing to assume within our risk capacity to achieve our strategic objectives and business plan.

**Risk profile** Point-in-time assessment of our net risk exposures aggregated within and across each relevant risk category and expressed in a variety of different quantitative risk metrics and qualitative risk observations.

**Risk constraints** Quantitative and qualitative measures based on forward-looking assumptions that allocate our aggregate risk appetite to businesses, legal entities, risk categories, concentrations and, as appropriate, other levels.



- A risk appetite statement is determined and approved annually by the Board, and is based on the strategic risk objectives, the comprehensive scenario stress testing of our forecasted financial results and capital requirements, and our economic capital framework. A semi-annual review of the risk appetite and capacity levels is performed. The risk appetite statement comprises quantitative and qualitative risk measures necessary for adequate control of the risk appetite across the organization. The review of the top-down and bottom-up risk appetite levels and their allocation between divisions and legal entities is performed by the ExB RMC.
- Separate legal entity risk appetite frameworks aligned to local regulatory requirements are in place for material subsidiaries. An integrated year-end planning process is designed to ensure that individual legal entity risk appetites are consistent with Group levels.
- Divisional risk committees are responsible for allocating risk appetite within the respective divisions based on individual business line reviews and requirements.

#### Bottom-up:

- Planned risk levels and related risk appetite requests are provided by front office business experts in conjunction with financial and capital plans in order to promote consistency with the business strategy. Risk plans are reviewed by the relevant risk management committees.
- Bottom-up risk forecasts are aggregated across businesses to assess divisional and Group-wide risk plans and to support management decisions on variations to existing risk appetite levels or the possible implementation of new risk appetite measures.
- The effectiveness of risk appetite in support of business strategy execution and delivery against financial objectives is assessed via a risk appetite effectiveness framework. 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 jointly reviewed and approved by the Executive Board and the Board.

The Group-wide risk appetite framework encompasses multiple quantitative and qualitative aspects. The quantitative risk appetite aspects are measured using various metrics, including stress scenario metrics related to capital, earnings and liquidity, RWA and economic risk capital. The qualitative risk appetite aspects are used to monitor adherence to international and local laws and regulations, industry guidelines and internal policies, and are designed to manage and mitigate the Group's conduct and reputational risk. The division-specific risk appetite statements leverage the Group-wide quantitative and qualitative aspects by including constraints across credit risk, market risk and non-financial risk and are designed to ensure that risk-taking activity by our businesses remains within the Group-wide risk appetite.

## Risk constraints

A core aspect of our risk appetite framework is a sound system of integrated risk constraints. These allow us to maintain our risk profile within our overall risk appetite, and encourage meaningful discussion between the relevant businesses, Risk functions and members of senior management around the evolution of our risk profile and risk appetite. Considerations include changing external factors (such as market developments, geopolitical conditions and client demand) as well as internal factors (such as financial resources, business needs and strategic views). Our risk appetite framework utilizes a suite of different types of risk constraints to reflect the aggregate risk appetite of the Group and to further cascade risk appetite across our organization, including among business divisions and legal entities. The risk constraints restrict our maximum balance sheet and off-balance sheet exposure given the market environment, business strategy and financial resources available to absorb losses. Different levels of seniority are mapped to each type of risk constraint, which require specific permanent or temporary modification, enforcement and breach response protocols. Risk constraints are monitored on a regular basis as part of our efforts to ensure they continue to fulfill their purposes.

We define the following risk constraint categories:

- **Qualitative constraints** represent constraints that are used to manage identified but unquantifiable or subjective risks, with adherence assessed by the appropriate level of constraint authority.
- **Quantitative constraints** represent constraints that are used to manage identified quantifiable risks and exist in the form of limits, guidelines, tolerances, targets and flags.

Constraint authority for the risk constraints is determined by the relevant approving body and constraints are currently in effect for all key risk governance bodies and committees including the Board, its Risk Committee and the ExB RMC. The appropriateness of the constraint types for the various risk classes within our risk appetite, including market, credit, non-financial and liquidity risk, is determined considering the respective characteristics of the various risk constraint types.

In general, risk constraints will be set in different ways depending on their respective functions and objectives. For example, certain risk constraints will reflect a maximum risk appetite, whereas others will be set closer to the current usage in order to ensure timely escalation and feedback among the relevant businesses, Risk functions and members of senior management. These considerations also influence the extent to which certain risk constraints may be introduced, modified or retired in response to changing external and internal factors.

We define the following types of risk constraints:

- **Qualitative constraint statements** are required for all qualitative constraints. Qualitative constraint statements need to be

specific and to clearly define the respective risk to ensure that the risk profile for unquantifiable or subjective risks is readily assessable.

- **Limits, guidelines and tolerances** are specific threshold levels for a given risk metric. Limits are binding thresholds that require discussion to avoid a breach and trigger immediate remedial action if a breach occurs. Guidelines are thresholds which, if breached, require an action plan to reduce risk below the guideline or to propose, justify and agree to adjust the guideline. Tolerances are designed as management thresholds to initiate discussion, and breach of a tolerance level triggers review by the relevant constraint authority.
- **Targets** represent the level of risk that the Group intends to accept in pursuit of business objectives at a specific point in time in the future.
- **Flags** are early warning indicators, which serve primarily as a business risk management and supervisory control tool for our front offices, Treasury and Risk. Flags can be set for any quantifiable risk and may be complementary to other types of constraints.

With respect to limits, guidelines and tolerances, established criteria are applied in the selection of the appropriate risk constraint, including the assessment of (i) the materiality of the respective risk metric with regard to its contribution to the overall Group risk appetite; (ii) the importance of the risk constraint to the organization from a qualitative perspective; (iii) the characteristic of the respective risk, e.g., risk concentrations or high priority risk for the Group; and (iv) the availability of mitigating actions to manage the risk profile of the Group in relation to the respective risk.

We have established a constraint structure which manages the Group's risk profile using multiple metrics, including VaR, scenario analysis, economic risk capital and various exposure limits at the Group level. The overall risk limits for the Group are set by the Board in consultation with its Risk Committee and are binding. In 2021 and 2020, no Board limits were exceeded.

Dedicated constraints are also in place to cover the specific risk profiles of individual businesses and legal entities. In the context of the overall risk appetite of the Group, as defined by the limits set by the Board in consultation with its Risk Committee, the ExB RMC is responsible for allocating key limits to divisions as deemed necessary to manage risk within individual lines of business. The divisional risk management committees and the divisional and legal entity chief risk officers are responsible for allocating risk appetite further within the organization. For this purpose, they use a detailed framework of individual risk limits designed to control risk-taking at a granular level by individual businesses and in the aggregate. The risk constraints are intended to:

- limit overall risk-taking to the Group's risk appetite;
- trigger senior management discussions with the businesses involved, risk management and governance committees in case of substantial change in the overall risk profile;
- promote consistent risk measurement across businesses;

- provide a common framework for the allocation of resources to businesses; and
- provide a basis for protecting the Group's capital base and meeting strategic risk objectives.

The limit owners are responsible for reviewing warning thresholds for risk limits. They may set warning thresholds for potential limit excesses at any level lower than the approved limits as deemed appropriate after taking into account the nature of the underlying business. A comprehensive risk appetite constraint framework is in place which defines roles and responsibilities, including risk constraint setting and escalation authorities. Following the Archegos matter, we reinforced escalation procedures for breaches in risk constraints. Risk limit breaches that have not been remediated within strictly defined remediation timelines across all risk limits must be escalated to the CRO and the corresponding front office Executive Board member.

## Risk coverage and management

We use a wide range of risk management practices to address the variety of risks that arise from our business activities. Policies, processes, standards, risk assessment and measurement methodologies, risk appetite constraints, and risk monitoring and reporting are key components of our risk management practices. Our risk management practices complement each other in our analysis of potential loss, support the identification of interdependencies and interactions of risks across the organization and provide a comprehensive view of our exposures. We regularly review and update our risk management practices to promote consistency with our business activities and relevance to our business and financial strategies.

Risk management practices have evolved over time without a standardized approach within the industry, therefore comparisons across firms may not be meaningful. Our main risk types include the following:

- Capital risk
- Credit risk
- Market risk
- Non-financial risk
- Model risk
- Reputational risk
- Business risk
- Climate-related risks
- Fiduciary risk
- Pension risk

An additional main risk type is funding liquidity risk, which is the risk that the Group, although solvent, either does not have sufficient financial resources to enable it to meet its obligations as they fall due, or can secure such resources only at excessive cost. Management of funding liquidity risk is described in the "Liquidity and funding management" section of this report.

→ Refer to "Liquidity and funding management" for further information on funding liquidity risk.

Climate-related risks are a core element of sustainability risks. Sustainability risks are potentially adverse impacts on the environment, on people or society, which may be caused by, contributed to or directly linked to financial service providers, usually through the activities of their clients. These may manifest themselves as reputational risks, but potentially also as credit, operational or other risks. Credit Suisse considers sustainability risks in its Group-wide reputational risk review process.

→ Refer to "Reputational risk" for further information on sustainability risks.

## Capital risk

### Definition

Capital risk is the risk that we do not have adequate capital to support our activities and maintain the minimum capital requirements. Under the Basel framework, we are required to maintain a robust and comprehensive framework for assessing capital adequacy, defining internal capital targets and ensuring that these capital targets are consistent with our overall risk profile and the current operating environment.

### Sources of capital risk

Capital risk results from the Group's risk exposures, available capital resources, regulatory requirements and accounting standards.

### Evaluation and management of capital risk

The stress testing framework and economic risk capital are tools used by the Group to evaluate and manage capital risk. Our capital management framework is designed to ensure that we meet all regulatory capital requirements for the Group and its regulated subsidiaries.

→ Refer to "Capital strategy" and "Regulatory framework" in Capital management for further information on the management of capital and RWA and regulatory capital requirements.

### Overview of stress testing framework

Stress testing (or scenario analysis) represents a risk management approach that formulates hypothetical questions, including what would happen to our portfolio if, for example, historic or adverse forward-looking events were to occur. A well-developed stress testing framework provides a powerful tool for senior management to identify these risks and also take corrective actions to protect the earnings and capital from undesired impacts.

Stress testing is a fundamental element of our Group-wide risk appetite framework included in overall risk management to ensure that our financial position and risk profile provide sufficient resilience to withstand the impact of severe economic conditions. Stress testing results are monitored against limits, and are used in risk appetite discussions and strategic business planning and to support our internal capital adequacy assessment process (ICAAP). The ICAAP aims to identify and accurately assess the significance of material risks faced by the Group. As part of the Group-wide ICAAP process, the bank assesses its present financial position and expected changes to the current business profile, the environment in which it expects to operate, its projected

business plans, projected financial position and future planned sources of capital. Within the risk appetite framework, the ExB RMC sets Group-wide and divisional stressed position loss limits to correspond to minimum post-stress capital ratios. Currently, limits are set on the basis of BIS CET1 capital ratios. Stress tests also form an integral part of the Group's capital planning and the recovery and resolution plan (RRP) process. Within the RRP, stress tests provide the indicative scenario severity required to reach recovery and resolution capital levels.

Stress testing provides key inputs for managing the following objectives of the risk appetite framework:

- Ensuring Group-wide capital adequacy on both a regulatory basis and under stressed conditions: We run a suite of scenarios on forecasted financial metrics such as net revenues, total operating expenses, income before taxes and RWA. The post-stress capital ratios are assessed against the risk appetite of the Group.
- Maintaining stable earnings: We mainly use stress testing to quantitatively assess earnings stability risk. Earnings appetites are established and monitored as part of our efforts to contain excessive risk-taking which could compromise our earnings stability.

We also conduct externally defined stress tests that meet the specific requirements of regulators. For example, as part of various regular stress tests and analyses, FINMA requires a semi-annual loss potential analysis that includes two stress tests. For 2021, the FINMA stress tests included an extreme scenario that sees the world economy experience a severe recession, mainly as a result of the worsening of a European debt crisis, and an updated version of the COVID-19 pandemic scenario that assumes aggressive resurgences in COVID-19 cases in the second half of 2021, leading to stringent containment measures and financial market turmoil. As a result of the Archegos matter, we also refined our loss potential analysis stress testing model by incorporating a component to capture expected losses from higher risk collateralized counterparties failing to meet margin calls during periods of market volatility or stress. In 2021, Credit Suisse developed a new end-of-globalization internal scenario to stress capital adequacy as part of its ICAAP. The end-of-globalization scenario envisages a faltering of the drivers of globalization resulting in large risk aversion and global recessionary trends.

### Methodology and scope of Group-wide stress testing

Stress tests are carried out to determine stressed position losses, earnings volatility and stressed capital ratios using historical, forward-looking and reverse stress testing scenarios. The scope of stress testing includes market, credit, operational, business and pension risk. Stress tests also include the scenario impact on RWA through changes to market, credit and operational components. Scenarios are reviewed and updated regularly as markets and business strategies evolve.

We use historical stress testing scenarios to consider the impact of market shocks from relevant periods of extreme market disturbance. Standardized severity levels allow comparability of severity

across differing risk types. The calibration of bad day, bad week, severe event and extreme event scenarios involves the identification of the worst moves that have occurred in recent history. Severe flight to quality (SFTQ) is a key scenario used for Group-wide stress testing and risk appetite setting. It is a combination of market shocks and defaults that reflects conditions similar to what followed the 2008/2009 financial crisis. The SFTQ scenario assumes a severe crash across financial markets, along with stressed default rates.

We use forward-looking stress testing scenarios to complement historical scenarios. The forward-looking scenarios are centered on potential macroeconomic, geopolitical or policy threats. The Scenario Management Oversight Committee, comprised of internal economists and representatives of the front office, Risk and the CFO function, discusses the backdrop to several forward-looking scenarios. The Scenario Management Oversight Committee reviews a wide range of scenarios and selects those that are most relevant to the analysis of key macroeconomic shocks. Some examples of forward-looking scenarios include global recessionary trends due to the world moving into US- and China-led economic blocks, a so-called emerging markets economic "hard landing" and the impact of monetary policy changes by central banks. During 2021, the Group focused on the following forward-looking scenarios:

- Financial sector problems in the eurozone: the markets challenge the solvency of a systemically-important bank, which puts the overall European financial sector and selected eurozone countries under acute pressure with a potential breakdown in relations between Switzerland and the EU. As a result, the eurozone and the Swiss economy are forced into recession. Contagion from a European recession to the US and emerging market economies is assumed to be substantial.
- A China and emerging markets "hard landing" scenario: there is a severe economic slowdown in China driven by a wave of defaults in the private non-financial and financial sectors. The problems in China negatively impact all large emerging markets through lower commodity prices, increased capital flight and reduced intra-regional foreign trade. The Hong Kong dollar comes under significant pressure and de-pegs from the US dollar. There is also significant contagion to the economy in the US and in Europe.
- A Swiss and eurozone crisis scenario: the US-China trade war intensifies, pulling more sectors and countries, including the eurozone, into recession. Switzerland is pulled into the trade war, recession hardens local public opinion against the EU creating yet more policy uncertainty which deepens and prolongs the damage inflicted on Switzerland's markets and economy. Public finances deteriorate sharply and defaults rise sharply with sovereigns, banks and some large corporates suffering multiple credit rating downgrades.
- A Swiss recession scenario: designed to capture the impact of large, unprecedented interest rate hikes in Switzerland. Aggressive monetary policy tightening triggers a deep recession in Switzerland. The sharp rise in interest rates and a fall in immigration triggers a large reduction in residential property prices. Fears rise over systemic financial sector instability due

to credit quality and collateral deterioration. Banks significantly reduce lending, worsening and prolonging the recession. Global investors view the events in Switzerland as having a low spillover impact on global markets.

- An end-of-globalization scenario: envisages US-China decoupling on bilateral market access, intellectual property rights, technology, etc. and the world moving into US- and China-led economic blocks. There is a quick and highly disruptive unwinding of global supply chains. More countries turn to protectionist measures. China's economy deteriorates into recession. There is contagion to the emerging markets. Developing countries are also negatively affected from increased barriers to trade, investments and capital flows. The world's major economies including Europe and the US deteriorate into recession. The trigger events increase risk aversion significantly across the markets; equity prices fall sharply and credit spreads widen significantly. A G-SIB financial institution focused on Asia Pacific markets comes close to default.

We also use a flight to quality lite scenario (FTQ Lite), which is a one-in-three years likelihood scenario with a lower severity of impact than SFTQ but with a higher likelihood of occurrence. FTQ Lite is used to test the earnings robustness of the Group.

In addition to the Group-wide stress testing scenarios described above and managed by the Enterprise Risk Management function, various complementary scenarios are also used by global Risk functions to mitigate concentration risks across the entire Group, including for example Credit Risk and Market Risk.

We use reverse stress testing scenarios to complement traditional stress testing and enhance our understanding of business model vulnerabilities. Reverse stress testing leverages the most severe internal capital scenario to identify potential business viability failures. This is achieved by working backwards from current capital levels to derive loss amounts that would breach the Group's risk appetite. In addition to the modeled impact generated by the scenario, management will assume further idiosyncratic impacts (e.g., non-financial risk incidents, large counterparty defaults, credit rating downgrades, reputational impairment and loss of clients) that would lead to business model failure.

#### Overview of economic risk capital

Economic risk capital measures risks in terms of economic realities rather than regulatory or accounting rules and estimates the amount of capital needed to remain solvent and in business under extreme market, business and operating conditions over the period of one year, given a target financial strength (our long-term credit rating). This framework allows us to assess, monitor and manage capital adequacy and solvency risk in both "going concern" and "gone concern" scenarios. In a "going concern" scenario, we hold sufficient capital to absorb losses to ensure continuity of service. In a "gone concern" scenario, we hold sufficient capital to absorb unexpected losses at a confidence level of 99.97% and fund an orderly resolution without recourse to public resources. Economic risk capital supplements the Group's RRP process.

Position risk categories	
	Risks captured
Credit risk	<ul style="list-style-type: none"> <li>■ Risk of counterparty defaults relating to investment and private banking credit exposures directly held in the form of lending products (including loans and credit guarantees) or derivatives and shorter-term exposures such as underwriting commitments and trading book inventory, as well as credit exposures relating to issuers of collateral in derivatives, reverse repurchase and securities lending transactions; settlement risk is not captured in the economic risk capital framework</li> <li>■ Potential changes in creditworthiness relating to private banking corporate and retail credit exposures</li> </ul>
Non-traded credit spread risk	<ul style="list-style-type: none"> <li>■ Potential changes in creditworthiness relating to investment banking credit exposures</li> </ul>
Securitized products	<ul style="list-style-type: none"> <li>■ Commercial and residential real estate activities, including mortgage-backed securities, mortgage loans and real estate acquired at auction, and other securitized products, including asset-backed securities</li> <li>■ Benefits from certain market risk hedges</li> </ul>
Traded risk	<ul style="list-style-type: none"> <li>■ Interest rates, credit spreads, foreign exchange rates, equity and commodity prices and volatilities, equity risk arbitrage, life finance and litigation activities, and illiquid hedge fund exposures</li> <li>■ Risks currently not implemented in our economic risk capital models for traded risks, primarily for fixed income and equity trading, such as certain basis risks, higher order risks and cross risks between asset classes</li> </ul>
Equity investments	<ul style="list-style-type: none"> <li>■ Private equity and other illiquid equity investment exposures</li> </ul>

At the level of the Group, economic risk capital is used primarily as a tool for capital management in a "gone concern" scenario, measuring the combined impact from quantifiable risks such as market, credit, operational, pension and expense risk. Additionally, economic risk capital is also used for risk management purposes for specific businesses within the Group.

→ Refer to "Capital strategy" and "Regulatory framework" in Capital management for further information on our capital management framework.

#### Methodology and scope of economic risk capital

Economic risk capital is set to a level needed to absorb unexpected losses at a confidence level of 99.97%. Our economic risk capital model is a set of methodologies used for measuring quantifiable risks associated with our business activities on a consistent basis. It is calculated separately for position risk (reflecting our exposure to market and credit risks), operational risk and other risks, using appropriate methodologies for each risk category. Economic risk capital is calculated by aggregating position, operational and other risks.

Position risk is the level of unexpected loss from our portfolio of balance sheet and off-balance sheet positions over a one-year holding period and includes market and credit risks. It is calculated at a 99% confidence level for risk management purposes reflecting a "going concern" scenario and at a 99.97% confidence level for capital management purposes reflecting a "gone concern" resolution scenario. Our position risks categories are described in the table "Position risk categories". To determine our overall position risk, we consider the diversification benefit across risk types. When analyzing position risk for risk management purposes, we look at individual risk types before and after the diversification benefit.

Operational risk is the risk of an adverse impact arising from inadequate or failed internal processes, people or systems, or from external events. We use an internal model to calculate the economic capital requirement for operational risk at a 99.97% confidence level and a one-year holding period.

Other risks covered include expense risk, pension risk, owned real estate risk, foreign exchange risk between available economic capital and economic risk capital, and the benefit from deferred share-based compensation awards.

Available economic capital is our internal view of the capital available to absorb losses based on the reported BIS CET1 capital under the Basel framework, with economic adjustments applied to provide consistency with our economic risk capital.

The economic risk capital coverage ratio operates with a number of distinct bands that serve as key controls for monitoring and managing our operational solvency. An economic risk capital coverage ratio lower than 125% requires senior management review. Immediate actions such as risk reductions or capital measures would be triggered at a coverage ratio lower than 100%. The Board has set the minimum level for this coverage ratio at 80%.

#### Governance of capital risk

For capital risk, the Scenario Management Oversight Committee is responsible for the Group-wide scenario calibration and analysis process, including the design of scenarios and the assessment and approval of scenario results. Stress tests are conducted on a regular basis and the results, trend information and supporting analysis are reported to the Board, senior management and regulators. We have a comprehensive set of stress testing models that is governed by the Model Approval and Control Committee (MACC) and the NFRM Capital Data Committee, both of which are functional approval committees under the Risk Processes & Standards Committee (RPSC) governance and approve new and changed models and methodologies. Members of the functional approval committees include relevant risk function experts, such as for market, liquidity, credit and operational risk, and representatives from the Group's divisions, major legal entities and control functions.

Our economic risk capital models are similarly governed by the MACC, which approves the economic risk capital models and methodologies.

## Credit risk

### Definition

Credit risk is the risk of financial loss arising as a result of a borrower or counterparty failing to meet its financial obligations or as a result of deterioration in the credit quality of the borrower or counterparty. In the event of a default, a bank generally incurs a loss equal to the amount owed by the debtor, less any recoveries from foreclosure, liquidation of collateral, the restructuring of the debtor company or other recovery proceeds from the debtor. A change in the credit quality of a counterparty has an impact on the valuation of assets measured at fair value, with valuation changes recorded in the consolidated statements of operations.

### Sources of credit risk

Credit risk can arise from the execution of our business strategy in the divisions and includes risk positions such as exposures directly held in the form of lending products (including loans and credit guarantees) or derivatives, shorter-term exposures such as underwriting commitments, and settlement risk related to the exchange of cash or securities outside of typical delivery versus payment structures. For the divisions, the main sources of credit risk are presented in the table "Main sources of credit risk by division".

### Evaluation and management of credit risk

We use a credit risk management framework which provides for the consistent evaluation, measurement and management of credit risk across the Group. Assessments of credit risk exposures for internal risk estimates and RWA are calculated based on PD, LGD and EAD models. The credit risk framework incorporates the following core elements:

- counterparty and transaction assessments: application of internal credit ratings (PD), assignment of LGD and EAD values in relation to counterparties and transactions;

- credit limits: establishment of credit limits, including limits based on notional exposure, potential future exposure and stress exposure, subject to approval by delegated authority holders, to serve as primary risk controls on exposures and to prevent undue risk concentrations;
- credit monitoring, impairments and provisions: processes to support the ongoing monitoring and management of credit exposures, supporting the early identification of deterioration and any subsequent impact; and
- risk mitigation: active management of credit exposures through the use of cash sales, participations, collateral, guarantees, insurance or hedging instruments.

In addition to traditional credit exposure measurement, monitoring and management using current and potential future exposure metrics, we perform counterparty and portfolio credit risk assessments of the impact of various internal stress test scenarios. We assess the impact to credit risk exposures arising from market movements in accordance with the scenario narrative, which can further support the identification of concentration or tail risks. Our scenario suite includes historical scenarios as well as forward-looking scenarios which are aligned with those used by the Market Risk and Enterprise Risk Management functions. As a result of the Archegos matter, we have strengthened governance around credit risk limit constraints including stress scenario impacts where escalation to senior management including the ExB RMC and Risk Committee is required for material breaches.

### Counterparty and transaction assessments

Credit Risk evaluates and assesses counterparties and clients to whom the Group has credit exposures. For the majority of counterparties and clients, Credit Risk uses internally developed statistical rating models to determine internal credit ratings which are intended to reflect the PD of each counterparty. These rating models are backtested against internal experience, validated by a function independent of model development and approved by our main regulators for application in the regulatory capital calculation under the A-IRB approach of the Basel framework. Findings from backtesting serve as a key input for any future rating model developments.

## Main sources of credit risk by division

<b>Swiss Universal Bank</b>	Real estate financing, lending to corporate clients and lending against financial collateral
<b>International Wealth Management</b>	Lending against financial collateral and real assets (e.g., real estate, ships, aircraft) and corporate lending
<b>Asia Pacific</b>	Lending to ultra-high-net-worth and entrepreneur clients, mainly backed by listed financial collateral; secured and unsecured loans to corporates in the Asia Pacific region
<b>Investment Bank</b>	Loan underwriting and lending commitments to corporate clients, markets and trading activities including securities financing and derivatives products with global institutional clients, including banks, insurance companies, asset managers and hedge funds; through the use of derivatives clients may take positions that are exposed to movements in risk factors such as interest rates, credit spreads, foreign exchange rates or equity prices
<b>Corporate Center</b>	Money market exposure through balance sheet management, credit exposure with central counterparties and legacy positions

The divisions represent Credit Suisse's organizational structure effective until December 31, 2021.

Internal statistical rating models are based on a combination of quantitative factors (e.g., financial fundamentals and market data) and qualitative factors (e.g., credit history and economic trends).

For the remaining counterparties where statistical rating models are not used, internal credit ratings are assigned on the basis of a structured expert approach using a variety of inputs such as peer analyses, industry comparisons, external ratings and research as well as the judgment of expert credit officers.

In addition to counterparty ratings, Credit Risk also assesses the risk profile of individual transactions and assigns transaction ratings which reflect specific contractual terms such as seniority, security and collateral.

Internal credit ratings may differ from external credit ratings, where available, and are subject to periodic review. Our internal ratings are mapped to a PD band associated with each rating which is calibrated to historical default experience using internal data and external data sources. Our internal masterscale for credit ratings is shown in the table "Credit Suisse counterparty ratings".

LGD estimates the size of loss that may arise on a credit exposure in the event of a default. We assign LGD on credit exposures based on the structure of the transaction and credit mitigation such as collateral or guarantees. The LGD values are calibrated to reflect a downturn macroeconomic environment and include recovery costs.

EAD represents the expected amount of credit exposure in the event of a default and reflects the current drawn exposure and an expectation regarding the future evolution of the credit exposure. For loan exposures, a credit conversion factor is applied to project the additional drawn amount between current utilization and the approved facility amount. The credit exposure related to traded products such as derivatives is based on a simulation using statistical models.

We use internal rating methodologies consistently for the purposes of approval, establishment and monitoring of credit limits and credit portfolio management, credit policy, management reporting, risk-adjusted performance measurement, economic risk capital measurement and allocation and financial accounting.

#### **Credit limits**

Our credit exposures are managed at the counterparty and ultimate parent level in accordance with credit limits which apply in relation to notional exposure, potential future exposure and stress exposure. Credit limits are established to constrain lending business where exposure is typically related to committed loan amounts, and similarly in relation to trading business where exposure is typically subject to model-based estimation of future exposure amounts. Credit limits to counterparties and groups of connected companies are subject to formal approval under delegated authority within the divisions where the credit exposures

are generated, and where significant in terms of size or risk profile, are subject to further escalation to the Group chief credit officer or the CRO. In addition to credit limits based on current or potential credit exposure, divisions may also apply additional limits to constrain risk based on other risk metrics including stress scenario results. Following the Archegos matter, the Board mandated additional escalation requirements for approval of credit limits for the most significant credit exposures and transactions which were subject to review by the tactical crisis committee of the Board during 2021. Following the Board's retirement of the tactical crisis committee in early 2022, escalation to members of the Risk Committee is required.

→ Refer to "Corporate Governance developments" in IV – Capital management – Overview for further information on the tactical crisis committee.

In addition to counterparty and ultimate parent exposures, credit limits and tolerances are also applied at the portfolio level to monitor and manage risk concentrations such as to specific industries, countries or products. In addition, credit risk concentration is regularly supervised by credit and risk management committees.

#### **Credit monitoring, impairments and provisions**

A credit quality monitoring process is performed to provide for early identification of possible changes in the creditworthiness of clients, and includes regular asset and collateral quality reviews, business and financial statement analysis, and relevant economic and industry studies. Credit Risk maintains regularly updated watch lists and holds review meetings to re-assess counterparties that could be subject to adverse changes in creditworthiness. The review of the credit quality of clients and counterparties does not depend on the accounting treatment of the asset or commitment.

In the event that a deterioration in creditworthiness is likely to result in a default, credit exposures are transferred to the regional recovery management functions within Credit Risk. The determination of any allowance for credit losses in relation to such exposures is based on an assessment of the exposure profile and expectations for recovery. The recoverability of loans in recovery management is regularly reviewed. The frequency of the review depends on the individual risk profile of the respective positions.

We have an impairment process for loans valued at amortized cost which are specifically classified as potential problem loans, non-performing loans, non-interest-earning loans or restructured loans. The Group maintains specific allowances for credit losses, which we consider to be a reasonable estimate of losses identified in the existing credit portfolio, and provides for credit losses based on a regular and detailed analysis of all counterparties, taking collateral value into consideration, where applicable. If uncertainty exists as to the repayment of either principal or interest, a specific allowance for credit losses is either created or adjusted accordingly. The specific allowance for credit losses is revalued regularly by the recovery management function depending on the risk profile of the borrower or credit-relevant events. A credit portfolio & provisions review committee regularly reviews the appropriateness of allowances for credit losses.

### Credit Suisse counterparty ratings

Ratings	PD bands (%)	Definition	S&P	Fitch	Moody's	Details
AAA	0.000–0.021	Substantially risk free	AAA	AAA	Aaa	Extremely low risk, very high long-term stability, still solvent under extreme conditions
AA+	0.021–0.027	Minimal risk	AA+	AA+	Aa1	Very low risk, long-term stability, repayment sources sufficient under lasting adverse conditions, extremely high medium-term stability
AA	0.027–0.034		AA	AA	Aa2	
AA-	0.034–0.044		AA-	AA-	Aa3	
A+	0.044–0.056	Modest risk	A+	A+	A1	Low risk, short- and medium-term stability, small adverse developments can be absorbed long term, short- and medium-term solvency preserved in the event of serious difficulties
A	0.056–0.068		A	A	A2	
A-	0.068–0.097		A-	A-	A3	
BBB+	0.097–0.167	Average risk	BBB+	BBB+	Baa1	Medium to low risk, high short-term stability, adequate substance for medium-term survival, very stable short term
BBB	0.167–0.285		BBB	BBB	Baa2	
BBB-	0.285–0.487		BBB-	BBB-	Baa3	
BB+	0.487–0.839	Acceptable risk	BB+	BB+	Ba1	Medium risk, only short-term stability, only capable of absorbing minor adverse developments in the medium term, stable in the short term, no increased credit risks expected within the year
BB	0.839–1.442		BB	BB	Ba2	
BB-	1.442–2.478		BB-	BB-	Ba3	
B+	2.478–4.259	High risk	B+	B+	B1	Increasing risk, limited capability to absorb further unexpected negative developments
B	4.259–7.311		B	B	B2	
B-	7.311–12.550		B-	B-	B3	
CCC+	12.550–21.543	Very high risk	CCC+	CCC+	Caa1	High risk, very limited capability to absorb further unexpected negative developments
CCC	21.543–100.00		CCC	CCC	Caa2	
CCC-	21.543–100.00		CCC-	CCC-	Caa3	
CC	21.543–100.00		CC	CC	Ca	
C	100	Imminent or actual loss	C	C	C	Substantial credit risk has materialized, i.e., counterparty is distressed and/or non-performing. Adequate specific provisions must be made as further adverse developments will result directly in credit losses.
D1	Risk of default		D	D		
D2	has materialized					

Transactions rated C are potential problem loans; those rated D1 are non-performing assets and those rated D2 are non-interest earning.

A general allowance for credit losses is estimated for all loans and other financial assets held at amortized cost and related off-balance sheet credit exposures not specifically identified as impaired. The methodology for the calculation of provisions and allowances for credit losses is a forward-looking expected loss approach which meets the requirements of the current expected credit losses (CECL) approach under US GAAP. The method for determining the inherent credit loss in certain lending portfolios is derived from calculating the expected lifetime credit loss via bespoke models and requires significant management judgment by means of a qualitative overlay process. The forward-looking component of the models is reflected through forecasts of portfolio- and region-specific macroeconomic factors. In addition to these factors for systematic risk, the models contain idiosyncratic risk drivers. Qualitative adjustments reflect remaining idiosyncratic and portfolio-specific risks, which are not captured in the models. The calibration of these models is based on internal and/or external data. PD estimates contain a time-dependent, forward-looking component. LGD estimates can contain loan-specific attributes. In addition, selected LGD models contain a forward-looking component. Similar to LGD models, EAD models can contain loan-specific and/or forward-looking information. Model outputs are subject to a monthly review process, and the related expected credit loss assessments require approval by the Senior Management Approval Committee (SMAC) which is jointly chaired by the CRO and CFO. The SMAC is the ultimate approval body of the Group's provision and allowance for expected credit losses on non-impaired credit exposures, and it also approves the scenario weighting probabilities and baseline macroeconomic factors.

→ Refer to "Note 20 – Financial instruments held at amortized cost and credit losses" in VI – Consolidated financial statements – Credit Suisse Group for further information on our CECL methodology.

Changes in the credit quality of loans held at fair value are reflected in valuation changes recorded directly in revenues, and therefore are not part of the impaired loans balance which only includes loans valued on an amortized cost basis.

#### Risk mitigation

Drawn and undrawn credit exposures are managed by taking financial and non-financial collateral supported by enforceable legal documentation, as well as by utilizing credit hedging techniques. Financial collateral in the form of cash, marketable securities (e.g., equities, bonds or funds) and guarantees serves to mitigate the inherent risk of credit loss and to improve recoveries in the event of a default. Financial collateral received in the form of securities is subject to controls on eligibility and is supported by frequent market valuation depending on the asset class to ensure exposures remain adequately collateralized. Depending on the quality of the collateral, appropriate haircuts are applied for risk management purposes.

Clients may also take positions through derivative contracts in selected instruments or issuers, which expose the clients to the performance of the underlying securities. Such positions provide synthetic financing and present a similar risk to that of direct financing of securities, and are often executed with clients such as hedge funds. These positions are closely monitored and subject to margining.

Non-financial collateral such as residential and commercial real estate, tangible assets (e.g., ships or aircraft), inventories and commodities are valued at the time of credit approval and periodically thereafter depending on the type of credit exposure and collateral coverage ratio.



In addition to collateral, we also utilize credit hedging in the form of protection provided by single-name and index credit default swaps as well as structured hedging and insurance products. Credit hedging is used to mitigate risks arising from the loan portfolio, loan underwriting exposures and counterparty credit risk. Hedging is intended to reduce the risk of loss from a specific counterparty default or broader downturn in markets that impact the overall credit risk portfolio. Credit hedging contracts are typically bilateral or centrally cleared derivative transactions and are subject to collateralized trading arrangements. Hedging risk mitigation is evaluated so that basis or tenor risk can be appropriately identified and managed.

In addition to collateral and hedging strategies, we also actively manage our loan portfolio and may sell or sub-participate positions in the loan portfolio as a further form of risk mitigation.

#### **Governance of credit risk**

Credit risk is managed and controlled by the Credit Risk function and divisional chief risk officers and governed by a comprehensive framework of policies and committees. Key processes are reviewed through supervisory checks on a regular basis by Credit Risk, including the Group chief credit officer. Overall, credit risk is managed through a combination of divisional risk controls, including by divisional risk management committees and sub-committees, complemented by aggregate views of credit exposure at the Group level.

The Group chief credit officer has established an executive governance and change committee to support overall management and oversight of the Credit Risk function. The committee is comprised of senior personnel of key functions within Credit Risk and divisional chief credit officers. The governance framework is based on a committee structure covering key areas of the credit risk framework including the credit risk appetite committee, credit risk policy committee, credit risk controls committee and various project and change related governance committees. The governance framework ensures appropriate oversight of the global Credit Risk function and the maintenance of required global standards for the management of the Group's credit exposure.

#### **Credit risk review**

Governance and supervisory checks within Credit Risk are supplemented by the Credit Risk Review function. The Credit Risk Review function is independent from Credit Risk with a direct functional reporting line to the Risk Committee Chair, administratively reporting to the CRO. Credit Risk Review assesses the Group's credit exposures and practices related to management of credit risk.

### **Market risk**

#### **Definition**

Market risk is the risk of financial loss arising from movements in market risk factors. The movements in market risk factors that generate financial losses are considered to be adverse changes in interest rates, credit spreads, foreign exchange rates, equity and

commodity prices and other factors, such as market volatility and the correlation of market prices across asset classes. A typical transaction or position in financial instruments may be exposed to a number of different market risk factors. Market risks arise from both our trading and non-trading activities.

#### **Traded market risk**

##### **Sources of traded market risk**

Market risks mainly arise from our trading activities, primarily in the Investment Bank (which includes Global Trading Solutions). Our trading activities typically include fair-valued positions and risks arising from our involvement in primary and secondary market activities, for client facilitation and market-making purposes, including derivatives markets.

The Group is active globally in the principal trading markets, using a wide range of trading and hedging products, including derivatives and structured products. Structured products are customized transactions often using combinations of financial instruments and are executed to meet specific client or internal needs. As a result of our broad participation in products and markets, the Group's trading strategies are correspondingly diverse and exposures are generally spread across a range of risks and locations.

The market risks associated with the portfolio, including the embedded derivative elements of our structured products, are actively monitored and managed as part of our overall risk management framework and are reflected in our VaR measures.

##### **Evaluation and management of traded market risk**

We use market risk measurement and management methods capable of calculating comparable exposures across our many activities and employ focused tools that can model specific characteristics of certain instruments or portfolios. The tools are used for internal market risk management, internal market risk reporting and external disclosure purposes. Our principal market risk measures for traded market risk are VaR, scenario analysis, as included in our stress testing framework, position risk, as included in our economic risk capital, and sensitivity analysis. These measures complement each other in our market risk assessment and are used to measure traded market risk at the Group level. Our risk management practices are regularly reviewed to ensure they remain appropriate and fit for purpose.

Following the Archegos matter in 2021, Market Risk established a new counterparty market risk function. The function is designed to support the management of counterparty risk, leveraging product-related market risk knowledge to complement the existing credit risk approach.

##### **Measurement of traded market risk using value-at-risk**

VaR is a risk measure that quantifies the potential loss on a given portfolio of financial instruments over a certain holding period that is expected not to be exceeded at a certain confidence level. Positions are aggregated by risk factors rather than by product. For example, interest rate risk VaR captures potential losses driven by fluctuations of interest rates affecting a wide variety of

interest rate products (such as interest rate swaps and swaptions) as well as other products (such as foreign exchange derivatives and equity derivatives) for which interest rate risk is not the primary market risk driver. The use of VaR allows the comparison of risk across different businesses. It also provides a means of aggregating and netting a variety of positions within a portfolio to reflect historical correlations between different assets, allowing for a portfolio diversification benefit. Our VaR model is designed to take into account a comprehensive set of risk factors across all asset classes, and includes certain foreign exchange risk and commodity risk within the banking book.

VaR is an important tool in risk management and is used for measuring quantifiable risks from our activities exposed to market risk on a daily basis. In addition, VaR is one of the main risk measures for limit monitoring, financial reporting, calculation of regulatory capital and regulatory backtesting.

Our VaR model is based on historic data moves that derive plausible future trading losses. The model is responsive to changes in market conditions through the use of exponential weighting that applies a greater weight to more recent events, and the use of expected shortfall measures to ensure extreme adverse events are considered in the model. We use the same VaR model for risk management (including limit monitoring and financial reporting), regulatory capital calculation and regulatory backtesting purposes, although confidence level, holding period, historical look-back period and the scope of financial instruments considered can be different.

For our risk management VaR, we use a rolling two-year historical dataset, a one-day holding period and a 98% confidence level. This means that we would expect daily mark-to-market trading losses to exceed the reported VaR not more than twice on average in 100 trading days over a multi-year observation period. The 98% confidence level VaR is calculated using an equivalent expected shortfall approach. The expected shortfall metric represents the average of the potential worst losses beyond the confidence level. Risk management VaR is closely aligned to the model we use to measure regulatory VaR for capital purposes. Compared to regulatory VaR, however, it has a wider scope that includes trading book securitizations and banking book positions held at fair value. The scope of our risk management VaR is periodically reviewed to ensure it remains aligned with the internal risk framework and control processes.

For regulatory capital purposes, we operate under the Basel market risk framework which includes the following components for the calculation of regulatory capital: regulatory VaR, stressed VaR, IRC, RNIV, stressed RNIV and a regulatory prescribed standardized approach for securitizations. The regulatory VaR for capital purposes uses a two-year historical dataset, a ten-day holding period and a 99% confidence level calculated using an expected shortfall approach. This measure is designed to capture risks in the trading book and foreign exchange and commodity risks in the banking book and excludes securitization positions, as these are treated under the securitization approach

for regulatory purposes. Stressed VaR replicates the regulatory VaR calculation on the Group's current portfolio over a continuous one-year observation period that reflects a period of significant financial stress for the Group, selected from a longer historical dataset spanning from 2006 to the present. The historical dataset allows for the capturing of a longer history of potential loss events and helps reduce the pro-cyclicality of the minimum capital requirements for market risk. IRC is a regulatory capital charge for default and migration risk on positions in the trading books that may not be captured adequately by the ten-day holding period assumption of regulatory VaR. RNIV captures a variety of risks, such as certain basis risks, higher order risks and cross risks between asset classes, not adequately captured by the VaR model for example due to lack of sufficient historical market data.

Backtesting VaR uses a two-year historical dataset, a one-day holding period and a 99% confidence level calculated using an expected shortfall approach. This measure captures risks in the trading book and includes securitization positions. Backtesting VaR is not a component used for the calculation of regulatory capital but may have an impact through the regulatory capital multiplier if the number of backtesting exceptions exceeds regulatory thresholds.

Assumptions used in our market risk measurement methods for regulatory capital purposes are compliant with the standards published by the BCBS and other international standards for market risk management. We have approval from FINMA, as well as from other regulators for our subsidiaries, to use our regulatory VaR model in the calculation of market risk capital requirements. Ongoing enhancements to our VaR methodology are subject to regulatory approval or notification depending on their materiality, and the model is subject to regular reviews by regulators and the Group's independent Model Risk Management function.

Information required under Pillar 3 of the Basel framework related to market risk is available on our website.

- Refer to ["credit-suisse.com/regulatorydisclosures"](https://www.credit-suisse.com/regulatorydisclosures) for further information.
- Refer to "Risk-weighted assets" in Capital management for further information on the use of our regulatory VaR model in the calculation of market risk capital requirements.

#### VaR assumptions and limitations

The VaR model uses assumptions and estimates that we believe are reasonable, but VaR only quantifies the potential loss on a portfolio based on historical market conditions. The main assumptions and limitations of VaR as a risk measure are:

- VaR relies on historical data to estimate future changes in market conditions. Historical scenarios may not capture all potential future outcomes, particularly where there are significant changes in market conditions, such as increases in volatilities and changes in the correlation of market prices across asset classes;
- VaR provides an estimate of losses at a specified confidence level; the use of an expected shortfall equivalent measure allows all extreme adverse events to be considered in the model;

- VaR is based on either a one-day (for internal risk management, backtesting and disclosure purposes) or a ten-day (for regulatory capital purposes) holding period. This assumes that risks can be either sold or hedged over the holding period, which may not be possible for all types of exposure, particularly during periods of market illiquidity or turbulence; it also assumes that risks will remain in existence over the entire holding period; and
- VaR is calculated using positions held at the end of each business day and does not include intra-day changes in exposures.

To mitigate some of the VaR limitations and estimate losses associated with market movements that are unusually severe or not reflected in the historical observation period, we use other metrics designed for risk management purposes and described above, including stressed VaR, scenario analysis, as included in our stress testing framework, position risk, as included in our economic risk capital, and sensitivity analysis.

For some risk types there can be insufficient historical data for a calculation within the Group's VaR model. This often happens because underlying instruments may have traded only for a limited time. Where we do not have sufficient market data, the VaR calculation relies on market data proxies or extreme parameter moves. Market data proxies are selected to be as close to the underlying instrument as possible. Where neither a suitable market dataset nor a close proxy is available, extreme market moves are used.

We use a risk factor identification process to identify risks for capture. There are two parts to this process. First, the market data dependency approach systematically determines the risk requirements based on data inputs used by front-office pricing models and compares this with the risk types that are captured by the Group's VaR model and the RNIV framework. Second, the product-based approach is a qualitative analysis of product types undertaken in order to identify the risk types that those product types would be exposed to. A comparison is again made with the risk types that are captured in the VaR and RNIV frameworks. This process identifies risks that are not yet captured in the VaR model or the RNIV framework. A plan for including these risks in one or the other framework can then be devised. RNIV is captured in both our regulatory capital and economic risk capital framework.

#### **VaR backtesting**

Backtesting is one of the techniques used to assess the accuracy and performance of our VaR model used by the Group for risk management and regulatory capital purposes and serves to highlight areas of potential enhancements. Backtesting is used by regulators to assess the adequacy of the internal model approach-based regulatory capital held by the Group, the calculation of which includes regulatory VaR and stressed VaR.

Backtesting involves comparing the results produced by the VaR model with the hypothetical trading revenues on the trading book.

Hypothetical trading revenues are defined in compliance with regulatory requirements and aligned with the VaR model output by excluding (i) non-market elements (such as fees, commissions, cancellations and terminations, net cost of funding and credit-related valuation adjustments) and (ii) gains and losses from intraday trading. A backtesting exception occurs when a hypothetical trading loss exceeds the daily VaR estimate.

For capital purposes and in line with BIS requirements, FINMA increases the capital multiplier for every regulatory VaR backtesting exception above four in the prior rolling 12-month period, resulting in an incremental market risk capital requirement for the Group. VaR models with less than five backtesting exceptions are considered by regulators to be classified in a defined "green zone". The "green zone" corresponds to backtesting results that do not themselves suggest a problem with the quality or accuracy of a bank's model.

#### **Scenario analysis**

Market risk stress testing and scenarios quantify portfolio impacts under stressed market conditions, expressed as a potential loss number, which can be used in conjunction with other metrics such as market risk sensitivities and VaR to manage the Group's exposure to traded market risk. The analysis performed by the market risk scenarios team supports the daily risk management of specific businesses, as well as their understanding of the impact of scenarios run across the Group, either for internal assessments or for regulatory requests. Stress testing is essential for understanding the impact of large market moves and is particularly important for portfolios that hold complex and exotic instruments, where the risk profile is non-linear or where the value of the positions may be contingent on several factors (known as cross-risks), or on less liquid risk factors such as correlation.

Market risk stress testing is also used to model potential outcomes and capture vulnerabilities of the trading portfolios around specific macroeconomic or geopolitical events. These outcomes are used to guide business activities and develop risk management strategies during such events and are often supported with risk tolerances, which limit potential loss given the likelihood of the event, in line with the Group's risk appetite.

#### **Credit, debit and funding valuation adjustments**

Credit valuation adjustments (CVA) are modifications to the measurement of the value of derivative assets used to reflect the credit risk of counterparties.

Debit valuation adjustments (DVA) are modifications to the measurement of the value of derivative liabilities used to reflect an entity's own credit risk.

Funding valuation adjustments (FVA) reflect the fair value costs and benefits of funding associated with (i) any under-collateralized portions of a derivative and (ii) the funding of equivalent transferable collateral where the proceeds of any derivative collateralization cannot be sold or repledged.

These adjustments and their impact on revenues are not captured by the VaR framework.

#### **Traded market risk constraints**

Our market risk constraints framework encompasses specific constraints on various market risk measures, including VaR and results of scenario analysis and sensitivity analysis at the Group, Bank, divisional, legal entity, branches and business levels. For example, we have controls over consolidated traded market risk exposures as well as concentrations in the portfolio. Risk constraints are cascaded to lower organizational levels within the businesses. Risk limits are binding and any significant increase in risk exposures is escalated in a timely manner. The Group's OGR and internal policies determine limit-setting authority, temporary modification of such limits in certain situations and required approval authority at the Group, Bank, divisional, business and legal entity levels for any instances that could cause such limits to be exceeded. Market risk limit excesses are subject to a formal escalation procedure and the incremental risk associated with the excess must be approved by the responsible risk manager within the Market Risk function, with escalation to senior management if certain thresholds are exceeded. The majority of the market risk limits are monitored on a daily basis. Limits for which the inherent calculation time is longer or for which the risk profile changes less often are monitored less frequently depending on the nature of the limit (weekly, monthly or quarterly). The business is mandated to remediate market risk limit excesses within three business days upon notification. Remediation actions that take longer than three days are subject to an out-of-policy remediation process with senior management escalation. Following the Archegos matter in 2021, the market risk constraints framework was reinforced with regard to the four-eye principle of review. We also enhanced the approval process of limit excesses and temporary limit increases and strengthened escalation requirements for limit breaches and temporary limit increases with extended time durations.

#### **Mitigation of traded market risk**

Once a transaction has been executed, it is captured as part of our risk monitoring processes and subject to the market risk constraints framework. Specific policies are in place that are intended to ensure that for any new material and/or unusual transactions, the Market Risk function has been engaged and appropriate approvals are sought. These transactions are reviewed and approved by the Market Risk function so that the risk profile of the portfolio is in line with the risk appetite after execution.

Traded market risk is mitigated using financial securities, derivatives, insurance contracts or other appropriate means.

#### **Governance of traded market risk**

Traded market risk is managed and controlled by the Market Risk function and divisional chief risk officers and governed by a comprehensive framework of policies and committees.

Oversight of the Market Risk function is provided by various committees and supervisory reviews at the Group, legal entity and divisional level, covering the related framework, risk appetite,

quantitative approaches, evolving risk profile, material new trades and new business activity. The committees are comprised of senior Market Risk personnel. Relevant topics are escalated to senior management.

The governance framework is designed to ensure appropriate oversight of the Group's traded market risk exposures.

Like other models, our VaR model is subject to internal governance including validation by a team of modeling experts that are independent from the model developers. Validation includes identifying and testing the model's assumptions and limitations, investigating its performance through historical and potential future stress events, and testing that the live implementation of the model behaves as intended. We employ a range of different control processes to help ensure that the models used for traded market risk remain appropriate over time. As part of these control processes, the MACC meets regularly to review model performance and approve any new or amended models.

#### **Non-traded market risk**

##### **Sources of non-traded market risk**

Non-traded market risk primarily relates to asset and liability mismatch exposures in our banking book. Our businesses and Treasury have non-traded portfolios that carry market risks, mainly related to changes in interest rates but also to changes in foreign exchange rates.

We assume interest rate risks through lending and deposit-taking, money market and funding activities, and the deployment of our consolidated equity as well as other activities at the divisional level. Non-maturing products, such as savings accounts, have no contractual maturity date or direct market-linked interest rate and are risk-managed on a pooled basis using replication portfolios on behalf of the business divisions. Replication portfolios transform non-maturing products into a series of fixed-term products that approximate the re-pricing and volume behavior of the pooled client transactions.

Information required under Pillar 3 of the Basel framework related to interest rate risk in the banking book (IRRBB) is available on our website.

→ Refer to "[credit-suisse.com/regulatorydisclosures](https://www.credit-suisse.com/regulatorydisclosures)" for further information.

The majority of non-traded foreign exchange risk is associated with our investments in foreign branches, subsidiaries and affiliates denominated in currencies other than the reporting currency of the Group (i.e., Swiss francs) and includes related hedges. This is referred to as "structural foreign exchange risk". The remaining non-traded foreign exchange risk relates to our banking book positions other than from our investments in foreign operations and is managed under the risk appetite framework for market risk.

##### **Evaluation and management of non-traded market risk**

We monitor IRRBB through established systems, processes and controls. Risk measures are provided to estimate the impact of

changes in interest rates both in terms of risk to earnings as well as risk to the economic value of the Group's asset and liability position. For the purpose of this disclosure, IRRBB is measured using sensitivity analysis, which measures the potential change in economic value resulting from specified hypothetical shocks to interest rates. It is not a measure of the potential impact on reported earnings in the current period, since it takes into account accrual accounted positions as well as certain positions that are carried at fair value.

While structural foreign exchange risk is specified and measured in terms of sensitivity to hypothetical foreign currency shocks, it is excluded from regulatory market risk measurement. The sensitivity to hypothetical foreign currency shocks is also used to define our risk appetite constraints. Along with the management of the Group's CET1 ratio sensitivity to moves in foreign exchange rates, we measure and monitor sensitivities for several other key metrics, such as leverage ratios.

#### **Non-traded market risk constraints**

Non-traded market risk leverages the market risk constraints framework that encompasses specific constraints on various market risk measures, including VaR and results of scenario analysis and sensitivity analysis at the Group, Bank, divisional, legal entity and business levels, as described above for traded market risk constraints. These are supplemented by additional risk controls for structural foreign exchange risk and IRRBB.

#### **Mitigation of non-traded market risk**

The Group's risk appetite level for IRRBB is primarily driven by the available capital and is allocated to the Group's material legal entities. The Group does not have a regulatory requirement to hold capital against IRRBB. The economic impacts of adverse shifts in interest rates from FINMA-defined scenarios are significantly below 15% of tier 1 capital, which is the threshold used by FINMA to identify banks that potentially run excessive levels of interest rate risk at group and legal entity levels.

The Group aims to keep a limited risk profile for the economic value of the Group's asset and liability position while maintaining high earnings stability. This is addressed mainly by systematic hedging of issued debt and interest rate risk arising from loans and deposit maturity mismatches in the private banking business. The main instruments used for hedging are interest rate swaps.

Structural foreign exchange risk is actively managed by Treasury through the execution of currency hedges with the aim of mitigating the sensitivity of the Group's CET1 ratio to adverse movements in foreign exchange rates within parameters set out in the risk appetite framework.

#### **Governance of non-traded market risk**

The ExB RMC is responsible for the Group's non-traded market risk control framework and escalation of risk constraint breaches. The Group's RPSC and associated sub-committees are responsible for the oversight and approval of related risk models, global

policies, manuals, guidelines and procedures. Divisional and legal entity risk management committees review non-traded market risk-related matters specific to their local entities and jurisdictions.

## **Non-financial risk**

### **Definition and sources of non-financial risk**

Non-financial risk is the risk of an adverse direct or indirect impact originating from sources outside the financial markets, including but not limited to operational risk, technology risk, cyber risk, compliance risk, regulatory risk, legal risk and conduct risk. Non-financial risk is inherent in most aspects of our business, including the systems and processes that support our activities. It comprises a large number of disparate risks that can manifest in a variety of ways. Examples include the risk of damage to physical assets, business disruption, failures relating to data integrity and trade processing, cyber attacks, internal or external fraudulent or unauthorized transactions, inappropriate cross-border activities, money laundering, improper handling of confidential information, conflicts of interest, improper gifts and entertainment and failure in duties to clients.

Non-financial risk can arise from a wide variety of internal and external forces, including human error, inappropriate conduct, failures in systems, processes and controls, pandemic, deliberate attack or natural and man-made disasters. Outsourcing and external third parties may also create risks around maintaining business processes, system stability, data loss, data management, reputation and regulatory compliance. Certain of the present main categories and sources of non-financial risk are described below.

### **Operational risk**

Operational risk is the risk of an adverse impact arising from inadequate or failed internal processes, people or systems, or from external events. Operational risk does not include business and reputational risks; however, some operational risks can lead to reputational issues and as such these risks may be closely linked.

### **Technology risk**

Technology risk deserves particular attention given the complex technological landscape that covers our business model. Ensuring that confidentiality, integrity and availability of information assets are protected is critical to our operations. Technology risk is the risk that system-related failures, such as service outages or information security incidents, may disrupt business. Technology risk is inherent not only in our IT assets, but also in the people and processes that interact with them including through dependency on third-party suppliers and the worldwide telecommunications infrastructure. We seek to ensure that the data used to support key business processes and reporting is secure, complete, accurate, available, timely and meets appropriate quality and integrity standards. We require our critical IT systems to be identified, secure, resilient and available to support our ongoing operations, decision-making, communications and reporting. Our systems must also have the capabilities, capacity, scalability and

adaptability to meet current and future business objectives, the needs of our customers and regulatory and legal expectations. Failure to meet these standards and requirements may result in adverse events that could subject us to reputational damage, fines, litigation, regulatory sanctions, financial losses or loss of market share. Technology risks are managed through our technology risk management program, business continuity management plan and business contingency and resiliency plans. Technology risks are included as part of our overall non-financial risk assessments based upon a forward-looking approach focusing on the most significant risks in terms of potential impact and likelihood.

#### **Cyber risk**

Cyber risk, which can be driven by people, process and/or technology, is the risk that the Group will be compromised as a result of cyber attacks, security breaches, unauthorized access, loss or destruction of data, unavailability of service, computer viruses, employee misconduct or other events that could have an adverse security or resilience impact. Any such event could subject us to litigation or cause us to suffer a financial loss, a disruption of our businesses, liability to our clients, regulatory intervention or reputational damage. We could also be required to expend significant additional resources to investigate and remediate vulnerabilities or other exposures.

We recognize that cyber risk represents a rapidly evolving external risk landscape. The financial industry continues to face cyber threats from a variety of actors who are driven by monetary, political and other motivations. We actively monitor external and internal incidents and threats and assess and respond accordingly, including modifying our protective measures, to any potential vulnerabilities that this may reveal. We are also an active participant in industry forums and information exchange initiatives and engage in regulatory consultation on this subject.

We have an enterprise-wide cybersecurity strategy to provide strategic guidance as part of our efforts to achieve an optimized end-to-end security and risk competence to enable a secure and innovative business environment, aligned with the Group's risk appetite. A technology security team leverages a wide array of leading technology solutions and industry best practices to support our efforts to manage and maintain a secure information infrastructure, perform vulnerability assessments and detect and respond to information security threats.

We regularly assess the effectiveness of key controls and conduct ongoing employee training and awareness activities, including for key management personnel, in order to embed a strong cyber risk culture. As part of the non-financial risk framework (NFRF), the ExB RMC as well as divisional and legal entity risk management committees are given updates on the broader technology risk exposure.

Significant incidents are escalated to the Risk Committee together with key findings and mitigating actions. Related business continuity and response plans are tested and simulations are conducted up to the ExB RMC and Board level.

#### **Legal risk**

Legal risk is the risk of loss or imposition of damages, fines, penalties or other liability or any other material adverse impact arising from circumstances including the failure to comply with legal obligations, whether contractual, statutory or otherwise, changes in enforcement practices, the making of a legal challenge or claim against us, our inability to enforce legal rights or the failure to take measures to protect our rights.

#### **Compliance risk**

Compliance risk is the risk of legal or regulatory sanctions or financial loss that may result from the failure to comply with applicable laws, regulations, rules or market standards.

#### **Regulatory risk**

Regulatory risk is the risk that changes in laws, regulations, rules or market standards may limit our activities and have a negative effect on our business or our ability to implement strategic initiatives, or can result in an increase in operating costs for the business or make our products and services more expensive for clients.

#### **Conduct risk**

The Group considers conduct risk to be the risk that improper behavior or judgment by our employees may result in a negative financial, non-financial or reputational impact to our clients, employees or the Group, or negatively impact the integrity of the financial markets. Conduct risk may arise from a wide variety of activities and types of behaviors. A Group-wide definition of conduct risk supports the efforts of our employees to have a common understanding of and consistently manage and mitigate our conduct risk. Further, it promotes standards of responsible conduct and ethics in our employees. Managing conduct risk includes consideration of the risks generated by each business and the strength of the associated mitigating controls. Conduct risk is also assessed by reviewing and learning from past incidents within the Group and at other firms in the financial services sector.

The ongoing focus and investment in a strong risk culture is fundamental to the management of conduct risk. The Group's Code of Conduct provides a clear statement on the behavioral expectations, supported by our cultural values.

→ Refer to "Culture" in Risk management oversight and to "Corporate governance framework" in IV – Corporate Governance – Overview for further information on our Code of Conduct.

#### **Evaluation and management of non-financial risks**

We aim to maintain the integrity of our business, operations and reputation as a core principle guiding the management and oversight of non-financial risks by ensuring that our day-to-day operations are sustainable and resilient, do not expose us to significant losses and enable our employees to make decisions and conduct business in line with our values and desired reputation as a firm.

Each business area and function is responsible for its risks and the provision of adequate resources and procedures for the management of those risks. They are supported by the designated

second line of defense functions responsible for independent risk and compliance oversight, methodologies, tools and reporting within their areas as well as working with management on non-financial risk issues that arise. Businesses and relevant control functions meet regularly to discuss risk issues and identify required actions to mitigate risks.

The Non-Financial Risk function oversees the Group's established NFRF, providing a consistent and unified approach to evaluating and monitoring the Group's non-financial risks. Non-financial risk appetites are established and monitored under the Group-wide risk appetite framework, aligned with the NFRF, which sets common minimum standards across the Group for non-financial risk and control processes and review and challenge activities. Risk and control assessments are in place across all divisions and functions, consisting of the risk and control self-assessments and compliance risk assessments. Key non-financial risks are identified annually and represent the most significant risks requiring senior management attention. Where appropriate, remediation plans are put in place with ownership by senior management and ongoing oversight through the ExB RMC. In the event of significant internal or external events, risk identification processes are adjusted to assess additional or emerging risk concentrations and related mitigating actions that may be required.

#### **Non-financial risk capital management**

Our activities to manage non-financial risk capital include scenario analysis and operational risk regulatory capital measurement, as further described below. In addition, we transfer the risk of potential losses from certain non-financial risks to third-party insurance companies in certain instances.

#### **Non-financial risk scenario analysis**

Non-financial risk scenario analysis is forward-looking and is used to identify and measure exposure to a range of potential adverse events, such as unauthorized trading, transaction processing errors and compliance issues. These scenarios help businesses and functions assess the suitability of controls in light of existing risks and estimate hypothetical but plausible risk exposures. Scenarios are developed as qualitative estimation approaches to support stressed loss projections and capital calculations (both economic and regulatory capital) as part of regulatory requirements set by regulatory agencies in the jurisdictions in which we operate.

#### **Non-financial risk stress loss projections**

Operational losses may increase in frequency and magnitude during periods of economic stress and/or market volatility. We estimate the potential operational loss that may be experienced under a variety of adverse economic conditions through stress testing by quantifying historically observed relationships between various types of operational losses and the economy, and through expert consideration of impacts on key non-financial risks.

#### **Non-financial risk regulatory capital measurement**

We use a set of internally validated and approved models to calculate our regulatory capital requirements for non-financial risk

(also referred to as "operational risk capital") across the Group and for legal entities. For Group regulatory capital requirements, we use a model under the AMA. The model is based on a loss distribution approach that uses relevant historical internal and external loss data to estimate frequency and severity distributions for different types of potential non-financial risk losses, such as an unauthorized trading incident, execution delivery errors, fraud, litigation events or a material business disruption. Business experts and senior management review and challenge model parameters in light of changes of business environment and internal control factors to ensure that the capital projection is reasonable and forward-looking. Deductions are taken from the regulatory capital requirement for non-financial risk to account for the mitigating values of insurance policies held by the Group. The regulatory capital requirement represents the 99.9th percentile of the estimated distribution of total operational losses for the Group over a one-year time horizon. A risk-sensitive approach is applied to allocate capital to the businesses.

#### **Governance of non-financial risks**

Effective governance processes establish clear roles and responsibilities for managing non-financial risks and define appropriate escalation processes for outcomes that are outside expected levels. We utilize a comprehensive set of policies and procedures that set out how employees are expected to conduct their activities, including clearly defined roles for each of the three lines of defense to achieve appropriate segregation of duties.

Non-Financial Risk is responsible for setting minimum standards for managing non-financial risks at the Group level. This includes ensuring the cohesiveness of policies and procedures, tools and practices throughout the Group, particularly with regard to the identification, evaluation, mitigation, monitoring and reporting of these risks. Other second line of defense oversight functions are responsible for setting supplemental policies and procedures where applicable. Non-Financial Risk also oversees the global read-across framework, under which the Group performs comprehensive reviews of risk events and/or emerging risks to identify underlying root causes, and considers their applicability across other divisions, significant legal entities or corporate functions with the goal of minimizing re-occurrence in a sustainable manner through enhancements of processes and/or key controls to support reduction of relevant residual risks.

Non-financial risk exposures, metrics, issues and remediation efforts are discussed in various risk management committees across the organization, including in the ExB RMC, divisional operational risk and compliance management committees and relevant corporate function committees. Key, significant and trending non-financial risk themes are discussed in governance forums where appropriate, including risk themes that may emerge due to significant internal or external events and any corresponding tactical or strategic control enhancements that may be required in order to maintain adequate internal controls in response to such events.

For conduct risk, periodic monitoring of metrics is based on thresholds set by severity level, with material trends identified and escalated as appropriate to senior management.

## Model risk

In line with peer banks, we rely on advanced quantitative models and qualitative estimation approaches across business lines and legal entities to support a broad range of applications, including estimating various forms of financial risk, valuation of securities, stress testing activities, capital adequacy assessments, providing wealth management services to clients and to meet various reporting requirements.

### Definition and sources of model risk

Model risk is the risk of adverse consequences from decisions made based on model results that may be incorrect, misinterpreted or used inappropriately. All models and qualitative estimation approaches are imperfect approximations and assumptions that are subject to varying degrees of uncertainty in their output depending on, among other factors, the model's complexity and its intended application. As a result, modeling and estimation errors may result in inappropriate business decisions, financial loss, regulatory and reputational risk and incorrect or inadequate capital reporting. Model errors, intrinsic uncertainty and inappropriate use are the primary contributors to aggregate, Group-wide model risk.

### Evaluation and management of model risk

Through our global model risk management and governance framework we seek to identify, measure and mitigate significant risks arising from the use of models embedded within our global model ecosystem. Model risks can be managed through a well-designed and robust model risk management framework, encompassing model governance policies and procedures, model validation best practices and actionable model risk reporting.

Robust model risk management is crucial to ensuring that the Group's model risk is assessed and managed leveraging a central inventory that includes all models used by the Group in order to remain within a defined model risk appetite by focusing on identification, measurement and resolution of model limitations. Under the Group's model governance policies, the Model Risk Management function validates and approves models, including new models and material changes to existing models, in compliance with standards established by regulators. Developers, owners and model supervisors are responsible for identifying, developing, implementing and testing their models. Model supervisors are responsible for ensuring that models are submitted to the Model Risk Management function to be entered into the Group's model inventory and subsequently validated and approved. The Model Risk Management function is structured to be independent from model users, developers and supervisors.

A rigorous validation practice should ensure that models are conceptually sound, appropriately implemented by model owners and developers and functioning as intended. To accomplish this,

model risk management deploys a validation team comprising objective, well-informed subject matter experts with the necessary skills and knowledge to apply effective challenge across model types to mitigate model risk.

In line with the Group model governance policies, all models are risk-tiered based on an internal scoring method which combines model complexity, materiality and reliance to assign models into one of four risk tiers. These inherent risk ratings, or tiers, are used to prioritize models, including resource allocations for validations, periodic reviews and ongoing monitoring as well as to inform the depth of validation activities.

### Governance of model risk

Governance is an important aspect of model risk management. Model risk reports are presented and discussed at various model review committees to ensure appropriate oversight of model risk issues, observe progress in corresponding remediation actions and initiate any required escalations.

The Model Risk Management function reviews models, reports model limitations to key stakeholders, tracks remediation plans for validation findings and reports on model risk tolerance and metrics to senior management. The Model Risk Management function oversees controls to facilitate a complete and accurate Group-wide model inventory and performs semi-annual attestations with the aim of achieving completeness and accuracy of its model inventory.

## Reputational risk

### Definition and sources of reputational risk

Reputational risk is the risk that negative perception by our stakeholders, including clients, counterparties, employees, shareholders, regulators and the general public, may adversely impact client acquisition and damage our business relationships with clients and counterparties, affecting staff morale and reducing access to funding sources.

Reputational risk may arise from a variety of sources, including, but not limited to, the nature or purpose of a proposed transaction or service, the identity or activity of a potential client, the regulatory or political climate in which the business will be transacted, significant public attention surrounding the transaction itself or the potential sustainability risks of a transaction. Sustainability risks are potentially adverse impacts on the environment, on people or society, which may be caused by, contributed to or directly linked to financial service providers, usually through the activities of their clients. These may manifest themselves as reputational risks, but potentially also as credit, operational or other risks. Reputational risk may also arise from reputational damage in the aftermath of a non-financial risk incident, such as cyber crime or the failure by employees to meet expected conduct and ethical standards.

### Evaluation and management of reputational risk

Reputational risk is included in the Group's risk appetite framework to ensure that risk-taking is aligned with the approved risk



appetite. We highly value our reputation and are fully committed to protecting it through a prudent approach to risk-taking and a responsible approach to business. This is achieved through the use of dedicated processes, resources and policies focused on identifying, evaluating, managing and reporting potential reputational risks. This is also achieved by applying the highest standards of personal accountability and ethical conduct as set out in the Group's Code of Conduct and the Group's approach to cultural values and behaviors. Reputational risk potentially arising from proposed business transactions and client activity is assessed in the reputational risk review process. The Group's global policy on reputational risk requires employees to be conservative when assessing potential reputational impact and, where certain indicators give rise to potential reputational risk, the relevant business proposal or service must be submitted through the reputational risk review process. This involves a submission by an originator (any employee), approval by a business area head or designee, and its subsequent referral for evaluation by a reputational risk approver or by the respective divisional client risk committee. Reputational risk approvers are experienced and high-ranking senior managers, independent of the business divisions with the authority to approve, reject or impose conditions (also in relation to environmental or social matters) on a transaction or the establishment of a client relationship. In cases of particularly complex or cross-divisional transactions, the decision may be referred to the Global Client Risk Committee (GCRC), which reports to and receives its delegated authority from the ExB RMC and includes representatives of the Executive Board, including the CRO, CCO and General Counsel, and has authority to approve, reject or impose conditions on our participation in the transaction or service. During the course of 2021, in light of the Archegos and SCFF matters earlier in the year, the Group applied a more constrained overall risk appetite to reputational risk, with a greater volume of cases being decided by the GCRC and ExB RMC than in the previous year.

For transactions with potential sustainability risks, the internal specialist unit Sustainability Risk evaluates the nature of the transaction and Credit Suisse's role, the identity and activities of the client and the regulatory context of its operations, and assesses the environmental and social aspects of the client's operations, products or services. The team determines whether the client's activities are consistent with the relevant industry standards and whether the potential transaction is compatible with Credit Suisse's policies and guidelines for sensitive sectors. The outcome of this analysis is submitted to the responsible business unit and/or entered into the reputational risk review process for evaluation by a reputational risk approver.

#### **Governance of reputational risk**

The ExB RMC and the GCRC on a global level, and the divisional client risk committees, on a divisional or legal entity level, are the governing bodies responsible for the oversight and active discussion of client and transaction risks. At the Board level, the Risk Committee assists the Board in fulfilling its reputational risk oversight responsibilities by reviewing and approving the Group's

risk appetite framework as well as assessing the adequacy of the management of reputational and sustainability risks.

In order to inform our stakeholders about how we manage some of the sustainability risks inherent to the banking business, we publish our Sustainability Report, in which we also describe our efforts to conduct our operations in a manner that is environmentally and socially responsible and broadly contributes to society.

→ Refer to "[credit-suisse.com/sustainabilityreport](https://credit-suisse.com/sustainabilityreport)" for our Sustainability Report.

## **Business risk**

### **Definition and sources of business risk**

Business risk is the risk of not achieving our financial goals and ambitions in connection with the Group's strategy and how the business is managed in response to the external operating environment. External factors include both market and economic conditions, as well as shifts in the regulatory environment. Internally, we face risks arising from inappropriate strategic decisions, ineffective implementation of business strategies or an inability to adapt business strategies in response to changes in the operating environment, including in relation to client and competitor behavior.

The Group depends on dividends, distributions and other payments from its subsidiaries and the capital payouts in these subsidiaries might be restricted as a result of regulatory, tax or other constraints. Our businesses are also exposed to a variety of risks that could adversely impact the Group's dividend payments or share buyback programs.

Business risk also includes risks associated with the Group's illiquid investments. These investments are not subject to ExB RMC-approved processes for trading activities due to their characteristics and risk profile. Illiquid investments include private equity, hedge fund and mutual fund seed and co-investments, strategic investments (e.g., joint ventures and minority investments) as well as other investments, such as collateralized loan obligations (CLO) mandated by regulatory risk retention requirements. Banking book loans are not covered under the illiquid investment risk.

### **Evaluation and management of business risk**

The Group financial plan serves as the basis for the financial goals and ambitions against which the businesses and legal entities are assessed regularly throughout the year. These regular reviews include evaluations of financial performance, capitalization and capital usage, key business risks, overall operating environment and business strategy. This enables management to identify and execute changes to the Group's operations and strategy where needed.

### **Governance of business risk**

Strategic and related financial plans are developed by each division annually and aggregated into a Group financial plan, which is reviewed by the CRO, CFO and CEO before presentation to the full Executive Board and the Board. On a regular basis, the Board

and the Executive Board conduct more fundamental in-depth reviews of the Group's strategy and reassess our performance objectives.

→ Refer to "Strategy" in I – Information on the company for further information on our revised strategy.

Illiquid investment risk is separately governed by the Risk Committee and the ExB RMC. The divisional risk management committees and associated sub-committees are responsible for the day-to-day oversight and approval of related risk models, guidelines and procedures.

## Climate-related risks

### Definition of climate-related risks

Climate-related risks are the potentially adverse direct and indirect impacts on the Group's financial metrics, operations or reputation due to transitional or physical effects of climate change. Climate-related risks could manifest themselves through existing risk types such as credit risk, market risk, non-financial risk, business risk or reputational risk.

### Sources of climate-related risks

We have identified several key risks and opportunities originating from either the physical or the transitional effects of climate change. Physical risks can arise from climate and weather-related events (e.g., heatwaves, droughts, floods, storms and sea-level rise) and can potentially result in material financial losses, impairing asset values and the creditworthiness of borrowers. Transition risks can arise from the process of adjustment toward a low carbon economy through changes in climate policy, technological developments and disruptive business models, and shifting investor and consumer sentiment. Physical and transition climate-related risks can affect us as an organization either directly, through our physical assets, costs and operations, or indirectly, through our financial relationships with our clients.

### Evaluation and management of climate-related risks

Climate-related risks are one of the environmental aspects considered as part of the broader sustainability risk agenda of Credit Suisse. A climate change program was established in 2018 to address the recommendations of the FSB's Taskforce on Climate-related Financial Disclosures (TCFD) with respect to external disclosures on climate-related risks and opportunities.

In 2021, we published our climate-related risk disclosures following the structure provided by the TCFD recommendations for the first time. These were included in the Sustainability Report and summarized in a dedicated TCFD extract. The disclosures included quantitative metrics alongside explanations of the frameworks relied upon and Credit Suisse's overall climate strategy. We expect to continue to evolve our disclosures, incorporating more granular data and portfolio views as they become available.

→ Refer to [credit-suisse.com/sustainabilityreport](https://credit-suisse.com/sustainabilityreport) for our Sustainability Report and to [credit-suisse.com/tcfd](https://credit-suisse.com/tcfd) for an extract of disclosures in accordance with TCFD.

## Strategy

Credit Suisse recognizes its share of responsibilities in combating climate change by supporting the transition to a low-carbon and climate-resilient economy. As a financial institution, we are committed to playing our part in addressing this global challenge through our role as a financial intermediary between the economy, the environment and society.

Overall, Credit Suisse is pursuing a three-pronged approach as part of our efforts to address climate change and climate-related risks. First, we are working with our clients to support their transition to low-carbon and climate-resilient business models, and we are working to further integrate climate change into our risk management models as part of our climate risk strategy program. Second, we are focusing on delivering sustainable finance solutions that help our clients achieve their goals and contribute to the realization of the UN Sustainable Development Goals; and third, we are working on further reducing the carbon footprint of our own operations.

We actively engage in industry forums to foster the development of industry standards.

In 2021, we became a founding member of the Net-Zero Banking Alliance, which focuses on aligning member banks' portfolios with net-zero emissions by 2050. Further, Credit Suisse has committed to the Science Based Targets initiative (SBTi) Net-Zero Standard and is expected to submit proposed emission reduction commitments to the SBTi by December 2022.

Credit Suisse is a member of the Financial Services Task Force (FSTF), convened as part of His Royal Highness The Prince of Wales' Sustainable Markets Initiative (Sustainable Markets Initiative). The Sustainable Markets Initiative looks to define a credible pathway to net zero and bolster engagement and accelerate transition to a net-zero economy. The Sustainable Markets Initiative joined forces with the UN Environment Programme Finance Initiative to found the Net-Zero Banking Alliance in 2021, and published a guide which aims to support the banking industry to adopt a consistent and transparent approach to supporting clients' transition to net zero.

In 2021, as part of our strategy, we expanded the scope of the CETFs that were launched in 2020 to cover the additional sectors of shipping, aviation and commodity trade finance (fossil-fuel related). CETFs are used to identify priority sectors and they include a methodology to categorize clients that operate in these sectors according to their energy transition readiness. With this approach, we aim to actively encourage clients to transition along the CETF scale over time and support them through financing and advisory services. Work is underway to extend coverage to additional sectors.

## Risk management

Climate-related risks are embedded in our Group-wide risk taxonomy as a risk driver which typically manifests itself through other traditional risk types. Risk identification is performed holistically

for all potential manifestations of climate-related risks, across all risk types, in order to obtain a comprehensive view of potential portfolio and business impacts.

Climate-related risks – alongside other sustainability risks – are considered within the Group-wide, standardized reputational risk review process as part of their review of sustainability risks.

We have identified sensitive sectors which pose greater environmental and social risks (including impacts to the climate) and have policies and guidelines in place to govern the responsible provision of financial services to clients within these sectors. Consequently, within the reputational risk review process, we evaluate factors such as a company's greenhouse gas footprint or its energy efficiency targets and we assess whether in-scope clients have a plan in place to address climate-related risks.

Our policies and guidelines describe business activities and operations that Credit Suisse will not finance. In 2021, we announced a time-bound commitment to restrict financing and capital market underwriting to businesses involved in activities related to thermal coal mining and coal power. In addition, restrictions for clients developing new greenfield thermal coal mines, coal-fired power plants or capacity expansions have been adopted.

We intend to progressively integrate assessment of risks stemming from climate change into our origination process and overall risk appetite framework and continue to embed our climate risk appetite and risk management framework across our businesses throughout 2022.

Direct physical risks of climate change are identified and assessed through the business continuity management process alongside other physical risks such as natural disasters. With regard to indirect physical risks, we assessed climate-related risks by applying physical models to our portfolios starting with pilot assessments for certain legal entities. We are working to expand these assessments across all Credit Suisse entities.

#### **Metrics and targets**

We have developed a range of internal analytics on Credit Suisse's exposures to clients in climate-impacted sectors. We plan to continue accelerating the development of our capabilities to measure and manage climate and sustainability-related risks and thereby adhere to our commitments to align our financing with the objectives of the Paris Agreement on Climate Change (Paris Agreement). Following our commitment in 2020 to achieve net zero emissions across our operations, supply chain and financing activities by 2050, Credit Suisse has initiated and progressed the work required to measure our total financed emissions and develop transition strategies.

Our sustainable finance solutions are designed to achieve a positive impact on the environment while also creating financial value for our clients, drawing upon the expertise of various specialist departments across our divisions. Transactions executed during

2020 and 2021 that have been reviewed and approved as of January 26, 2022 as qualifying for inclusion towards the previously announced sustainable finance commitment of CHF 300 billion by 2030 amount to CHF 60 billion in aggregate.

We are part of the global RE100 (100% renewable electricity) initiative and are committed to sourcing 100% renewable electricity across our entire global operations by 2025. In 2021, 90% of the Group's electricity consumed globally was generated from certified renewable resources. Furthermore, an ISO 14001-certified environmental management system, through which we currently manage our operational environmental risks globally, is planned to be updated during 2022 and 2023 to incorporate our new methodology for the collection and reporting of our greenhouse gas emissions to support our net zero carbon emissions by 2050 ambition.

#### **Governance of climate-related risks**

Climate change-related responsibilities are included in the Board's Risk Committee charter. Additionally, at the Board level, we have a Sustainability Advisory Committee. At the Executive Board level, the ExB RMC assumes responsibility for the overall climate change strategy and is mandated to ensure that the capabilities for the management of relevant long-term risk trends, including climate change, are put in place. Furthermore, key internal policies incorporate important elements of climate risk management. In 2021, Credit Suisse established a global internal policy that addresses Credit Suisse's broader long-term climate change strategy, reflecting our commitment to the Paris Agreement as well as our approach to the transition and physical risks arising from a changing climate.

For complex and high risk client transactions, including clients with business practices associated with material environmental and/or social issues, a comprehensive risk assessment is performed with escalation for decision making to the GCRC on a global level using a risk-based approach, and to the divisional client risk committees on a divisional or legal entity level.

A dedicated Climate Risk function within Credit Risk provides specialized capabilities to assess and manage the multifaceted aspects of climate-related risks.

#### **Fiduciary risk**

##### **Definition and sources of fiduciary risk**

Fiduciary risk is the risk of financial loss arising when the Group or its employees, acting in a fiduciary capacity as trustee, investment manager or as mandated by law, do not act in the best interest of the client in connection with the provision of advice and/or management of our client's assets including from a product-related market, credit, liquidity, counterparty and non-financial risk perspective. With the establishment of Asset Management as a standalone division, we have moved risk oversight of the division into a dedicated divisional risk management function. We have also introduced an enhanced new product approval process.

### Evaluation and management of fiduciary risk

With regard to fiduciary risk that relates to discretionary investment-related activities, assessing investment performance and reviewing forward-looking investment risks in our client portfolios and investment funds is central to our investment oversight program. Areas of focus include:

- Measuring and monitoring investment performance of discretionary client portfolios and investment funds and comparing the returns against benchmarks and peer groups to understand level, sources and drivers of the returns.
- Assessing risk measures such as exposure, sensitivities, stress scenarios, expected volatility and liquidity across our portfolios as part of our efforts to manage the assets in line with the clients' expectations and risk tolerance.
- Treating clients with a prudent standard of care, which includes information disclosure, subscriptions and redemptions processes, trade execution and requiring the highest ethical conduct.
- Ensuring discretionary portfolio managers' investment approach is in accordance with prospectus, regulations and client guidelines.
- Monitoring client investment guidelines or investment fund limits. In certain cases, internal limits or guidelines are also established and monitored.

Fiduciary risks from activities other than discretionary investment management, such as the advised portfolios, are managed and monitored in a similar oversight program. This program is actively managed in cooperation with the Compliance function and is based on the suitability framework.

### Governance of fiduciary risk

Sound governance is essential for all discretionary management activities including trade execution and the investment process. Our program targets daily, monthly or quarterly monitoring of all portfolio management activities with independent analysis provided to senior management. Formal review meetings are in place as part of our efforts to ensure that investment performance and risks are in line with expectations and adequately supervised.

## Pension risk

### Definition and sources of pension risk

Pension risk is the financial risk from contractual or other liabilities to which we are exposed as a sponsor of and/or participant in pension plans. It is the risk that we may be required to make unexpected payments or other contributions to a pension plan because of a potential obligation (i.e., underfunding).

We sponsor three types of pension plans:

- defined benefit plans;
- defined contribution plans; and
- our Swiss savings plan.

Pension risk arises from defined benefit plans and the Swiss savings plan, which has elements of a defined benefit plan. Under

these plans, we, as the plan sponsor, bear the potential risk of having to provide additional funding in the event of a plan shortfall whereby the plan liabilities exceed the plan assets. Under defined contribution plans there is no defined benefit at retirement and the employee bears the investment risk; as a result, the plan sponsor is not responsible for a shortfall. The majority of our pension risk derives from the defined benefit plans in Switzerland, the UK and the US.

Sources of risks can be broadly categorized into asset investment risks (e.g., underperformance of bonds, equities and alternative investments) and liability risks, primarily from changes in interest rates, inflation and longevity.

### Evaluation and management of pension risk

#### Pension plan structure

The Group's major pension plans are established as separate entities from the sponsor firm and are governed by trustees who are charged with safeguarding the interests of the plan members pursuant to statutory and regulatory requirements. Risk-taking activity within the Group's pension funds is not typically within the direct control of the sponsor firm. There is however a risk that we, as the plan sponsor, may have a potential obligation to contribute due to underfunding which could have a negative impact on the Group's capital and income before taxes.

#### Metrics and targets

Pension risk forms an integral part of the Group's risk appetite assessment with internal macro-economic stress scenarios used for Group-wide stress testing. These are incremental to the assessment performed by the trustees and their external advisers.

Within Risk, pension risk is measured and quantified through both our stress testing framework and internal capital metrics used to assess the Group's capital requirements. These measures are intended to assess the potential impact from the revaluation of pension assets and liabilities on the Group's capital metrics and income before taxes.

### Governance of pension risk

The overall pension risk framework and governance structure of our pension plans consists of three components:

- Trustees have overall responsibility of the pension plan and act on behalf of the beneficiaries of the plan with additional oversight by actuaries and external consultants. Trustees are responsible for ensuring that the pension plan is run properly and the member benefits are secure.
- Depending on the jurisdiction there is oversight provided by senior management, trustees, actuaries and/or advisors in relation to local funding, investment strategy, plan changes or other actions of the pension fund.
- Risk monitors and reports various metrics and analytics to senior management and regulators (e.g., economic risk capital, severe flight to quality and loss potential analysis).

## Risk portfolio analysis

### Credit risk

#### Credit risk overview

All transactions that are exposed to potential losses arising as a result of a borrower or counterparty failing to meet its financial obligations or as a result of deterioration in the credit quality of the borrower or counterparty are subject to credit risk exposure measurement and management.

→ Refer to "Note 20 – Financial instruments measured at amortized cost and credit losses" in VI – Consolidated financial statements – Credit Suisse Group for information on credit quality and aging analysis of loans.

For regulatory capital purposes, credit risk comprises several regulatory categories where credit risk measurement and related regulatory capital requirements are subject to different measurement approaches under the Basel framework. Details on regulatory credit risk categories, credit quality indicators and credit risk concentration are available in our disclosures required under Pillar 3 of the Basel framework related to risk, which will be available on our website.

→ Refer to "credit-suisse.com/regulatorydisclosures" for further information.

#### Loans and irrevocable loan commitments

The following table provides an overview of loans and irrevocable loan commitments by division in accordance with accounting principles generally accepted in the US and are not comparable with the regulatory credit risk exposures presented in our disclosures required under Pillar 3 of the Basel framework.

#### Loans and irrevocable loan commitments

end of	2021	2020
<b>CHF million</b>		
Gross loans	293,064	293,539
Irrevocable loan commitments	122,559	119,022
<b>Total loans and irrevocable loan commitments</b>	<b>415,623</b>	<b>412,561</b>
of which Swiss Universal Bank	193,493	190,872
of which International Wealth Management	60,138	59,645
of which Asia Pacific	39,114	42,287
of which Asset Management	44	22
of which Investment Bank	121,444	118,167
of which Corporate Center	1,390	1,568

#### Loans held-for-sale and traded loans

As of December 31, 2021 and 2020, loans held-for-sale included CHF 29 million and CHF 102 million, respectively, of seasoned US subprime residential mortgages from consolidated variable interest entities (VIE). Traded loans included US subprime residential mortgages of CHF 278 million and CHF 233 million as of December 31, 2021 and 2020, respectively.

#### Loans

The table "Loans" provides an overview of our loans by loan classes, impaired loans, the related allowance for credit losses and selected loan metrics by business division. The carrying values of loans and related allowance for credit losses are presented in accordance with generally accepted accounting standards in the US and are not comparable with the regulatory credit risk exposures presented in our disclosures required under Pillar 3 of the Basel framework.

Compared to December 31, 2020, gross loans were stable at CHF 293.1 billion as of December 31, 2021, as net decreases in commercial and industrial loans, loans to the real estate sector and from the euro translation impact were offset by increases in loans to financial institutions, consumer mortgages, consumer finance loans and from the USD translation impact. The net decrease of CHF 5.0 billion in commercial and industrial loans mainly reflected decreases in Swiss Universal Bank, Asia Pacific and the Investment Bank. The net decrease of CHF 0.5 billion in loans to the real estate sector mainly reflected a decrease in International Wealth Management, partially offset by an increase in Swiss Universal Bank. Loans to financial institutions increased CHF 2.7 billion, mainly reflecting an increase in the Investment Bank. Consumer mortgages increased CHF 1.5 billion, mainly driven by an increase in International Wealth Management. The net increase of CHF 0.6 billion in consumer finance loans mainly reflected an increase in Swiss Universal Bank.

On a divisional level, decreases in gross loans of CHF 2.7 billion in Asia Pacific, CHF 0.3 billion in the Corporate Center and CHF 0.2 billion in Swiss Universal Bank were partially offset by increases of CHF 1.8 billion in the Investment Bank and CHF 1.0 billion in International Wealth Management.

→ Refer to "Note 19 – Loans" and "Note 20 – Financial instruments measured at amortized cost and credit losses" in VI – Consolidated financial statements – Credit Suisse Group for further information.

## Loans

end of	Swiss Universal Bank	International Wealth Management	Asia Pacific	Asset Management	Investment Bank	Corporate Center	Credit Suisse
<b>2021 (CHF million)</b>							
Mortgages	103,997	4,957	1,566	0	0	13	110,533
Loans collateralized by securities	6,917	20,305	22,181	0	1,819	31	51,253
Consumer finance	4,395	424	3	13	173	67	5,075
Consumer	115,309	25,686	23,750	13	1,992	111	166,861
Real estate	24,395	1,275	2,360	0	491	8	28,529
Commercial and industrial loans	29,599	24,544	7,236	0	7,042	708	69,129
Financial institutions	6,564	1,584	2,411	11	14,391	261	25,222
Governments and public institutions	793	485	385	0	1,571	89	3,323
Corporate & institutional	61,351	27,888	12,392	11	23,495	1,066	126,203
<b>Gross loans</b>	<b>176,660</b>	<b>53,574</b>	<b>36,142</b>	<b>24</b>	<b>25,487</b>	<b>1,177</b>	<b>293,064</b>
of which held at fair value	61	6	2,070	0	7,711	395	10,243
Net (unearned income) / deferred expenses	105	(91)	(21)	0	(75)	1	(81)
Allowance for credit losses <sup>1</sup>	(528)	(296)	(258)	0	(186)	(29)	(1,297)
<b>Net loans</b>	<b>176,237</b>	<b>53,187</b>	<b>35,863</b>	<b>24</b>	<b>25,226</b>	<b>1,149</b>	<b>291,686</b>
<b>2020 (CHF million)</b>							
Mortgages	103,868 <sup>2</sup>	3,653	1,520	0	0	26	109,067
Loans collateralized by securities	6,199 <sup>2</sup>	19,900	23,324	0	1,574	31	51,028
Consumer finance	3,885 <sup>2</sup>	400	4	14	62	72	4,437
Consumer	113,952	23,953	24,848	14	1,636	129	164,532
Real estate	24,122	1,983	2,374	0	557	9	29,045
Commercial and industrial loans	31,458	24,848	8,629	0	8,292	870	74,097
Financial institutions	6,591 <sup>2</sup>	1,768	2,528	8	11,320	272	22,487
Governments and public institutions	768	64	472	0	1,923	151	3,378
Corporate & institutional	62,939	28,663	14,003	8	22,092	1,302	129,007
<b>Gross loans</b>	<b>176,891</b>	<b>52,616</b>	<b>38,851</b>	<b>22</b>	<b>23,728</b>	<b>1,431</b>	<b>293,539</b>
of which held at fair value	25	62	2,446	0	8,316	559	11,408
Net (unearned income) / deferred expenses	104	(104)	(27)	0	(69)	1	(95)
Allowance for credit losses <sup>1</sup>	(663)	(345)	(199)	0	(300)	(29)	(1,536)
<b>Net loans</b>	<b>176,332</b>	<b>52,167</b>	<b>38,625</b>	<b>22</b>	<b>23,359</b>	<b>1,403</b>	<b>291,908</b>

<sup>1</sup> Allowance for credit losses is only based on loans that are not carried at fair value.

<sup>2</sup> Certain consumer loans have been reclassified to corporate & institutional loans following the application of a look-through approach with regard to beneficial owners. Prior periods have been reclassified to conform to the current presentation.

### Collateralized loans

The table "Collateralized loans" provides an overview of collateralized loans by division. For consumer loans, the balances reflect the gross carrying value of the loan classes "Mortgages" and "Loans collateralized by securities", of which a significant majority

are fully collateralized. Consumer finance loans are not included as the majority of these loans are unsecured. For corporate & institutional loans, the balances reflect the value of mortgages and financial and other collateral related to secured loans, considered up to the amount of the related loans.

## Collateralized loans

end of	Swiss Universal Bank	International Wealth Management	Asia Pacific	Asset Management	Investment Bank	Corporate Center	Credit Suisse
<b>2021 (CHF million)</b>							
<b>Gross loans</b>	<b>176,660</b>	<b>53,574</b>	<b>36,142</b>	<b>24</b>	<b>25,487</b>	<b>1,177</b>	<b>293,064</b>
<b>Collateralized loans</b>	<b>160,383</b>	<b>51,069</b>	<b>31,444</b>	<b>0</b>	<b>12,187</b>	<b>88</b>	<b>255,171</b>
of which consumer <sup>1</sup>	110,914	25,262	23,747	0	1,819	44	161,786
of which mortgages	103,997	4,957	1,566	0	0	13	110,533
of which loans collateralized by securities	6,917	20,305	22,181	0	1,819	31	51,253
of which corporate & institutional <sup>2</sup>	49,469	25,807	7,697	0	10,368	44	93,385
of which secured by mortgages	35,270	1,375	89	0	88	0	36,822
of which secured by financial and other collateral	14,199	24,432	7,608	0	10,280	44	56,563
<b>2020 (CHF million)</b>							
<b>Gross loans</b>	<b>176,891</b>	<b>52,616</b>	<b>38,851</b>	<b>22</b>	<b>23,728</b>	<b>1,431</b>	<b>293,539</b>
<b>Collateralized loans</b>	<b>160,939</b> <sup>3</sup>	<b>50,024</b>	<b>33,183</b>	<b>0</b>	<b>9,653</b>	<b>115</b>	<b>253,914</b>
of which consumer <sup>1</sup>	110,067 <sup>3</sup>	23,553	24,844	0	1,574	57	160,095
of which mortgages	103,868	3,653	1,520	0	0	26	109,067
of which loans collateralized by securities	6,199	19,900	23,324	0	1,574	31	51,028
of which corporate & institutional <sup>2</sup>	50,872 <sup>3</sup>	26,471	8,339	0	8,079	58	93,819
of which secured by mortgages	36,182	2,780	159	0	249	0	39,370
of which secured by financial and other collateral	14,690	23,691	8,180	0	7,830	58	54,449

<sup>1</sup> Reflects the gross carrying value of the consumer loan classes "Mortgages" and "Loans collateralized by securities", before allowance for credit losses.

<sup>2</sup> Reflects the value of mortgages and financial and other collateral related to secured corporate & institutional loans, considered up to the amount of the related loans.

<sup>3</sup> Certain consumer loans have been reclassified to corporate & institutional loans following the application of a look-through approach with regard to beneficial owners. Prior periods have been reclassified to conform to the current presentation.

Within consumer loans, mortgages primarily include mortgages on residential real estate such as single family homes, apartments and holiday homes as well as building loans. Mortgages may also include certain loans that are secured by a combination of mortgages or other real estate titles and other collateral including, e.g., securities, cash deposits or life insurance policies. Loans collateralized by securities primarily include lombard loans secured by well-diversified portfolios of securities and share-backed loans.

Within corporate & institutional loans, mortgage collateral primarily includes income-producing commercial and residential real estate held by corporate & institutional clients. Financial and other collateral includes various types of eligible collateral, e.g., securities, cash deposits, financial receivables related to factoring, certain real assets such as ownership titles in ship and aircraft, inventories and commodities, and certain guarantees.

Financial collateral is subject to frequent market valuation depending on the asset class. In the Group's private banking, corporate and institutional businesses, all collateral values for loans are regularly reviewed according to the Group's risk management policies and directives, with maximum review periods determined by collateral type, market liquidity and market transparency. For example, traded securities are revalued on a daily basis and property values are appraised over a medium-term horizon generally exceeding one year considering the characteristics of the property, current developments in the relevant real estate market

and the current level of credit exposure to the borrower. If the credit exposure to a borrower has changed significantly, in volatile markets or in times of increasing general market risk, collateral values may be appraised more frequently. Management judgment is applied in assessing whether markets are volatile or general market risk has increased to a degree that warrants a more frequent update of collateral values. Movements in monitored risk metrics that are statistically different compared to historical experience are considered in addition to analysis of externally-provided forecasts, scenario techniques and macroeconomic research. For impaired loans, the fair value of collateral is determined within 90 days of the date the impairment was identified and thereafter regularly revalued by Credit Risk within the impairment review process. In the Group's investment banking businesses, collateral-dependent loans are appraised on at least an annual basis, or when a loan-relevant event occurs.

As of December 31, 2021, 98% of the aggregate Swiss residential mortgage loan portfolio of CHF 113.4 billion had an LTV ratio equal to or lower than 80%. As of December 31, 2020, 97% of the aggregate Swiss residential mortgage loan portfolio of CHF 112.4 billion had a loan-to-value (LTV) ratio equal to or lower than 80%. For substantially all Swiss residential mortgage loans originated in 2021 and 2020, the average LTV ratio was equal to or lower than 80% at origination. Our LTV ratios are based on the most recent appraised value of the collateral.

## Impaired loans

Compared to December 31, 2020, gross impaired loans decreased CHF 430 million to CHF 2.8 billion as of December 31, 2021, mainly driven by lower potential problem loans in Asia Pacific and Swiss Universal Bank and lower non-performing loans in the Investment Bank. These decreases were partially offset by an increase in non-performing loans in Asia Pacific.

In the Investment Bank, gross impaired loans decreased CHF 208 million, mainly driven by the upgrade of three oil and gas companies, the sale of loans to a real estate and a mining company and the partial repayment of a loan in the entertainment sector. In Swiss Universal Bank, gross impaired loans decreased CHF 110

million, mainly driven by write-offs in commodity trade finance and a combination of upgrades to non-impaired status and exposure reductions in small and medium-sized enterprises. These decreases were partially offset by a newly impaired mortgage in the premium clients business. In International Wealth Management, gross impaired loans decreased CHF 52 million, primarily driven by ship finance, aviation finance and yacht finance. These decreases were partially offset by newly impaired positions in lombard lending, corporate lending and European mortgages. In Asia Pacific, gross impaired loans decreased CHF 49 million, mainly driven by repayments of share-backed loans. Gross impaired loans in the Corporate Center decreased CHF 11 million.

## Impaired loans

end of	Swiss Universal Bank	International Wealth Management	Asia Pacific	Asset Management	Investment Bank	Corporate Center	<b>Credit Suisse</b>
<b>2021 (CHF million)</b>							
Non-performing loans	382	741	421	0	77	45	1,666
Non-interest-earning loans	208	58	1	0	0	31	298
Non-accrual loans	590	799	422	0	77	76	1,964
Restructured loans	125	7	210	0	25	0	367
Potential problem loans	202	76	0	0	155	3	436
Other impaired loans	327	83	210	0	180	3	803
<b>Gross impaired loans <sup>1</sup></b>	<b>917</b>	<b>882 <sup>2</sup></b>	<b>632</b>	<b>0</b>	<b>257</b>	<b>79</b>	<b>2,767</b>
of which loans with a specific allowance	747	630	632	0	257	74	2,340
of which loans without a specific allowance	170	252	0	0	0	5	427
<b>2020 (CHF million)</b>							
Non-performing loans	406	692	312	0	210	46	1,666
Non-interest-earning loans	258	81	0	0	0	36	375
Non-accrual loans	664	773	312	0	210	82	2,041
Restructured loans	39	60	150	0	56	8	313
Potential problem loans	324	101	219	0	199	0	843
Other impaired loans	363	161	369	0	255	8	1,156
<b>Gross impaired loans <sup>1</sup></b>	<b>1,027</b>	<b>934 <sup>2</sup></b>	<b>681</b>	<b>0</b>	<b>465</b>	<b>90</b>	<b>3,197</b>
of which loans with a specific allowance	908	576	681	0	465	80	2,710
of which loans without a specific allowance	119	358	0	0	0	10	487

<sup>1</sup> Impaired loans are only based on loans that are not carried at fair value.

<sup>2</sup> Includes gross impaired loans of CHF 84 million and CHF 76 million as of December 31, 2021 and 2020, respectively, which are mostly secured by guarantees provided by investment-grade export credit agencies.

In March 2020, US federal banking regulators issued the "Interagency Statement on Loan Modifications and Reporting for Financial Institutions Working with Customers Affected by the Coronavirus (Revised)" (Interagency Statement). According to the Interagency Statement, short-term modifications made on a good faith basis in response to the COVID-19 crisis to borrowers that were otherwise current prior to the relief being granted would not be considered to be troubled debt restructurings. This includes short-term modifications such as payment deferrals, fee waivers, repayment term extensions or payment delays that are insignificant. The Interagency Statement was developed in consultation with the Financial Accounting Standards Board (FASB) and the Group has applied this guidance. The Group has granted short-term modifications to certain borrowers due to the COVID-19

crisis in the form of deferrals of capital and interest payments that are within the scope of this guidance and the loans subject to those deferrals have not been reported as troubled debt restructurings in restructured loans. As of December 31, 2021 and 2020, the Group had CHF 144 million and CHF 4.3 billion, respectively, of loans held at amortized cost that were modified and not reported as troubled debt restructurings as a result of this relief and interpretative guidance.

## Allowance for credit losses on loans

Compared to December 31, 2020, the allowance for credit losses decreased CHF 239 million to CHF 1.3 billion as of December 31, 2021, reflecting decreases in Swiss Universal Bank, the Investment Bank and International Wealth Management, partially



offset by an increase in Asia Pacific. The release of non-specific provisions for expected credit losses was mainly driven by an improved global economic outlook observable in the first half of 2021, which led to an improvement of macroeconomic factors as well as a recalibration or removal of qualitative overlays.

In Swiss Universal Bank, the decrease in allowance for credit losses of CHF 135 million mainly reflected write-offs in commodity trade finance and a release of non-specific provisions for expected credit losses. These decreases were partially offset by new or increased specific provisions in small and medium-sized enterprises. In the Investment Bank, the decrease in allowance for credit losses of CHF 114 million mainly reflected a release

of non-specific provisions for expected credit losses, a write-off related to the sale of a loan to a real estate company and recoveries from two restructured positions in the healthcare and coal mining sectors. In International Wealth Management, the decrease in allowance for credit losses of CHF 49 million mainly reflected the release of non-specific provisions for expected credit losses and write-offs in ship finance and corporate lending. These decreases were partially offset by increased specific provisions in lombard lending, aviation finance and European mortgages. In Asia Pacific, the increase in allowance for credit losses of CHF 59 million mainly reflected increased specific provisions on several share-backed loans, partially offset by a release of non-specific provisions for expected credit losses.

## Allowance for credit losses on loans

end of	Swiss Universal Bank	International Wealth Management	Asia Pacific	Asset Management	Investment Bank	Corporate Center	Credit Suisse
<b>2021 (CHF million)</b>							
<b>Balance at beginning of period <sup>1</sup></b>	<b>663</b>	<b>345</b>	<b>199</b>	<b>0</b>	<b>300</b>	<b>29</b>	<b>1,536</b>
of which individually evaluated	440	141	153	0	106	26	866
of which collectively evaluated	223	204	46	0	194	3	670
Current-period provision for expected credit losses	39	1	59	0	(73)	(1)	25
of which methodology changes	0	0	0	0	(1)	0	(1)
of which provisions for interest	8	12	33	0	(6)	1	48
Gross write-offs	(192)	(57)	0	0	(47)	(1)	(297)
Recoveries	8	1	0	0	5	0	14
Net write-offs	(184)	(56)	0	0	(42)	(1)	(283)
Foreign currency translation impact and other adjustments, net	10	6	0	0	1	2	19
<b>Balance at end of period <sup>1</sup></b>	<b>528</b>	<b>296</b>	<b>258</b>	<b>0</b>	<b>186</b>	<b>29</b>	<b>1,297</b>
of which individually evaluated	355	131	222	0	50	27	785
of which collectively evaluated	173	165	36	0	136	2	512

<sup>1</sup> Allowance for credit losses is only based on loans that are not carried at fair value.

The following tables provide an overview of changes in impaired loans and related allowance for credit losses by loan portfolio segment.

## Gross impaired loans by portfolio segment

	Consumer	Corporate & institutional	Total
<b>2021 (CHF million)</b>			
<b>Balance at beginning of period</b>	<b>905</b>	<b>2,292</b>	<b>3,197</b>
New impaired loans	552	608	1,160
Increase in existing impaired loans	112	64	176
Reclassifications to non-impaired status	(231)	(314)	(545)
Repayments <sup>1</sup>	(325)	(478)	(803)
Liquidation of collateral, insurance or guarantee payments	(31)	(76)	(107)
Sales <sup>2</sup>	0	(87)	(87)
Write-offs	(50)	(212)	(262)
Foreign currency translation impact and other adjustments, net	142	(104)	38
<b>Balance at end of period</b>	<b>1,074</b>	<b>1,693</b>	<b>2,767</b>

<sup>1</sup> Full or partial principal repayments.

<sup>2</sup> Includes transfers to loans held-for-sale for intended sales of held-to-maturity loans.

## Allowance for credit losses on loans by portfolio segment

	Consumer	Corporate & institutional	Total
<b>2021 (CHF million)</b>			
<b>Balance at beginning of period <sup>1</sup></b>	<b>318</b>	<b>1,218</b>	<b>1,536</b>
of which individually evaluated	230	636	866
of which collectively evaluated	88	582	670
Current-period provision for expected credit losses	78	(53)	25
of which methodology changes	0	(1)	(1)
of which provisions for interest	25	23	48
Gross write-offs	(55)	(242)	(297)
Recoveries	9	5	14
Net write-offs	(46)	(237)	(283)
Foreign currency translation impact and other adjustments, net	7	12	19
<b>Balance at end of period <sup>1</sup></b>	<b>357</b>	<b>940</b>	<b>1,297</b>
of which individually evaluated	273	512	785
of which collectively evaluated	84	428	512

<sup>1</sup> Allowance for credit losses is only based on loans that are not carried at fair value.

## Loan metrics

end of	Swiss Universal Bank	International Wealth Management	Asia Pacific	Asset Management	Investment Bank	Corporate Center	Credit Suisse
<b>2021 (%)</b>							
Non-accrual loans / Gross loans	0.3	1.5	1.2	0.0	0.4	9.7	0.7
Gross impaired loans / Gross loans	0.5	1.6	1.9	0.0	1.4	10.1	1.0
Allowance for credit losses / Gross loans	0.3	0.6	0.8	0.0	1.0	3.7	0.5
Specific allowance for credit losses / Gross impaired loans	38.7	14.9	35.1	–	19.5	34.2	28.4
<b>2020 (%)</b>							
Non-accrual loans / Gross loans	0.4	1.5	0.9	0.0	1.4	9.4	0.7
Gross impaired loans / Gross loans	0.6	1.8	1.9	0.0	3.0	10.3	1.1
Allowance for credit losses / Gross loans	0.4	0.7	0.5	0.0	1.9	3.3	0.5
Specific allowance for credit losses / Gross impaired loans	42.8	15.1	22.5	–	22.8	28.9	27.1

Gross loans and gross impaired loans exclude loans carried at fair value and the allowance for credit losses is only based on loans that are not carried at fair value.

## Allowance for credit losses on other financial assets

In 2021, the Investment Bank has incurred a provision for credit losses of CHF 4,307 million related to the failure by Archegos to meet its margin commitments. On the Group's consolidated balance sheet as of December 31, 2021, the related allowance for credit losses is reported in brokerage receivables.

→ Refer to "Significant events in 2021" in II – Credit Suisse results – Credit Suisse and "Risk factors" in I – Information on the company for information on the Archegos matter.

→ Refer to "Note 3 – Business developments, significant shareholders and subsequent events", "Note 9 – Provision for credit losses" and "Note 20 – Financial instruments measured at amortized cost and credit losses" in VI – Consolidated financial statements – Credit Suisse Group for further information.

## Derivative instruments

The Group enters into derivative contracts in the normal course of business for market making, positioning and arbitrage purposes, as well as for our own risk management needs, including mitigation of interest rate, foreign exchange and credit risk.

Derivatives are either privately negotiated OTC contracts or standard contracts transacted through regulated exchanges. The

most frequently used derivative products include interest rate swaps, cross-currency swaps and credit default swaps (CDS), interest rate and foreign exchange options, foreign exchange forward contracts, and foreign exchange and interest rate futures. In addition, the Group enters into total return swaps on specific assets which offer exposure to price performance of securities to clients, offering synthetic financing arrangements as an alternative to on balance sheet financing of physical securities.

The replacement values of derivative instruments correspond to their fair values at the dates of the consolidated balance sheets and arise from transactions for the account of individual customers and for our own account. Positive replacement values (PRV) constitute an asset, while negative replacement values (NRV) constitute a liability. Fair value does not indicate future gains or losses, but rather premiums paid or received for a derivative instrument at inception, if applicable, and unrealized gains and losses from marking to market all derivatives at a particular point in time. The fair values of derivatives are determined using various methodologies, primarily observable market prices where available and, in their absence, observable market

parameters for instruments with similar characteristics and maturities, net present value analysis or other pricing models as appropriate.

The following table illustrates how credit risk on derivatives receivables is reduced by the use of legally enforceable netting agreements and collateral agreements. Netting agreements allow us to net balances from derivative assets and liabilities transacted with the same counterparty when the netting agreements are legally enforceable. Replacement values are disclosed net of such

agreements in the consolidated balance sheets. Collateral agreements are entered into with certain counterparties based upon the nature of the counterparty and/or the transaction and require the placement of cash or securities with us as collateral for the underlying transaction. The carrying values of derivatives are presented in accordance with generally accepted accounting standards in the US and are not comparable with the derivatives metrics presented in our disclosures required under Pillar 3 of the Basel framework.

### Derivative instruments by maturity

end of / due within	2021				2020			
	Less than 1 year	1 to 5 years	More than 5 years	Positive replacement value	Less than 1 year	1 to 5 years	More than 5 years	Positive replacement value
<b>CHF billion</b>								
Interest rate products	5.0	12.8	31.8	49.6	8.7	19.7	46.9	75.3
Foreign exchange products	11.2	5.3	4.5	21.0	14.0	5.7	4.8	24.5
Equity/index-related products	6.5	5.7	0.4	12.6	7.9	10.8	0.5	19.2
Credit derivatives	0.3	3.1	1.6	5.0	0.5	2.6	1.8	4.9
Other products <sup>1</sup>	0.4	0.1	1.0	1.5	0.7	0.0	1.0	1.7
<b>OTC derivative instruments</b>	<b>23.4</b>	<b>27.0</b>	<b>39.3</b>	<b>89.7</b>	<b>31.8</b>	<b>38.8</b>	<b>55.0</b>	<b>125.6</b>
Exchange-traded derivative instruments				23.1				20.6
Netting agreements <sup>2</sup>				(95.0)				(120.6)
<b>Total derivative instruments</b>				<b>17.8</b>				<b>25.6</b>
of which recorded in trading assets				17.6				25.5
of which recorded in other assets				0.2				0.1

<sup>1</sup> Primarily precious metals, commodity and energy products.

<sup>2</sup> Taking into account legally enforceable netting agreements.

Derivative transactions exposed to credit risk are subject to a credit request and approval process, ongoing credit and counterparty monitoring and a credit quality review process. Counterparty credit risk exposures arising from derivatives are subject to division-specific review and oversight, including the estimation of potential loss and downside risk in stress scenarios. The following table represents the rating split of our credit exposure from derivative instruments.

### Derivative instruments by counterparty credit rating

end of	2021	2020
<b>CHF billion</b>		
AAA	1.1	1.6
AA	4.6	5.8
A	1.5	2.5
BBB	3.8	4.4
BB or lower	4.7	10.7
<b>OTC derivative instruments</b>	<b>15.7</b>	<b>25.0</b>
Exchange-traded derivative instruments <sup>1</sup>	2.1	0.6
<b>Total derivative instruments<sup>1</sup></b>	<b>17.8</b>	<b>25.6</b>

Credit ratings do not reflect the benefit of collateral received.

<sup>1</sup> Taking into account legally enforceable netting agreements.

Derivative instruments are categorized as exposures from trading activities (trading) and those qualifying for hedge accounting (hedging). Trading includes activities relating to market making, positioning and arbitrage. It also includes economic hedges where the Group enters into derivative contracts for its own risk management purposes, but where the contracts do not qualify for hedge accounting under US GAAP. Hedging includes contracts that qualify for hedge accounting under US GAAP, such as fair value hedges, cash flow hedges and net investment hedges.

→ Refer to "Note 28 – Offsetting of financial assets and financial liabilities" in VI – Consolidated financial statements – Credit Suisse Group for further information on offsetting of derivatives.

→ Refer to "Note 33 – Derivatives and hedging activities" in VI – Consolidated financial statements – Credit Suisse Group for further information on derivatives, including an overview of derivatives by products categorized for trading and hedging purposes.

### Forwards and futures

The Group enters into forward purchase and sale contracts for mortgage-backed securities, foreign currencies and commitments to buy or sell commercial and residential mortgages. In addition, we enter into futures contracts on equity-based indices and other financial instruments, as well as options on futures contracts. These contracts are typically entered into to meet the needs of customers, for trading and for hedging purposes.

On forward contracts, the Group is exposed to counterparty credit risk. To mitigate this credit risk, we limit transactions by counterparty, regularly review credit limits and adhere to internally established credit extension policies.

For futures contracts and options on futures contracts, the change in the market value is settled with a clearing broker in cash each day. As a result, our credit risk with the clearing broker is limited to the net positive change in the market value for a single day.

#### Swaps

Swap agreements consist primarily of interest rate swaps, CDS, currency and equity swaps. The Group enters into swap agreements for trading and risk management purposes. Interest rate swaps are contractual agreements to exchange interest rate payments based on agreed upon notional amounts and maturities. CDS are contractual agreements in which the buyer of the swap pays a periodic fee in return for a contingent payment by the seller of the swap following a credit event of a reference entity. A credit event is commonly defined as bankruptcy, insolvency, receivership, material adverse restructuring of debt, or failure to meet payment obligations when due. Currency swaps are contractual agreements to exchange payments in different currencies based on agreed notional amounts and currency pairs. Equity swaps are contractual agreements to receive the appreciation or depreciation in value based on a specific strike price on an equity instrument in exchange for paying another rate, which is usually based on an index or interest rate movements.

#### Options

We write options specifically designed to meet the needs of customers and for trading purposes. These written options do not expose us to the credit risk of the customer because, if exercised, we and not our counterparty are obligated to perform. At the beginning of the contract period, we receive a cash premium. During the contract period, we bear the risk of unfavorable changes in the value of the financial instruments underlying the options. To manage this market risk, we purchase or sell cash or derivative financial instruments. Such purchases and sales may include debt and equity securities, forward and futures contracts, swaps and options.

We also purchase options to meet customer needs, for trading purposes and for hedging purposes. For purchased options, we obtain the right to buy or sell the underlying instrument at a fixed price on or before a specified date. During the contract period, our risk is limited to the premium paid. The underlying instruments for these options typically include fixed income and equity securities, foreign currencies and interest rate instruments or indices. Counterparties to these option contracts are regularly reviewed in order to assess creditworthiness.

#### Selected European credit risk exposures

The scope of our disclosure of European credit risk exposure includes all countries of the EU which are rated below AA or its equivalent by at least one of the three major rating agencies and

where our gross exposure exceeds our quantitative threshold of EUR 0.5 billion. We believe this external rating is a useful measure in determining the financial ability of countries to meet their financial obligations, including giving an indication of vulnerability to adverse business, financial and economic conditions.

#### Monitoring of selected European credit risk exposures

The Group's credit risk exposure to these European countries is managed as part of our overall risk management process. The Group makes use of country limits and performs scenario analyses on a regular basis, which include analyses of our indirect sovereign credit risk exposures from our exposures to selected European financial institutions. This assessment of indirect sovereign credit risk exposures includes analysis of publicly available disclosures of counterparties' exposures to the European countries within the defined scope of our disclosure. We monitor the concentration of collateral underpinning our OTC derivative and reverse repurchase agreement exposures through monthly reporting, and also monitor the impact of sovereign rating downgrades on collateral eligibility. Strict limits on sovereign collateral from G7 and non-G7 countries are monitored monthly. Similar disclosure is part of our regular risk reporting to regulators.

As part of our global scenario framework, the counterparty credit risk stress testing framework measures counterparty exposure under scenarios calibrated to the 99th percentile for the worst one month and one year moves observed in the available history, as well as the absolutely worst weekly move observed in the same dataset. The scenario results are aggregated at the counterparty level for all our counterparties, including all European countries to which we have exposure. Furthermore, counterparty default scenarios are run where specific entities are set to default. In one of these scenarios, a European sovereign default is investigated. This scenario determines the maximum exposure that we have to this country in the event of its default and serves to identify those counterparties where exposure will rise substantially as a result of the modeled country defaulting.

The scenario framework also considers a range of other severe scenarios, including a specific eurozone crisis scenario which assumes the default of selected European countries, currently modeled to include Greece, Ireland, Italy, Portugal and Spain. It is assumed that the sovereigns, financial institutions and corporates within these countries default, with a 100% loss of sovereign and financial institutions exposures and a 0% to 100% loss of corporates depending on their credit ratings. As part of this scenario, we additionally assume a severe market sell-off involving an equity market crash, widening credit spreads, a rally in the price of gold and a devaluation of the euro. In addition, the eurozone crisis scenario assumes the default of a small number of our market counterparties that we believe would be severely affected by a default across the selected European countries. These counterparties are assumed to default as we believe that they would be the most affected institutions because of their direct presence in the relevant countries and their direct exposures. Through these processes, revaluation and redenomination risks on our exposures are considered on a regular basis by our Risk function.

### Presentation of selected European credit risk exposures

The basis for presentation of the country exposure is based on our internal risk domicile view, where credit exposures are assigned to countries based on an assessment performed by our Risk function. Internal risk domicile may therefore reflect an alternative view than the strictly legal domicile of a counterparty, which means it may include exposures to a legal entity domiciled outside the reported country where its parent is located inside the country.

The credit risk exposure in the table is presented on a risk-based view before deduction of any related allowance for credit losses. We present our credit risk exposure and related risk mitigation for the following distinct categories:

- *Gross credit risk exposure* includes the principal amount of loans drawn, letters of credit issued and undrawn portions of committed facilities, the PRV of derivative instruments after consideration of legally enforceable netting agreements, the notional value of investments in money market funds and the market values of securities financing transactions and the debt cash trading portfolio (short-term securities) netted at the issuer level.
- *Risk mitigation* includes CDS and other hedges, at their net notional amount, guarantees, insurance and collateral (primarily cash, securities and, to a lesser extent, real estate, mainly for exposures of our private banking, corporate and institutional businesses to corporates & other). Collateral values applied for the calculation of the net exposure are determined in accordance with our risk management policies and reflect applicable margining considerations.
- *Net credit risk exposure* represents gross credit risk exposure net of risk mitigation.
- *Inventory* represents the long inventory positions in trading and non-trading physical debt and synthetic positions, each at market value, all netted at the issuer level. Physical debt is non-derivative debt positions (e.g., bonds), and synthetic positions are created through OTC contracts (e.g., CDS purchased and/or sold and total return swaps).

CDS presented in the risk mitigation column are purchased as a direct hedge to our OTC exposure and the risk mitigation impact is considered to be the notional amount of the contract for risk purposes, with the mark-to-market fair value of CDS risk-managed against the protection provider. Net notional amounts of CDS reflect the notional amount of CDS protection purchased less the notional amount of CDS protection sold and are based on the origin of the CDS reference credit, rather than that of the CDS counterparty. CDS included in the inventory column represent contracts recorded in our trading books that are hedging the credit risk of the instruments included in the inventory column and

are disclosed on the same basis as the value of the fixed income instrument they are hedging.

The Group does not have any tranching CDS positions on these European countries and only an insignificant amount of indexed credit derivatives is included in inventory.

The credit risk of CDS contracts themselves, i.e., the risk that the CDS counterparty will not perform in the event of a default, is managed separately from the credit risk of the reference credit. To mitigate such credit risk, generally all CDS contracts are collateralized. In addition, they are executed with counterparties with whom we have an enforceable International Swaps and Derivatives Association (ISDA) master agreement that provides for daily margining.

### Development of selected European credit risk exposures

On a gross basis, before taking into account risk mitigation, our risk-based sovereign credit risk exposure to Cyprus, Greece, Ireland, Italy, Malta, Portugal and Spain increased 292% to EUR 8,890 million as of December 31, 2021, compared to EUR 2,265 million as of December 31, 2020. Our net exposure to these sovereigns was EUR 8,792 million, 352% higher compared to EUR 1,943 million as of December 31, 2020. The increases in sovereign exposure primarily reflected higher money market deposits with the Central Bank of Ireland. Our non-sovereign risk-based credit risk exposure in these countries as of December 31, 2021 included net exposures to financial institutions of EUR 2,493 million, 8% higher compared to December 31, 2020, and net exposures to corporates and other counterparties of EUR 2,104 million, 21% lower compared to December 31, 2020.

A significant majority of the purchased credit protection is transacted with central counterparties or banks outside of the disclosed countries. For credit protection purchased from central counterparties or banks in the disclosed countries, such credit risk is reflected in the gross and net exposure to each respective country.

### Sovereign debt rating developments

From December 31, 2020 through December 31, 2021, the long-term sovereign debt ratings of the countries listed in the table changed as follows: Standard & Poor's increased Greece's rating from BB- to BB. Fitch increased Italy's rating from BBB- to BBB. Moody's increased Cyprus' rating from BA2 to BA1 and increased Portugal's rating from BAA3 to BAA2. These rating changes did not have a significant impact on the Group's financial position, result of operations, liquidity or capital resources.

## Selected European credit risk exposures

	Gross credit risk exposure	Risk mitigation		Net credit risk exposure	Inventory <sup>2</sup>	Net synthetic inventory <sup>3</sup>	Total credit risk exposure	
		CDS	Other <sup>1</sup>				Gross	Net
<b>December 31, 2021</b>								
<b>Cyprus (EUR million)</b>								
Sovereign	0	0	0	0	3	0	3	3
Financial institutions	5	0	1	4	0	0	5	4
Corporates & other	1,170	0	1,022	148	0	0	1,170	148
<b>Total</b>	<b>1,175</b>	<b>0</b>	<b>1,023</b>	<b>152</b>	<b>3</b>	<b>0</b>	<b>1,178</b>	<b>155</b>
<b>Greece</b>								
Sovereign	6	6	0	0	25	(1)	31	25
Financial institutions	85	0	84	1	7	0	92	8
Corporates & other	265	0	231	34	6	(7)	271	40
<b>Total</b>	<b>356</b>	<b>6</b>	<b>315</b>	<b>35</b>	<b>38</b>	<b>(8)</b>	<b>394</b>	<b>73</b>
<b>Ireland</b>								
Sovereign	7,636	0	0	7,636	0	(8)	7,636	7,636
Financial institutions	1,487	0	85	1,402	71	(52)	1,558	1,473
Corporates & other	969	0	615	354	23	(43)	992	377
<b>Total</b>	<b>10,092</b>	<b>0</b>	<b>700</b>	<b>9,392</b>	<b>94</b>	<b>(103)</b>	<b>10,186</b>	<b>9,486</b>
<b>Italy</b>								
Sovereign	330	57	35	238	67	44	397	305
Financial institutions	898	0	427	471	8	(90)	906	479
Corporates & other	3,100	0	2,595	505	134	20	3,234	639
<b>Total</b>	<b>4,328</b>	<b>57</b>	<b>3,057</b>	<b>1,214</b>	<b>209</b>	<b>(26)</b>	<b>4,537</b>	<b>1,423</b>
<b>Malta</b>								
Financial institutions	188	0	16	172	0	0	188	172
Corporates & other	485	0	452	33	0	0	485	33
<b>Total</b>	<b>673</b>	<b>0</b>	<b>468</b>	<b>205</b>	<b>0</b>	<b>0</b>	<b>673</b>	<b>205</b>
<b>Portugal</b>								
Financial institutions	217	0	133	84	38	0	255	122
Corporates & other	277	0	212	65	78	46	355	143
<b>Total</b>	<b>494</b>	<b>0</b>	<b>345</b>	<b>149</b>	<b>116</b>	<b>46</b>	<b>610</b>	<b>265</b>
<b>Spain</b>								
Sovereign	823	0	0	823	0	(190)	823	823
Financial institutions	684	0	477	207	28	(38)	712	235
Corporates & other	2,275	15	1,607	653	71	(89)	2,346	724
<b>Total</b>	<b>3,782</b>	<b>15</b>	<b>2,084</b>	<b>1,683</b>	<b>99</b>	<b>(317)</b>	<b>3,881</b>	<b>1,782</b>
<b>Total</b>								
Sovereign	8,795	63	35	8,697	95	(155)	8,890	8,792
Financial institutions	3,564	0	1,223	2,341	152	(180)	3,716	2,493
Corporates & other	8,541	15	6,734	1,792	312	(73)	8,853	2,104
<b>Total</b>	<b>20,900</b>	<b>78</b>	<b>7,992</b>	<b>12,830</b>	<b>559</b>	<b>(408)</b>	<b>21,459</b>	<b>13,389</b>

<sup>1</sup> Includes other hedges (derivative instruments), guarantees, insurance and collateral.

<sup>2</sup> Represents long inventory positions netted at issuer level.

<sup>3</sup> Substantially all of which results from CDS; represents long positions net of short positions.

### Russia credit risk exposure

The US, EU, UK, Switzerland and other countries across the world imposed severe sanctions against Russia's financial system, government officials and business leaders following the Russian military attack on Ukraine in late February 2022. The disclosure of the Group's credit risk exposure to Russia below is presented on the same basis as the "Selected European credit risk exposures" tabular disclosure above and is primarily comprised of corporate and institutional loans, trade finance activities and derivative exposures. The tabular disclosure does not include net assets held in our Russian subsidiaries that had a net asset value of approximately CHF 195 million as of December 31, 2021. As of March 7, 2022, we had minimal total credit exposures towards specifically sanctioned individuals managed by our Wealth Management division. We are monitoring settlement risks related to certain open transactions with Russian banks and non-bank counterparties or Russian underlyings as market closures, the

imposition of exchange controls, sanctions or other factors may limit our ability to settle existing transactions or to realize collateral which may result in changes in our exposure. Our direct country credit risk exposures to Ukraine or to Belarus were not material as of December 31, 2021.

→ Refer to "Sanctions risk in Russia" in Key risk developments for further information.

The basis for presentation of the country exposure is based on our internal risk domicile view, where credit exposures are assigned to countries based on an assessment performed by our Risk function. Internal risk domicile may therefore reflect an alternative view than the strictly legal domicile of a counterparty, for example a UK subsidiary of a Russian corporate would have a UK legal domicile, but may be assigned an internal risk domicile of Russia.

### Russia credit risk exposures

	Gross credit risk exposure	Risk mitigation		Net credit risk exposure	Inventory <sup>2</sup>	Net synthetic inventory <sup>3</sup>	Total credit risk exposure	
		CDS	Other <sup>1</sup>				Gross	Net
<b>December 31, 2021</b>								
<b>Russia (CHF million)</b>								
Sovereign	0	0	0	0	0	(76)	0	0
Financial institutions	624	0	98	526	10	(1)	634	536
Corporates & other	910	0	623	287	25	(38)	935	312
<b>Total</b>	<b>1,534</b>	<b>0</b>	<b>721</b>	<b>813</b>	<b>35</b>	<b>(115)</b>	<b>1,569</b>	<b>848</b>

<sup>1</sup> Includes other hedges (derivative instruments), guarantees, insurance and collateral.

<sup>2</sup> Represents long inventory positions netted at issuer level.

<sup>3</sup> Substantially all of which results from CDS; represents long positions net of short positions.

### Market risk

#### Traded market risk

##### Development of traded market risks

The tables entitled "Average one-day, 98% risk management VaR by division" and "One-day, 98% risk management VaR" show our traded market risk exposure, as measured by one-day, 98% risk management VaR in Swiss francs and US dollars. As we measure VaR for internal risk management purposes using the US dollar as the base currency, the VaR figures were translated into Swiss francs using daily foreign exchange translation rates. VaR estimates are computed separately for each risk type and for the whole portfolio. The different risk types are grouped

into five categories including interest rate, credit spread, foreign exchange, commodity and equity risks.

Risk management VaR measures the Group's traded market risk exposure managed under the market risk framework and generally includes the trading book positions and banking book positions held at fair value.

We regularly review our VaR model to ensure that it remains appropriate given evolving market conditions and the composition of our trading portfolio. In 2021, there were no material changes to our VaR methodology.

### Average one-day, 98% risk management VaR by division

in	Swiss Universal Bank	International Wealth Management	Asia Pacific	Asset Management	Investment Bank	Corporate Center	Diversi- fication benefit <sup>1</sup>	<b>Credit Suisse</b>
<b>CHF million</b>								
2021	0	1	12	2	52	3	(15)	55
2020 <sup>2</sup>	9	3	19	5	64	5	(33)	72
<b>USD million</b>								
2021	0	1	13	2	56	4	(16)	60
2020 <sup>2</sup>	10	3	20	5	68	5	(35)	76

Excludes risks associated with counterparty and own credit exposures. Risk management VaR measures the Group's risk exposure managed under the market risk framework and generally includes the trading book positions and banking book positions held at fair value.

<sup>1</sup> Difference between the sum of the standalone VaR for each division and the VaR for the Group.

<sup>2</sup> The restatement of divisional historical average risk management VaR under the new organization required certain additional assumptions, which will not be required for future periods.

### One-day, 98% risk management VaR

in / end of	Interest rate	Credit spread	Foreign exchange	Commodity	Equity	Diversi- fication benefit <sup>1</sup>	<b>Total</b>
<b>CHF million</b>							
<b>2021</b>							
Average	15	57	31	3	32	(83)	55
Minimum	10	37	20	2	24	- <sup>2</sup>	44
Maximum	26	77	38	4	38	- <sup>2</sup>	70
End of period	11	37	28	3	32	(66)	45
<b>2020</b>							
Average	22	82	12	2	19	(65)	72
Minimum	10	27	3	1	10	- <sup>2</sup>	28
Maximum	43	176	38	3	32	- <sup>2</sup>	185
End of period	13	70	36	2	32	(93)	60
<b>USD million</b>							
<b>2021</b>							
Average	17	62	33	3	35	(90)	60
Minimum	11	40	22	2	27	- <sup>2</sup>	48
Maximum	29	83	41	5	41	- <sup>2</sup>	74
End of period	12	40	30	3	35	(71)	49
<b>2020</b>							
Average	24	88	14	2	20	(72)	76
Minimum	11	28	3	1	10	- <sup>2</sup>	29
Maximum	44	181	43	3	36	- <sup>2</sup>	189
End of period	14	79	41	2	36	(104)	68

Excludes risks associated with counterparty and own credit exposures. Risk management VaR measures the Group's risk exposure managed under the market risk framework and generally includes the trading book positions and banking book positions held at fair value.

<sup>1</sup> Diversification benefit represents the reduction in risk that occurs when combining different, not perfectly correlated risk types in the same portfolio and is measured as the difference between the sum of the individual risk types and the risk calculated on the combined portfolio.

<sup>2</sup> As the maximum and minimum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification benefit.

We measure VaR in US dollars, as the majority of our trading activities are conducted in US dollars.

historical data which contributed to the reduction in risk management VaR.

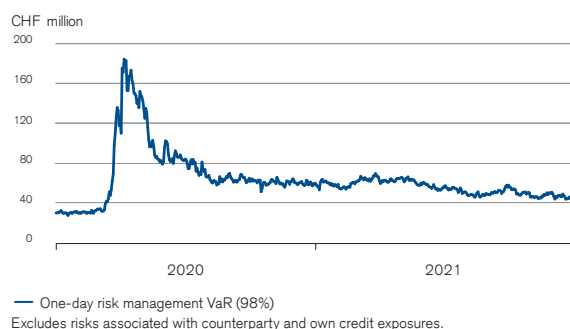
Average risk management VaR of USD 60 million in 2021 decreased 21% compared to 2020, primarily reflecting reduced securitized products risk in the Investment Bank. In addition, market volatility decreased significantly compared to the volatility observed in spring 2020 due to the onset of the COVID-19 pandemic. As a result, our VaR model, through the use of exponential weighting, placed more weight for 2021 on the more recent

On a standalone divisional level, the decrease in average risk management VaR of the Investment Bank reflected reduced securitized products risk. The decrease in average risk management VaR of Asset Management reflected the redemption of a hedge fund investment in the third quarter of 2021. The decrease in average risk management VaR of Swiss Universal Bank reflected a scope adjustment for accrual accounted positions in mid-2020.



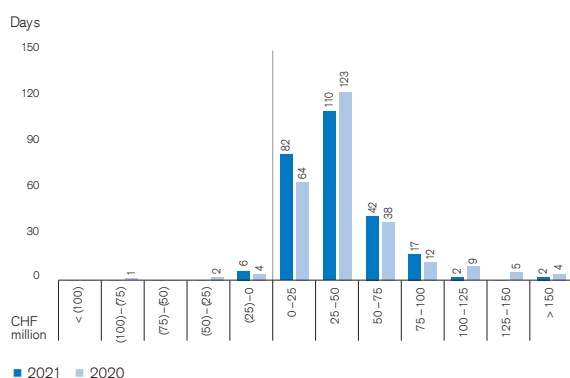
The chart entitled "Daily risk management VaR" shows the aggregated traded market risk on a consolidated basis.

### Daily risk management VaR



The histogram entitled "Actual daily trading revenues" compares the actual daily trading revenues for 2021 with those for 2020. Actual daily trading revenues is an internally used metric, limited to the trading book only, and excludes the cost of carry, credit provisions and internal revenue transfers. The cost of carry is the change in value of the portfolio from one day to the next, assuming all other factors such as market levels and trade population remain constant, and can be negative or positive. The dispersion of trading revenues indicates the day-to-day volatility in our trading activities. In 2021, we had six trading loss days compared to seven trading loss days in 2020.

### Actual daily trading revenues



For capital purposes and in line with BIS requirements, FINMA increases the capital multiplier for every regulatory VaR backtesting exception above four in the prior rolling 12-month period, resulting in an incremental market risk capital requirement for the Group. For the rolling 12-month period through the end of 2021, we had no backtesting exception in our regulatory VaR model, and the model remained in the regulatory "green zone".

→ Refer to "Risk-weighted assets" in Capital management for further information on the use of our regulatory VaR model in the calculation of trading book market risk capital requirements.

### Credit, debit and funding valuation adjustments

VaR excludes the impact of changes in both counterparty and our own credit spreads on derivative products. As of December 31, 2021, the estimated sensitivity implies that a one basis point increase in credit spreads, both counterparty and our own, would have resulted in a CHF 1.0 million gain on the overall derivatives position in our trading businesses. In addition, a one basis point increase in our own credit spread on our fair valued structured notes portfolio (including the impact of hedges) would have resulted in a CHF 13.8 million gain as of December 31, 2021. As of December 31, 2021, the estimated FVA sensitivity implies that a one basis point increase in the fair value funding spread would have resulted in a CHF 0.3 million loss on the overall derivatives position in the investment banking businesses.

### Non-traded market risk

#### Development of interest rate risks in the banking book

Interest rate risk on banking book positions is measured by estimating the impact resulting from a one basis point parallel increase in yield curves on the present value of interest rate-sensitive banking book positions. This is measured on the Group's entire banking book. Interest rate risk sensitivities disclosed below are in line with our internal risk management view.

→ Refer to [credit-suisse.com/regulatorydisclosures](https://www.credit-suisse.com/regulatorydisclosures) for the Group's publication "Pillar 3 and regulatory disclosures 4Q21 – Credit Suisse Group AG" which includes additional information on regulatory interest rate risk in the banking book in accordance with FINMA guidance.

As of December 31, 2021, the interest rate sensitivity of a one basis point parallel increase in yield curves was negative CHF 3.6 million, compared to negative CHF 5.3 million as of December 31, 2020. The change was mainly driven by a revised approach, implemented in connection with the IBOR transition work, to exclude commercial margins from cash flows in a low rates environment as well as our regular management of banking book and net interest income hedging activities, partially offset by the depreciation of the Swiss franc against the US dollar.

### One basis point parallel increase in yield curves by currency – banking book positions

end of	CHF	USD	EUR	Other	Total
<b>2021 (CHF million)</b>					
Impact on present value	(0.6)	(3.0)	0.2	(0.2)	(3.6)
<b>2020 (CHF million)</b>					
Impact on present value	(2.0)	(3.4)	0.2	(0.1)	(5.3)

Interest rate risk on banking book positions is also assessed using other measures, including the potential value change resulting from a significant change in yield curves. The interest rate scenarios disclosed below have been aligned to the FINMA guidance for Pillar 3 disclosures. The table "Interest rate scenario results – banking book positions" shows the impact of the FINMA-defined interest rate scenarios on the net present value of our banking book positions excluding additional tier 1 capital instruments (as per Pillar 3 requirements) and including additional tier 1 capital instruments.

As of December 31, 2021, the most adverse economic impact from these scenarios (including additional tier 1 capital instruments) was a loss of CHF 555 million, compared to a loss of CHF 655 million as of December 31, 2020. The change was mainly driven by the revised approach to exclude commercial margins from cash flows in a low rates environment as well as our regular management of banking book and net interest income hedging activities, partially offset by the depreciation of the Swiss franc against the US dollar.

### Interest rate scenario results – banking book positions

end of	CHF	USD	EUR	Other	Total – Pillar 3 view <sup>1</sup>	Total – Internal view <sup>2</sup>
<b>2021 (CHF million)</b>						
Parallel up	(114)	(1,515)	38	(8)	(1,599)	(555)
Parallel down	176	1,788	(28)	79	2,015	834
Steeper shock <sup>3</sup>	(315)	18	(16)	2	(311)	(224)
Flattener shock <sup>4</sup>	304	(309)	26	26	47	190
Rise in short-term interest rates	192	(923)	32	27	(672)	(108)
Fall in short-term interest rates	(205)	1,065	(33)	50	877	264
<b>2020 (CHF million)</b>						
Parallel up	(317)	(1,735)	56	41	(1,955)	(655)
Parallel down	393	2,064	(16)	144	2,585	1,286
Steeper shock <sup>3</sup>	(248)	(177)	(12)	9	(428)	(227)
Flattener shock <sup>4</sup>	202	(206)	21	73	90	178
Rise in short-term interest rates	39	(931)	30	107	(755)	(149)
Fall in short-term interest rates	(48)	1,036	(30)	117	1,075	469

All scenarios are in line with FINMA guidance (FINMA circular 2019/2).

<sup>1</sup> Excludes additional tier 1 capital instruments in accordance with Pillar 3 requirements.

<sup>2</sup> Includes additional tier 1 capital instruments in accordance with the Group's risk management view.

<sup>3</sup> Reflects a fall in short-term interest rates combined with a rise in long-term interest rates.

<sup>4</sup> Reflects a rise in short-term interest rates combined with a fall in long-term interest rates.

### Illiquid investments

The Group's illiquid investment positions, which may not be strongly correlated with general equity markets, are measured using internal SFTQ scenario analysis. It is a key scenario used for Group-wide stress testing and risk appetite setting. It is a combination of market shocks and defaults that reflects

conditions similar to what followed the 2008/2009 financial crisis. The SFTQ scenario assumes a severe crash across financial markets, along with sharply increasing default rates. The estimated impact of this scenario would have been a decrease of CHF 476 million in the value of the illiquid investment portfolio as of December 31, 2021.

## Board of Directors

### General information

#### Membership and qualifications

The AoA (Chapter IV, Section 2, The Board of Directors, Art. 15.1 of the Group's AoA and Chapter III, Section 6. Board of Directors, Art. 6.1 of the Bank's AoA) provide that the Board shall consist of a minimum of seven members. The Board currently consists of 13 members. We believe that the size of the Board must be such that the committees can be staffed with qualified members. At the same time, the Board must be small enough to ensure an effective and rapid decision-making process. Board members are elected at the AGM by our shareholders individually for a period of one year and are eligible for re-election. In exceptional cases, Board members are elected at an EGM for a period from their election until the next AGM. Shareholders will also elect a member of the Board as the Chairman and each of the members of the Compensation Committee for a period of one year. One year of office is understood to be the period of time from one AGM to the close of the next AGM. Members of the Board shall generally retire after having served on the Board for 12 years. Under certain circumstances, the Board may extend the limit of terms of office for a particular Board member for a maximum of three additional years.

An overview of the Board and the committee membership is shown in the following table. The composition of the Boards of the Group and the Bank is identical.

#### Board composition and succession planning

The Governance and Nominations Committee regularly considers the composition of the Board as a whole and in light of staffing requirements for the committees. The Governance and Nominations Committee recruits and evaluates candidates for Board membership based on criteria as set forth by the OGR (Chapter II Board of Directors, Item 8.2.3). The Governance and Nominations Committee may also retain outside consultants with respect to the identification and recruitment of potential new Board members. In assessing candidates, the Governance and Nominations Committee considers the requisite skills and characteristics of potential Board members as well as the composition of the Board as a whole. Among other considerations, the Governance and Nominations Committee takes into account skills, management experience, independence and diversity in the context of the needs of the Board to fulfill its responsibilities. The Governance and Nominations Committee also considers other activities and commitments of an individual in order to be satisfied that a proposed member of the Board can devote enough time to a Board position at the Group.

→ Refer to "Mandates" for further information.

### Members of the Board of Directors

	Board member since	Independence	Governance and Nominations Committee	Audit Committee	Compensation Committee	Conduct and Financial Crime Control Committee	Risk Committee	Sustainability Advisory Committee
<b>Elected at 2021 AGM / EGM</b>								
Axel Lehmann, Chairman <sup>1,2,3</sup>	2021	Independent	Chair	–	–	–	Chair, a.i.	Member
António Horta-Osório, former Chairman <sup>3,4</sup>	2021	Independent	Chair	–	–	–	–	Member
Iris Bohnet <sup>5</sup>	2012	Independent	–	–	Member	–	–	Chair
Clare Brady	2021	Independent	–	Member	–	Member	–	–
Juan Colombas <sup>2</sup>	2021	Independent	–	Member	Member	–	Member	–
Christian Gellerstad <sup>3</sup>	2019	Independent	Member	–	Member	Chair	–	–
Michael Klein	2018	Independent	–	–	Member	–	–	–
Shan Li	2019	Independent	–	–	–	–	Member	–
Seraina Macia	2015	Independent	–	Member	–	–	–	–
Blythe Masters <sup>6</sup>	2021	Independent	–	–	Member	–	–	–
Richard Meddings <sup>3</sup>	2020	Independent	Member	Chair	–	Member	Member	Member
Kai S. Nargolwala	2013	Independent	Member	–	Chair	Member	Member	–
Ana Paula Pessoa	2018	Independent	–	Member	–	Member	–	–
Severin Schwan, Vice-Chair and Lead Independent Director	2014	Independent	Member	–	–	–	Member	–

<sup>1</sup> Chairman as of January 16, 2022.

<sup>2</sup> Elected at the EGM 2021 on October 1, 2021.

<sup>3</sup> Member of the Tactical Crisis Committee, a sub-committee of the Board, which was active from March 2021 through February 2022.

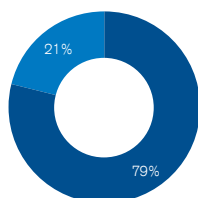
<sup>4</sup> Mr. Horta-Osório resigned as Chairman and member of the Board on January 16, 2022.

<sup>5</sup> Board Sustainability Leader.

<sup>6</sup> Chair of the new Digital Transformation and Technology Committee, effective January 1, 2022. The Board will appoint permanent members of the committee at the 2022 AGM.

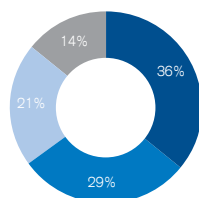
## Board composition as of the end of 2021

### Industry experience



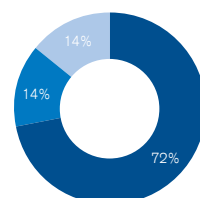
■ Financial services (banking, insurance)  
■ Other industries<sup>1</sup>

### Geographical focus<sup>2</sup>



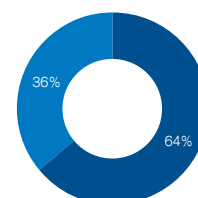
■ Americas  
■ Switzerland  
■ EMEA  
■ Asia Pacific

### Length of tenure



■ 4 years and less  
■ Between 5 and 8 years  
■ Between 9 and 12 years

### Gender diversity



■ Male  
■ Female

<sup>1</sup> Includes government & academia; pharma, manufacturing & technology; advertising, marketing & media

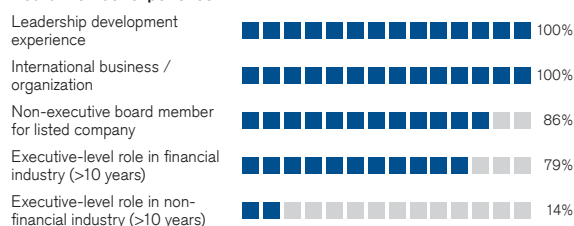
<sup>2</sup> Represents the region in which the Board member has mostly focused his or her professional activities and may differ from the individual's nationality

The background, skills and experience of our Board members are diverse and broad and include holding or having held top management positions at financial services and other companies in Switzerland and abroad, as well as leading positions in government, academia and international organizations. The Board is composed of individuals with wide-ranging professional expertise in key areas including finance and financial management, risk management, audit and compliance, digitalization, technology and cybersecurity, ESG and regulatory affairs and human resources and incentive structures. Diversity of culture, experience and opinion are important aspects of Board composition, as well as gender diversity. While the ratio of female-to-male Board members may vary in any given year, the Board is committed to complying with the gender diversity guidelines as stipulated in the new Swiss corporate law. The collective experience and expertise of our Board members as of the end of 2021 across those key areas considered particularly relevant for the Group is illustrated in the following chart.

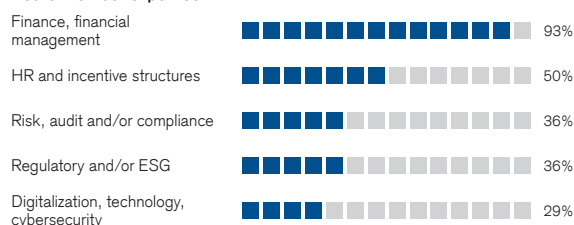
## Board member experience and expertise

(Number and percentage of Board members as of the end of 2021)

### Board member experience



### Board member expertise



In areas where the Board's collective experience and expertise may require strengthening, the Board may decide to nominate a new Board member candidate with specialist expertise, engage outside experts or take other measures.

To maintain a high degree of expertise, diversity and independence in the future, the Board has a succession planning process in place to identify potential candidates for the Board at an early stage. With this process, we are well prepared when Board members rotate off the Board. The objectives of the succession planning process are to ensure adequate representation of key Board competencies and a Board composition that is well suited to address future challenges, while maintaining the stability and professionalism of the Board. Potential candidates are evaluated according to criteria defined to assess the candidates' expertise and experience, which include the following:

- proven track record as an executive with relevant leadership credentials gained in an international business environment in financial services or another industry;
- relevant functional skills and credentials in the key areas listed above;
- understanding of global banking, financial markets and financial regulation;
- broad international experience and global business perspective, with a track record of having operated in multiple geographies;
- ability to bring insight and clarity to complex situations and to both challenge and constructively support management;
- high level of integrity and affinity with the Group's values and corporate culture; and
- willingness to commit sufficient time to prepare for and attend Board and committee meetings.

The evaluation of candidates also considers formal independence and other criteria for Board membership, consistent with legal and regulatory requirements and the Swiss Code of Best Practice for Corporate Governance. Furthermore, we believe that other aspects, including team dynamics and personal reputation of Board members, play a critical role in ensuring the effective functioning of the Board. This is why the Group places the utmost importance on the right mix of personalities who are also fully committed to making their blend of specific skills and experience available to the Board.

While the Board is continually engaged in considering potential candidates throughout the year, succession planning for the next year is typically kicked off at the Board's annual strategy offsite, which is held mid-year. In addition to its discussions of the Group's strategy, the Board holds a dedicated session on corporate governance, at which, among other topics, current Board composition and future needs are discussed, including the needs for suitable Board committee composition. Based on the outcome of these discussions, the interest and availability of certain candidates will be explored further. The Board's discussions will continue at its annual self-assessment session, which usually takes place at year-end, and it will consider specific changes in Board composition to be proposed at the next AGM. The Board will generally approve candidates to be nominated as new Board members for election at the AGM at its February or March meetings, shortly before the publication of this report. The timeline for this process has been different in the lead up to the 2022 AGM. Given the resignation of the former Chairman António Horta-Osório in January 2022 and the appointment of Axel Lehmann, the then Risk Committee Chair, as the new Chairman, the Governance and Nominations Committee immediately initiated a

process to select a new Risk Committee Chair. As of the date of this report, this process is still ongoing. The proposed new Risk Committee Chair is expected to be announced in conjunction with the invitation to the 2022 AGM, which will be published after this report.

#### **Chairman succession**

At the 2021 AGM, Antonio Horta-Osorio was elected as the new Chairman and successor to Urs Rohner, who did not stand for re-election, having served on the Board for the maximum standard term limit of 12 years. In January 2022, however, Mr. Horta-Osorio resigned as Chairman, following an investigation commissioned by the Board, and the Board appointed Axel Lehmann as the new Chairman. Axel Lehmann was elected as a member of the Board by the EGM of October 1, 2021 and was appointed by the Board as Chair of the Risk Committee, a role he will continue to hold on an ad interim basis until the 2022 AGM. The Board will propose Axel Lehmann for election as Chairman at the 2022 AGM.

#### **New members and continuing training**

Any newly appointed member is required to participate in an orientation program to become familiar with our legal and organizational structure, strategic plans, business operations and significant financial, risk, compliance and regulatory issues and other important matters relating to the governance of the Group. The orientation program is designed to take into account the new Board member's individual background and level of experience in each specific area. Moreover, the program's focus is aligned with any committee memberships of the person concerned. Board members are encouraged to engage in continuing training. The Board and the committees of the Board regularly ask specialists within the Group to speak about specific topics in order to enhance the Board members' understanding of issues that already are, or may become, of particular importance to our business.

#### **Meetings**

In 2021, the Board held 25 meetings, the majority of which were held as video or telephone conferences in light of the travel and other restrictions on holding in-person meetings due to the COVID-19 pandemic. In addition, the Board held their annual two-day strategy session. The members of the Board are encouraged to attend all meetings of the Board and the committees on which they serve. There were a relatively high number of Board meetings held during 2021 compared to prior years, due to the need to call frequent extraordinary meetings, particularly in the first half of 2021 in connection with the SCFF and Archegos matters.

## Meeting attendance – Board and Board committees

	Board of Directors <sup>1</sup>	Governance and Nominations Committee <sup>2</sup>	Audit Committee <sup>3</sup>	Compensation Committee <sup>4</sup>	Conduct and Financial Crime Control Committee <sup>5</sup>	Risk Committee <sup>6</sup>
<b>in 2021</b>						
Total number of meetings held	25	21	17	18	6	13
of which extraordinary meetings	16	15	2	6	0	5
Meeting attendance, in %	98	96	99	92	100	88
Number of members who missed no meetings	12	5	8	3	7	6
Number of members who missed one meeting	4	2	1	1	0	1
Number of members who missed two or more meetings	2	1	0	2	0	3
Approximate meeting duration, in hours	4-5	1-2	4-5	2-3	2-3	3-4

Meeting attendance is shown for the calendar year 2021, which spans two Board periods.

<sup>1</sup> The Board consisted of 13 members at the beginning of the year and 14 members at the end of the year, with 3 members joining the Board at the AGM on April 30, 2021 (António Horta-Osório, Blythe Masters, Clare Brady), 2 members joining at the EGM on October 1, 2021 (Juan Colombas, Axel Lehmann) and 4 members leaving the Board at the AGM on April 30, 2021 (Urs Rohner, Andreas Gottschling, Joaquin J. Ribeiro, John Tiner).

<sup>2</sup> The Governance and Nominations Committee consisted of 6 members at the beginning and the end of the year, with 2 members joining the committee (António Horta-Osório, Axel Lehmann) and 2 members leaving the committee (Urs Rohner, Andreas Gottschling).

<sup>3</sup> The Audit Committee consisted of 5 members at the beginning of the year and 6 members at the end of the year, with 4 members joining the committee (Clare Brady, Juan Colombas, Axel Lehmann, Seraina Marcia) and 3 members leaving the committee (Andreas Gottschling, Joaquin J. Ribeiro, John Tiner).

<sup>4</sup> The Compensation Committee consisted of 4 members at the beginning of the year and 6 members at the end of the year, with 2 members joining the committee (Juan Colombas, Blythe Masters). One of the 18 meetings was a non-mandatory workshop and did not count for meeting attendance.

<sup>5</sup> The Conduct and Financial Crime Control Committee consisted of 5 members at the beginning and 6 members at the end of the year, with 2 members joining the committee (Clare Brady, Axel Lehmann) and 1 member leaving the committee (Urs Rohner).

<sup>6</sup> The Risk Committee consisted of 6 members at the beginning and 7 members at the end of the year, with 4 members joining the committee (Juan Colombas, Axel Lehmann, Blythe Masters, Kai S. Nargolwala) and 3 members leaving the committee (Andreas Gottschling, Michael Klein, Seraina Marcia). One of the 13 meetings was a non-mandatory workshop and did not count for meeting attendance.

All members of the Board are expected to spend the necessary time outside of these meetings needed to discharge their responsibilities appropriately. The Chairman calls the meeting with sufficient notice and prepares an agenda for each meeting. The Chairman may also call extraordinary meetings on short notice, should circumstances require. Any other Board member also has the right to call an extraordinary meeting, if deemed necessary. The Chairman has the discretion to invite members of management or others to attend the meetings. Generally, the members of the Executive Board attend part of the Board meetings to ensure effective interaction with the Board. The Board also holds separate private sessions without management present. Minutes are kept of the proceedings and resolutions of the Board.

From time to time, the Board may make certain decisions via circular resolution, unless a member asks that the matter be discussed in a meeting and not be decided upon by way of written consent. During 2021, the Board resolved on six matters via circular resolution. As of the date of the publication of this report, in 2022, the Board has held 13 meetings via video or telephone conference and resolved on 2 matters via circular resolution. This high number of meetings early in the year was mainly due to the Board investigation in connection with the former Chairman, António Horta-Osório, who resigned from the Board in January 2022.

## Meeting attendance – individual Board members

Attendance in 2021 (%)	< 75	75–84	85–94	95–100
<b>Board member</b>				
António Horta-Osório, Chairman <sup>1</sup>				■
Iris Bohnet				■
Clare Brady <sup>1</sup>				■
Juan Colombas <sup>2</sup>				■
Christian Gellerstad			■	
Michael Klein				■
Axel Lehmann <sup>2</sup>				■
Shan Li				■
Seraina Macia				■
Blythe Masters <sup>1</sup>		■		
Richard Meddings				■
Kai S. Nargolwala			■	
Ana Paula Pessoa				■
Severin Schwan, Vice-Chair and Lead Independent Director			■	

Includes Board and Committee meeting attendance.

<sup>1</sup> Board member as of the 2021 AGM (April 30, 2021).

<sup>2</sup> Board member as of the 2021 EGM (October 1, 2021).

## Mandates

Our Board members may assume board or executive level or other roles in companies and organizations outside of the Group, which are collectively referred to as mandates. The Compensation Ordinance sets out that companies must include provisions in their articles of association to define the activities that fall within the scope of a mandate and set limits on the number of mandates that board members and executive management may hold. According to the Group's AoA (Chapter IV, Section 2, The Board of Directors, Art. 20b), mandates include activities in the most

senior executive and management bodies of listed companies and all other legal entities that are obliged to obtain an entry in the Swiss commercial register or a corresponding foreign register. Board members are obligated to disclose all mandates to the Group and changes thereto, which occur during their board tenure. Board members wishing to assume a new mandate with a company or organization must first consult with the Chairman before accepting such mandate, in order to ensure there are no conflicts of interest or other issues.

The limitations on mandates assumed by Board members outside of the Group are summarized in the table below.

Type of mandate and limitation – Board	
Type of mandate	Limitation
Listed companies	No more than four other mandates
Other legal entities <sup>1</sup>	No more than five mandates
Legal entities on behalf of the Group <sup>2</sup>	No more than ten mandates
Charitable legal entities <sup>3</sup>	No more than ten mandates

<sup>1</sup> Includes private non-listed companies.

<sup>2</sup> Includes memberships in business and industry associations.

<sup>3</sup> Also includes honorary mandates in cultural or educational organizations.

No Board member holds mandates in excess of these restrictions. The restrictions shown above do not apply to mandates of Board members in legal entities controlled by the Group such as subsidiary boards.

## Overboarding

In addition to reviewing the number of mandates that a Board member concurrently holds with respect to the limitations

described above, the Governance and Nominations Committee also considers the specific roles that Board members perform in other companies, in order to identify cases of potential overboarding and ensure that Board members have sufficient time to dedicate to their Credit Suisse Board mandate. Board members are required to disclose any changes in their mandates or changes to their roles within existing mandates as these occur to ensure that such changes would not lead to an overboarding situation.

## Independence

The Board consists solely of non-executive directors within the Group, of which at least the majority must be determined to be independent. In its independence determination, the Board takes into account the factors set forth in the OGR (Chapter II Board of Directors, Item 3.2), the committee charters and applicable laws, regulations and listing standards. Our independence standards are also periodically measured against other emerging best practice standards.

The Governance and Nominations Committee performs an annual assessment of the independence of each Board member and reports its findings to the Board for the final determination of independence of each individual member. The Board has applied the independence criteria of the SIX Swiss Exchange Directive on Information relating to Corporate Governance, FINMA, the Swiss Code of Best Practice for Corporate Governance and the rules of the NYSE and the Nasdaq Stock Market (Nasdaq) in determining the definition of independence.

## Independence criteria applicable to all Board members

**In general, a director is considered independent if the director:**

- is not, and has not been for the past three years, employed as an Executive Board member at the Group or any of its subsidiaries or in another significant function at the Group;
- is not, and has not been for the past three years, an employee or affiliate of the Group's external auditor;
- does not, according to the Board's assessment, maintain a material direct or indirect business relationship with the Group or any of its subsidiaries, which causes a conflict of interest due to its nature or extent; and
- is not, or has not been for the past three years, part of an interlocking directorate in which an Executive Board member serves on the compensation committee of another company that employs the Board member.

**Whether or not a relationship between the Group or any of its subsidiaries and a member of the Board is considered material depends in particular on the following factors:**

- the volume and size of any transactions concluded in relation to the financial status and credit standing of the Board member concerned or the organization in which he or she is a partner, significant shareholder or executive officer;
- the terms and conditions applied to such transactions in comparison to those applied to transactions with counterparties of a similar credit standing;
- whether the transactions are subject to the same internal approval processes and procedures as transactions that are concluded with other counterparties;
- whether the transactions are performed in the ordinary course of business; and
- whether the transactions are structured in such a way and on such terms and conditions that the transaction could be concluded with a third party on comparable terms and conditions.

Moreover, Board members with immediate family members who would not qualify as independent according to the above listed criteria shall be subject to a three-year cooling-off period for purposes of determining their independence after fulfillment of the independence criteria by the immediate family member. Significant shareholder status is generally not considered a criterion for independence unless the shareholding exceeds 10% of the Group's share capital or in instances where the shareholder may otherwise influence the Group in a significant manner.

#### Specific independence considerations

Board members serving on the Audit Committee are subject to independence requirements in addition to those required of other Board members. None of the Audit Committee members may be an affiliated person of the Group or may, directly or indirectly, accept any consulting, advisory or other compensatory fees from us other than their regular compensation as members of the Board and its committees.

For Board members serving on the Compensation Committee, the independence determination considers all factors relevant to determining whether a director has a relationship with the Group that is material to that director's ability to be independent from management in connection with the duties of a Compensation Committee member, including, but not limited to:

- the source of any compensation of the Compensation Committee member, including any consulting, advisory or other compensatory fees paid by the Group to such director; and
- whether the Compensation Committee member is affiliated with the Group, any of its subsidiaries or any affiliates of any of its subsidiaries.

#### Other independence standards

While the Group is not subject to such standards, the Board acknowledges that some proxy advisors apply different standards for assessing the independence of our Board members, including the length of tenure a Board member has served, the full-time status of a Board Member, annual compensation levels of Board members within a comparable range to executive pay or a Board member's former executive status for periods further back than the preceding three years.

#### Independence determination

As of December 31, 2021, all members of the Board were determined by the Board to be independent.

### Board leadership

#### Chairman of the Board

The Chairman is a non-executive member of the Board, in accordance with Swiss banking law, and performs his role on a full-time basis, in line with the practice expected by FINMA, our main regulator. The Chairman:

- coordinates the work within the Board;
- works with the committee chairs to coordinate the tasks of the committees;
- ensures that the Board members are provided with the information relevant for performing their duties;
- drives the Board agenda;
- drives key Board topics, especially regarding the strategic development of the Group, succession planning, the structure and organization of the Group, corporate governance, as well as compensation and compensation structure, including the performance evaluation and compensation of the CEO and the Executive Board;
- chairs the Board, the Governance and Nominations Committee and the Shareholder Meetings;
- takes an active role in representing the Group to key shareholders, investors, regulators and supervisors, industry associations and other external stakeholders;
- has no executive function within the Group;
- with the exception of the Governance and Nominations Committee, is not a member of any of the other Board standing committees; and
- may attend all or parts of selected committee meetings as a guest without voting power.

Due to Axel Lehmann taking on the role of Chairman in January 2022, he will remain Chair of the Risk Committee on an ad interim basis until a successor has been appointed, which is expected as of the 2022 AGM.

#### Vice-Chair and Lead Independent Director

There may be one or more Vice-Chairs. The Vice-Chair:

- is a member of the Board;
- is a designated deputy to the Chairman; and
- assists the Chairman by providing support and advice to the Chairman, assuming the Chairman's role in the event of the Chairman's absence or indisposition and leading the Board accordingly.

According to the Group's OGR (Chapter II Board of Directors, Item 3.4), the Board may appoint a Lead Independent Director. If the Chairman is determined not to be independent by the Board, the Board must appoint a Lead Independent Director. The Lead Independent Director:

- may convene meetings without the Chairman being present;
- takes a leading role among the Board members, particularly when issues between the Chairman and Board members arise (for example, when the Chairman has a conflict of interest);
- leads the Board's annual assessment of the Chairman; and
- ensures that the work of the Board and Board-related processes continue to run smoothly.

Severin Schwan currently serves as the Vice-Chair and the Lead Independent Director.



### Segregation of duties

In accordance with Swiss banking law, the Group operates under a dual board structure, which strictly segregates the duties of supervision, which are the responsibility of the Board, from the duties of management, which are the responsibility of the Executive Board. The roles of the Chairman (non-executive) and the CEO (executive) are separate and carried out by two different people.

### Board responsibilities

In accordance with the OGR (Chapter II Board of Directors, Item 5.1), the Board delegates certain tasks to Board committees and delegates the management of the company and the preparation and implementation of Board resolutions to certain management bodies or executive officers to the extent permitted by law, in particular Article 716a and 716b of the Swiss Code of Obligations, and the AoA (Chapter IV, Section 2, The Board of Directors, Art. 17 of the Group's AoA and Chapter III, Section 6, Board of Directors, Art. 6.3 of the Bank's AoA).

With responsibility for the overall direction, supervision and control of the company, the Board:

- regularly assesses our competitive position and approves our strategic and financial plans and risk appetite statement and overall risk limits;
- appoints or dismisses the CEO and the members of the Executive Board and appoints or dismisses the head of Internal Audit as well as the regulatory auditor;
- receives a status report at each ordinary meeting on our financial results, capital, funding and liquidity situation;
- receives, on a monthly basis, management information packages, which provide detailed information on our performance and financial status, as well as quarterly risk reports outlining recent developments and outlook scenarios;
- is provided by management with regular updates on key issues and significant events, as deemed appropriate or requested;
- has access to all information concerning the Group in order to appropriately discharge its responsibilities;
- reviews and approves significant changes to our structure and organization;
- approves the annual variable compensation for the Group and the divisions and recommends compensation of the Board and Executive Board for shareholder approval at the AGM;
- provides oversight on significant projects including acquisitions, divestitures, investments and other major projects;
- approves the recovery and resolution plans of the Group and its major subsidiaries; and
- along with its committees, is entitled, without consulting with management and at the Group's expense, to engage external legal, financial or other advisors, as it deems appropriate, with respect to any matters within its authority.

### Management information system

The Group has a comprehensive management information system in place as part of our efforts to ensure the Board and senior management are provided with the necessary information and

reports to carry out their respective oversight and management responsibilities. The Chairman may request additional reports as deemed appropriate.

### Governance of Group subsidiaries

The Board assumes oversight responsibility for establishing appropriate governance for Group subsidiaries. The governance of the Group is based on the principles of an integrated oversight and management structure with global scope, which enables management of the Group as one economic unit. The Group sets corporate governance standards to ensure the efficient and harmonized steering of the Group. In accordance with the OGR (Chapter II, Board of Directors, Item 5.1.16), the Board appoints or dismisses the chairperson and the members of the board of directors of the major subsidiaries of the Group and approves their compensation. A policy naming the subsidiaries in scope and providing guidelines for the nomination and compensation process is periodically reviewed by the Board. The governance of the major subsidiaries, subject to compliance with all applicable local laws and regulations, should be consistent with the corporate governance principles of the Group, as reflected in the OGR and other corporate governance documents. In order to facilitate consistency and alignment of Group and subsidiary governance, it is the Group's policy for the Board to appoint at least one Group director to each of the boards of its major subsidiaries. Directors and officers of the Group and its major subsidiaries are committed to ensuring transparency and collaboration throughout the Group.

In December 2021, we elevated the status of certain important regional subsidiary and advisory boards and announced a number of new leadership appointments, in order to further increase connectivity between the Group Board and our main subsidiary and regional advisory boards. These appointments include Group Board members Juan Colombas, Christian Gellerstad and Blythe Masters assuming the chair roles in the subsidiaries Credit Suisse Bank (Europe), S.A., Credit Suisse (Schweiz) AG, and Credit Suisse Holdings (USA), Inc., respectively, with the appointment of Mr. Colombas being subject to regulatory approval and that of Mr. Gellerstad being subject to his re-election as a board member at the AGM of Credit Suisse (Schweiz) AG on April 29, 2022 and taking effect as of that date. We also announced that Richard Meddings was appointed as chair of the UK subsidiaries Credit Suisse International and Credit Suisse Securities (Europe) Ltd., effective January 1, 2022. Subsequently, Richard Meddings has decided to step down from the chair role in March 2022, given his appointment as chair of the National Health Service (NHS) England, but will remain on the boards of these UK subsidiaries as a non-executive director. Furthermore, Ana Paula Pessoa was appointed as chair of the Credit Suisse Brazil Advisory Board, an advisory body and Kai Nargolwala was designated as chair of the APAC Board, subject to his re-election as a board member at the Group AGM on April 29, 2022. The APAC Board is an advisory body overseeing business conducted through a number of legal entities and branches in the APAC region.

### Board evaluation

The Board conducts a self-assessment once a year, where it reviews its own performance against the responsibilities listed in its charter and the Board's objectives and determines future objectives, including any special focus objectives for the coming year. The performance assessment of the Chairman is led by the Vice-Chair; the Chairman does not participate in the discussion of his own performance. As part of the self-assessment, the Board evaluates its effectiveness with respect to a number of different aspects, including board structure and composition, communication and reporting, agenda setting and continuous improvement. From time to time, the Board may also mandate an external advisor to facilitate the evaluation process. The Board mandated an external firm to perform a board effectiveness evaluation most recently in 2020. The 2020 effectiveness evaluation included comprehensive reviews of Board processes and documentation, interviews by the external assessor with the Chairman, the individual Board members, the CEO and certain other Executive Board members and other internal experts, and the participation of the external assessor as an observer in Board and Board committee meetings. The results from the external board effectiveness evaluation were presented and discussed at a Board meeting in early 2021 and addressed the Board's leadership and contribution and the work of the Board. Specific topics reviewed included the Board's culture and current and future composition, priorities for the new Chairman, the Board's shared strategic perspective, visibility and understanding of the rapidly changing global landscape of the financial services industry, the ESG agenda, the work of the Board on risk and control, including the challenge of ensuring appropriate escalation of issues and early warnings, and leadership development. The previous board effectiveness evaluation took place in 2017, in line with the Board's intention to perform an external board effectiveness evaluation every three years.

### Board changes

In January 2022, the Board appointed Axel Lehmann as Chairman, succeeding António Horta-Osório, who resigned as Chairman. Axel Lehmann and Juan Colombas were elected as new non-executive Board members at the EGM of October 1, 2021, and Juan Colombas was elected as a member of the Compensation Committee. The Board appointed both Axel Lehmann and Juan Colombas as new members of the Audit Committee and Risk Committee, and Axel Lehmann as a new member of the Conduct and Financial Crime Control Committee. Following a transition period of one month, Axel Lehmann was appointed as the new Chair of the Risk Committee, succeeding Richard Meddings, who served as the Chair of the Risk Committee ad interim, and as a new member of the Governance and Nominations Committee on November 1, 2021. Upon becoming Chairman, Axel Lehmann stepped down as a member of the Audit Committee and the Conduct and Financial Crime Control Committee. He will remain the Risk Committee Chair on an ad interim basis until the 2022 AGM. At the 2021 AGM on April 30, 2021, António Horta-Osório, former Group Chief Executive of Lloyds Banking Group, was elected as the Chairman of the Board and successor to Urs Rohner, who did not stand for re-election after having reached the 12-year tenure limit. Furthermore, Clare Brady and Blythe Masters were elected as new non-executive Board members and Blythe Masters was also elected as a new Compensation Committee member. The Board appointed Clare Brady as a member of the Audit Committee and the Conduct and Financial Crime Control Committee and Blythe Masters as a member of the Risk Committee. Blythe Masters stepped down from the Risk Committee as of year-end 2021, due to her appointment as the chair of our major US subsidiary, Credit Suisse Holdings (USA), Inc. and Chair of the newly established Digital Transformation and Technology Committee.

Proposed changes to the Board will be announced with the invitation to the 2022 AGM, which will be published after the publication of this report.

## Board activities

During 2021 and early 2022, the Board focused on a number of key areas, including but not limited to the activities described below. Specifically, the Board:

<b>Strategy and organization</b>	<ul style="list-style-type: none"> <li>■ established Asset Management as a separate division effective April 1, 2021, following the issues that emerged in the context of the SCFF matter</li> <li>■ conducted a comprehensive Group strategy review together with the Executive Board; the resulting strategy was announced in November 2021 with a focus on strengthening and simplifying the integrated model, investing in sustainable growth and risk management and a culture that reinforces accountability and responsibility</li> <li>■ approved significant organizational changes in connection with the Group strategy review, specifically the reorganization of the Group into four business divisions and four regions, the exit from the prime services business (with the exception of Index Access and APAC Delta One) and the establishment of a centralized technology and operations organization</li> <li>■ supervised the initial phase of the implementation of the strategy and organizational changes</li> </ul>
<b>Crisis management</b>	<ul style="list-style-type: none"> <li>■ reactivated the Board tactical crisis committee consisting of the Chairman and the Chairs of the Audit, Risk and Conduct and Financial Crime Control Committees to oversee the investigations into the SCFF and Archegos matters</li> <li>■ commissioned two independent, external investigations into the SCFF and Archegos matters, both of which have since been completed, and received regular updates on the findings, recommendations and related remediation measures</li> <li>■ approved actions against a number of individuals based on the extent and nature of their involvement in these matters, including compensation adjustments as appropriate</li> <li>■ withdrew the proposals on variable compensation of the Executive Board from the 2021 AGM agenda, in order to reflect the collective accountability of the Executive Board (as constituted on March 31, 2021) for the Archegos matter and withdrew the proposal on the discharge of the Board and the Executive Board for the 2020 financial year in light of both the Archegos and SCFF matters</li> <li>■ commissioned an investigation in December 2021 into the travel activities of the former Chairman, António Horta-Osório, and identified several areas of improvement around Board practices and related governance matters</li> </ul>
<b>Board and Executive Board succession</b>	<ul style="list-style-type: none"> <li>■ appointed Axel Lehmann as the new Chairman, succeeding António Horta-Osório, who resigned from the Board in January 2022</li> <li>■ nominated Juan Colombas and Axel Lehmann as new Board members for election at the 2021 EGM</li> <li>■ implemented management changes for the Investment Bank and Asset Management divisions and in Risk and Compliance, which was separated into two distinct corporate functions following the Archegos and SCFF matters</li> <li>■ appointed a number of new Executive Board members in 2021, including Francesco de Ferrari (CEO Wealth Management and ad interim CEO Region EMEA), Christine Graeff (Global Head of Human Resources), Joanne Hannaford (Chief Technology &amp; Operations Officer) Ulrich Körner (CEO Asset Management), Rafael Lopez Lorenzo (Chief Compliance Officer), Christian Meissner (CEO Investment Bank and CEO Region Americas) and David Wildermuth (Chief Risk Officer)</li> </ul>
<b>Financial and Risk management</b>	<ul style="list-style-type: none"> <li>■ took measures to further strengthen the Group's capital position in the first quarter of 2021 through the offering of two series of mandatory convertible notes (MCNs), the suspension of the 2021 Share Repurchase Program and a reduced dividend proposal, which was approved at the 2021 AGM</li> <li>■ approved immediate adjustments to the Group's risk appetite upon the recommendation of the Risk Committee, in particular in consideration of the Archegos matter, for example with respect to single name concentration risk and credit risk</li> <li>■ initiated a comprehensive Group-wide risk review under the oversight of the tactical crisis committee, which included reviews of both financial and non-financial risks</li> <li>■ reviewed and approved the Group's financial and capital plans for 2022 in line with our Group strategy and according to the new organizational structure, as well as our medium term financial ambitions as communicated at the Investor Day of November 4, 2021</li> </ul>
<b>Group governance and Board effectiveness</b>	<ul style="list-style-type: none"> <li>■ established a new Board committee, the Digital Transformation and Technology Committee, to provide direct oversight and governance on key technology and digitalization topics and replace the advisory Innovation and Technology Committee</li> <li>■ elevated the status of certain important regional subsidiary and advisory boards and made several important appointments of Group Board members to key subsidiary boards and advisory bodies</li> </ul>

## Board committees

The Board has six standing committees: the Governance and Nominations Committee, the Audit Committee, the Compensation Committee, the Conduct and Financial Crime Control Committee, the Risk Committee and the newly established Digital Transformation and Technology Committee, which replaces the previous advisory Innovation and Technology Committee. In addition, the Board has one advisory committee, the Sustainability Advisory Committee. Except for the Compensation Committee members, who are elected by the shareholders on an annual basis, the committee members are appointed by the Board for a term of one year.

At each Board meeting, the Chairs of the committees report to the Board about the activities of the respective committees. In addition, the minutes and documentation of the committee meetings are accessible to all Board members.

Each committee has its own charter, which has been approved by the Board. Each standing committee performs a self-assessment once a year, where it reviews its own performance against the responsibilities listed in its charter and the committee's objectives and determines any special focus objectives for the coming year.

The Board furthermore established a sub-committee of the Board in 2020, the tactical crisis committee, which was reactivated in 2021. Members consist of the Chairman and the Chairs of the Audit, Risk and Conduct and Financial Crime Control Committees. Tactical crisis committee meetings were further attended by the Group CEO and selected members of senior management, including the CRO, the CFO, the General Counsel and the CCO. The purpose of the tactical crisis committee was to exercise close oversight and timely decision making with respect to the issues that arose in connection with the SCFF and Archegos matters. In early 2022, the Board determined that the tactical crisis committee had served its purpose and retired the committee.

## Governance and Nominations Committee

The primary function of the Governance and Nominations Committee is to act as a counselor to the Chairman, address key Group corporate governance issues and evaluate and recommend new Board candidates, as well as new Executive Board members.

<b>Membership</b>	<ul style="list-style-type: none"> <li>■ consists of the Chairman, the Vice-Chair and the Chairs of the Board committees and other members appointed by the Board</li> <li>■ may include non-independent Board members; however, the majority of members must qualify as independent</li> <li>■ currently consists of five members; all of our Governance and Nominations Committee members are independent</li> </ul>
<b>Meetings</b>	<ul style="list-style-type: none"> <li>■ generally meets on a monthly basis</li> <li>■ the meetings are usually attended by the CEO</li> <li>■ may also ask other members of management or specialists to attend a meeting</li> </ul>
<b>Main duties and responsibilities</b>	<ul style="list-style-type: none"> <li>■ acts as counselor to the Chairman and supports him in the preparation of Board meetings</li> <li>■ addresses the corporate governance issues affecting the Group and develops and recommends to the Board corporate governance principles and such other corporate governance-related documents as it deems appropriate for the Group</li> <li>■ reviews the independence of the Board members annually and recommends its assessment to the Board for final determination</li> <li>■ is responsible for setting selection criteria for Board membership, which reflects the requirements of applicable laws and regulations, and for identifying, evaluating and nominating candidates for Board membership</li> <li>■ guides the Board's annual performance assessment of the Chairman, the CEO and the members of the Executive Board</li> <li>■ proposes to the Board the appointment, replacement or dismissal of members of the Executive Board as well as other appointments requiring endorsement by the Board</li> <li>■ reviews succession plans with the Chairman and the CEO relating to Executive Board positions and is kept informed of other top management succession plans</li> </ul>

### Activities

During 2021 and early 2022, the Governance and Nominations Committee focused on a number of key areas, including but not limited to the activities described below. Specifically, the Governance and Nominations Committee:

<b>Chairman and Board member succession</b>	<ul style="list-style-type: none"> <li>■ established selection criteria, conducted interviews with and assessed the qualifications of different candidates for the role of the Risk Committee Chair to succeed Richard Meddings, who performed the role on an ad interim basis from the 2021 AGM to October 31, 2021, including a one month transition period following the 2021 EGM</li> <li>■ recommended Juan Colombas and Axel Lehmann as new Board nominees for approval by the Board prior to the 2021 EGM, both of whom have extensive risk management experience, proposed Juan Colombas for election as a Compensation Committee member and appointed Axel Lehmann as the Risk Committee Chair</li> <li>■ supported the Vice-Chair and Lead Independent Director in leading the Board through the challenging period in early 2022 in connection with the resignation of the former Chairman, António Horta-Osório</li> <li>■ initiated process to identify a new Board member and Risk Committee Chair in the lead up to the 2022 AGM, given the appointment of Axel Lehmann as the new Chairman</li> </ul>
<b>Executive Board succession</b>	<ul style="list-style-type: none"> <li>■ assessed potential candidates for the Executive Board, given the need for the various Executive Board member changes during 2021 and in connection with the strategy and organizational changes announced in November 2021</li> <li>■ interviewed candidates for certain other senior hires in 2021, including the new Head of Internal Audit</li> </ul>
<b>Advice and guidance</b>	<ul style="list-style-type: none"> <li>■ provided advice and guidance to the former Chairman, Urs Rohner, during the initial phase following the SCFF and Archegos incidents, including on regulatory interactions and in connection with the launch of the respective Board mandated external investigations</li> <li>■ supported the former Chairman, António Horta-Osório, in preparing for the Board's annual strategy workshop in 2021 together with the Executive Board, which was an important event in the early stages of the comprehensive Group strategy review</li> <li>■ provided guidance for the annual performance assessments of the Chairman and the CEO</li> </ul>
<b>Corporate governance</b>	<ul style="list-style-type: none"> <li>■ engaged with external counsel and FINMA on the conclusions of the FINMA enforcement proceedings related to past observation activities, which was announced in October 2021</li> <li>■ advised on and supported the creation of the new Digital Transformation and Technology Committee at the Board level</li> <li>■ initiated a number of follow up activities on Board governance and policies as part of the lessons learned from the incidents that led to the resignation of former Chairman António Horta-Osório in January 2022</li> </ul>

## Audit Committee

The primary function of the Audit Committee is to assist the Board in fulfilling its oversight role by monitoring and assessing the integrity of the financial statements of the Group.

<b>Membership</b>	<ul style="list-style-type: none"> <li>■ consists of at least three members of the Board, all of whom must be independent. Currently consists of five members, all of whom are independent</li> <li>■ Risk Committee Chair is generally appointed as one of the members of the Audit Committee</li> <li>■ stipulates that all Audit Committee members must be financially literate. The US Securities and Exchange Commission (SEC) requires disclosure about whether a member of the Audit Committee is an audit committee financial expert within the meaning of the Sarbanes-Oxley Act of 2002. The Board has determined that Richard Meddings is an audit committee financial expert</li> <li>■ members may not serve on the Audit Committee of more than two other companies, unless the Board deems that such membership would not impair their ability to serve on our Audit Committee</li> </ul>
<b>Meetings</b>	<ul style="list-style-type: none"> <li>■ the Audit Committee holds meetings at least once each quarter, prior to the publication of our consolidated financial statements</li> <li>■ typically a number of additional meetings and workshops are convened throughout the year</li> <li>■ meetings are attended by management representatives, as appropriate, the Head of Internal Audit and senior representatives of the external auditor</li> <li>■ a private session with Internal Audit and the external auditors is regularly scheduled to provide them with an opportunity to discuss issues with the Audit Committee without management being present</li> </ul>
<b>Main duties and responsibilities</b>	<ul style="list-style-type: none"> <li>■ monitors and assesses the overall integrity of the financial statements as well as disclosures of the financial condition, results of operations and cash flows</li> <li>■ monitors the adequacy of the financial accounting and reporting processes and the effectiveness of internal controls</li> <li>■ monitors processes designed to ensure compliance by the Group in all significant respects with legal and regulatory requirements</li> <li>■ monitors the adequacy of the management of non-financial risks jointly with the Risk Committee</li> <li>■ reviews jointly with the Conduct and Financial Crime Control Committee any significant matters related to compliance and conduct</li> <li>■ monitors the qualifications, independence and performance of the external auditors and of Internal Audit</li> <li>■ is regularly informed about significant projects and initiatives aimed at further improving processes and receives regular updates on significant legal, compliance, disciplinary, tax and regulatory</li> <li>■ has established procedures for the receipt, retention and treatment of complaints of a significant nature regarding accounting, internal accounting controls, auditing or other matters alleging potential misconduct, including a whistleblower hotline</li> </ul>

### Activities

During 2021 and early 2022, the Audit Committee focused on a number of key areas, including but not limited to the activities described below. Specifically, the Audit Committee:

<b>Quarterly and annual financial reporting</b>	<ul style="list-style-type: none"> <li>■ performed its regular review of the quarterly and annual financial results and related accounting, reporting and internal control and disclosure matters, as well as matters of significant judgment</li> <li>■ held specific reviews on certain accounting and reporting matters of particular relevance in 2021 and early 2022, such as the reporting and disclosures of the Archegos and SCFF matters, Pillar 3 and regulatory disclosures</li> <li>■ held regular reviews of the Bank parent company financial statements</li> <li>■ held various educational sessions (some jointly with the Risk Committee) on selected topics, such as the Sustainability Report disclosure, structured notes and product controls</li> </ul>
<b>Internal and external audit</b>	<ul style="list-style-type: none"> <li>■ received regular updates from the Head of Internal Audit on key audit findings and held a dedicated workshop with the Internal Audit senior leadership team about their risk assessments for the organization, emerging risk and control themes, and audit planning and methodology, as well as on organizational matters of the Internal Audit function, such as talent and succession planning</li> <li>■ received regular updates and reports from PricewaterhouseCoopers (PwC)</li> <li>■ assessed and recommended a new Head of Internal Audit, succeeding Rafael Lopez Lorenzo, who was appointed as CCO</li> </ul>
<b>Legal, regulatory compliance and conduct matters</b>	<ul style="list-style-type: none"> <li>■ received updates from the General Counsel at every meeting on significant litigation, regulatory enforcement and tax matters, as well as regular reports on key regulatory developments and interactions with our main regulators</li> <li>■ maintained a focus on compliance topics through briefings at every regular meeting on key compliance risks and associated internal controls as well as through the quarterly Compliance Risk Report</li> <li>■ reviewed the Group's whistleblowing processes and governance, as well as select cases and their resolution</li> <li>■ received, jointly with the Conduct and Financial Crime Control Committee, updates on significant matters related to compliance and conduct</li> <li>■ reviewed, jointly with the Risk Committee, the annual assessment of the effectiveness of the internal control system and recommended approval by the Board of the adequacy of the internal control system, according to the requirements of FINMA</li> </ul>
<b>Infrastructure and key change programs</b>	<ul style="list-style-type: none"> <li>■ conducted in-depth reviews of the payments processes and systems landscape</li> <li>■ held a comprehensive session on IT system architecture, focusing on the complexity of the IT environment, the associated risk profile, end-of-life management, architecture simplification and platform strategy, and the maintenance of the overall stability and security levels of the IT environment</li> <li>■ received updates on the Group's global legal entity strategy and strategy to optimize the legal entity structure following agreed design principles, the global booking model, and both global and local legal and regulatory requirements</li> <li>■ reviewed, jointly with the Risk Committee, the Group's key change programs, the Group's data management framework and the related regulatory interactions and feedback, as well as the Group's third-party risk management framework</li> </ul>

### **Internal Audit**

Our Internal Audit function comprises a team of 395 professionals, substantially all of whom are directly involved in auditing activities. The Head of Internal Audit reports directly to the Audit Committee Chair and the Audit Committee directs and oversees the activities of the Internal Audit function. In December 2021, the Board, upon the recommendation of the Audit Committee, appointed Mark Hannam as the new Head of Internal Audit, succeeding Rafael Lopez Lorenzo, who was appointed as CCO and member of the Executive Board. Mr. Hannam will join Credit Suisse starting in April 2022.

Internal Audit performs an independent and objective assurance function that is designed to add value to our operations. Using a systematic and disciplined approach, the Internal Audit team evaluates and enhances the effectiveness of Credit Suisse's risk management, control and governance processes.

Internal Audit is responsible for carrying out periodic audits in line with the Internal Audit Charter, which is approved by the Audit Committee and available publicly. It regularly and independently assesses the risk exposure of our various business activities, taking into account industry trends, strategic and organizational decisions, best practice and regulatory matters. Based on the results of its assessment, Internal Audit develops detailed annual audit objectives, defining key risk themes and specifying resource requirements for approval by the Audit Committee.

As part of its efforts to achieve best practice, Internal Audit regularly benchmarks its methods and tools against those of its peers. In addition, it submits periodic internal reports and summaries thereof to the management teams as well as the Chairman and the Audit Committee Chair. The Head of Internal Audit provides at least quarterly updates to the Audit Committee or more frequently as appropriate. Internal Audit coordinates its operations with the activities of the external auditor for maximum effect.

The Audit Committee annually assesses the performance and effectiveness of the Internal Audit function. For 2021, the Audit Committee concluded that the Internal Audit function was effective and independent, with the appropriate resources to deliver against the Internal Audit Charter.

### **External Audit**

The Audit Committee is responsible for the oversight of the external auditor. The external auditor reports directly to the Audit Committee and the Board with respect to its audit of the Group's financial statements and is ultimately accountable to the shareholders. The Audit Committee pre-approves the retention of, and fees paid to, the external auditor for all audit and non-audit services.

→ Refer to "External audit" in Audit for further information.

## Compensation Committee

The primary function of the Compensation Committee is to determine, review and propose compensation and related principles for the Group.

<b>Membership</b>	<ul style="list-style-type: none"> <li>▪ consists of at least three members of the Board, all of whom must be independent</li> <li>▪ currently consists of six members, all of whom are independent</li> <li>▪ members are individually elected by the AGM for a period of one year</li> </ul>
<b>Meetings</b>	<ul style="list-style-type: none"> <li>▪ holds at least four meetings per year, pursuant to its charter; additional meetings may be scheduled at any time</li> <li>▪ meetings are attended by external advisors and management representatives, as appropriate</li> </ul>
<b>Main duties and responsibilities</b>	<ul style="list-style-type: none"> <li>▪ reviews the Group's compensation policy</li> <li>▪ establishes new compensation plans or amending existing plans and recommends them to the Board for approval</li> <li>▪ reviews the performance of the Group and the divisions and recommends the variable compensation pools for the Group and the divisions to the Board for approval</li> <li>▪ proposes individual compensation for the Board members to the Board</li> <li>▪ discusses and recommends to the Board the Executive Board members' compensation, based on proposals by the CEO, and a proposal for the CEO's compensation</li> <li>▪ reviews and recommends to the Board the compensation for individuals being considered for an Executive Board position</li> <li>▪ reviews and endorses the annual compensation report submitted for a consultative vote by shareholders at the AGM</li> <li>▪ is authorized to retain outside advisors, at the Group's expense, for the purpose of providing guidance to the Compensation Committee as it carries out its responsibilities. Prior to their appointment, the Compensation Committee conducts an independence assessment of the advisors pursuant to the rules of the SEC and the listing standards of the NYSE and Nasdaq</li> </ul>

### Activities

During 2021 and early 2022, the Compensation Committee focused on a number of key areas, including but not limited to the activities described below. Specifically, the Compensation Committee:

<b>Executive Board and Board compensation</b>	<ul style="list-style-type: none"> <li>▪ revisited the original compensation decisions for the Executive Board in light of the Archegos matter, resulting in the cancellation of the 2020 STI and 2021 LTI awards and the withdrawal of the respective AGM proposals</li> <li>▪ conducted a comprehensive review and redesign of the Executive Board compensation structure for 2022 and agreed on significant changes compared to prior plans, reflecting, among other considerations, investor feedback</li> <li>▪ reviewed and recommended approval by the Board of the compensation arrangements for the incoming and outgoing Executive Board members during 2021</li> <li>▪ reviewed the compensation proposals to be submitted for approval by shareholders at the 2022 AGM</li> </ul>
<b>Shareholder engagement and Say-on-Pay</b>	<ul style="list-style-type: none"> <li>▪ continued to engage extensively with shareholders and proxy advisors on compensation, including holding numerous meetings with shareholders involving the Compensation Committee Chair, the Global Head of Human Resources and, in part, the Chairman; feedback and key issues resulting from these meetings were addressed regularly by the full committee</li> <li>▪ acknowledged the negative sentiment and general investor disappointment due to the SCFF and Archegos incidents and discussed investor comments and proxy advisor analysis and recommendations in the lead up to the 2021 AGM</li> </ul>
<b>Group compensation</b>	<ul style="list-style-type: none"> <li>▪ determined the variable compensation pool for the Group for 2021, including the allocations to the divisions and corporate functions, which was in aggregate 32% below the pool from the prior year, in consideration of the overall negative financial performance in 2021</li> <li>▪ conducted thorough accountability and culpability reviews of individuals determined to have some involvement in the SCFF and Archegos matters and recommended compensation adjustments, as appropriate</li> <li>▪ regularly monitored employee attrition trends and approved certain retention measures</li> <li>▪ approved the granting of a new one-time equity-based award, the Strategic Delivery Plan, as part of the 2021 compensation process to incentivize the longer-term delivery of the Group's strategic plan</li> <li>▪ reviewed and endorsed changes implemented to the compensation and performance management programs to improve risk and accountability in compensation practices, based on lessons learned from the SCFF and Archegos matters and feedback from regulators</li> </ul>
<b>Regulatory and industry developments</b>	<ul style="list-style-type: none"> <li>▪ received and assessed periodic reports on industry and regulatory developments, including executive pay trends, competitor practices, key corporate governance developments and regulatory themes with implications for compensation</li> </ul>

→ Refer to "The Compensation Committee" in V – Compensation – Compensation governance for information on our compensation approach, principles and objectives and outside advisors.



## Conduct and Financial Crime Control Committee

The primary function of the Conduct and Financial Crime Control Committee is to assist the Board in fulfilling its oversight responsibilities with respect to the Group's exposure to financial crime risk.

<b>Membership</b>	<ul style="list-style-type: none"> <li>■ consists of at least three members of the Board. Currently consists of five members, all of whom are independent</li> <li>■ may include non-independent members; however, the majority of members must qualify as independent</li> <li>■ the Chair of the Audit Committee is generally appointed as one of the members of the Conduct and Financial Crime Control Committee</li> </ul>
<b>Meetings</b>	<ul style="list-style-type: none"> <li>■ holds at least four meetings per year, pursuant to its charter</li> <li>■ may convene for additional meetings throughout the year in order to appropriately discharge its responsibilities</li> <li>■ meetings are attended by management representatives, representatives of Internal Audit and the Group's external auditors, as appropriate</li> </ul>
<b>Main duties and responsibilities</b>	<ul style="list-style-type: none"> <li>■ reviews and assesses the Group's overall compliance framework for addressing financial crime risk, including policies, procedures and organizational set-up</li> <li>■ monitors and assesses the effectiveness of financial crime compliance programs, including those with respect to the following areas: anti-money laundering, client identification and know-your-client procedures, client on and off boarding, politically exposed persons, economic and trade sanctions, anti-bribery and anti-corruption and client tax compliance</li> <li>■ reviews the status of the relevant policies and procedures and the implementation of significant initiatives focused on improving conduct and vigilance within the context of combatting financial crime, including employee awareness and training programs</li> <li>■ reviews and monitors investigations into allegations of financial crime or other reports of misconduct pertaining to the areas specified above</li> <li>■ reviews with management, Internal Audit and the external auditors audit findings and recommendations with respect to the areas specified above, including annual regulatory audit reports</li> <li>■ receives regular updates by management on regulatory, legislative and industry specific developments with respect to the areas specified above</li> <li>■ reviews jointly with the Audit Committee and/or Risk Committee any matters for which a joint review is determined to be appropriate, including the annual compliance risk assessment and the Group's framework for addressing conduct risk</li> <li>■ provides support to the Compensation Committee and advice, as relevant and appropriate, with respect to the areas specified above as part of the Group's compensation process</li> </ul>

### Activities

During 2021 and early 2022, the Conduct and Financial Crime Control Committee focused on a number of key areas, including but not limited to the activities described below. Specifically, the Conduct and Financial Crime Control Committee:

<b>Financial Crime Compliance effectiveness</b>	<ul style="list-style-type: none"> <li>■ reviewed comprehensive financial crime compliance reporting package from management at every meeting, including financial crime regulation developments, key financial crime compliance performance indicators and global investigations and escalated concerns</li> <li>■ conducted focused sessions on specific financial crime compliance programs, including processes regarding Politically Exposed Persons (PEPs)</li> <li>■ received updates at least quarterly from Internal Audit on financial crime compliance related findings in Internal Audit reports and reviewed the results of the anti-money laundering regulatory audits with PwC in early 2021 as part of the 2020 regulatory audit</li> <li>■ held dedicated sessions during 2021 with each of the divisional CEOs to discuss the financial crime risk culture in their respective divisions, which included such topics as "tone from the top" and communication measures in place to ensure sufficient awareness of financial crime compliance matters</li> </ul>
<b>Regulatory driven enhancement programs</b>	<ul style="list-style-type: none"> <li>■ continued to closely monitor the progress on our commitments to enhance anti-money laundering and related financial crime compliance processes in connection with FINMA enforcement decrees</li> <li>■ regularly reviewed the status of remediation efforts to address an enforcement action of the Federal Reserve Bank of New York (FRBNY) and the New York Department of Financial Services issued in November 2020 regarding enhancements to financial crime compliance in our US operations</li> <li>■ conducted several review and challenge sessions on a comprehensive program to improve anti-fraud controls</li> <li>■ engaged in dialogue with senior representatives of FINMA on significant matters of financial crime compliance at Credit Suisse</li> </ul>
<b>Financial Crime Compliance governance</b>	<ul style="list-style-type: none"> <li>■ assessed the financial crime compliance organizational and governance changes during 2021 following the departure of Lara Warner as Chief Risk and Compliance Officer and the appointment of Thomas Grotzer as CCO ad interim effective April 2021 and the appointment of Rafael Lopez Lorenzo as CCO and member of the Executive Board effective October 2021</li> <li>■ held several joint sessions with the Audit Committee, including a joint review of Credit Suisse's Foreign Account Tax Compliance Act (FATCA) and US cross border compliance activities</li> </ul>

## Risk Committee

The Risk Committee is responsible for assisting the Board in fulfilling its oversight responsibilities of risk management. These responsibilities include the oversight of the enterprise-wide risk management and practices, the promotion of a sound risk culture with clear accountability and ownership, the review of key risk and resources and the assessment of the effectiveness and efficiency of the Group's Risk function.

<b>Membership</b>	<ul style="list-style-type: none"> <li>▪ consists of at least three members of the Board. Currently consists of six members, all of whom are independent</li> <li>▪ the Audit Committee Chair is generally appointed as one of the members of the Risk Committee</li> </ul>
<b>Meetings</b>	<ul style="list-style-type: none"> <li>▪ holds at least four ordinary meetings per year, pursuant to its charter</li> <li>▪ usually convenes for additional meetings throughout the year in order to appropriately discharge its responsibilities</li> <li>▪ The CEO, CRO and other Group business or corporate function representatives will usually attend the meetings, as appropriate</li> </ul>
<b>Main duties and responsibilities</b>	<ul style="list-style-type: none"> <li>▪ reviews and assesses the integrity and adequacy of the Risk function of the Group including risk measurement approaches</li> <li>▪ reviews and calibrates risk appetite at the Group level and at the level of key businesses as well as major risk concentrations</li> <li>▪ approves the list of countries and proposes the limits and risk appetites allocated to such countries to the Board</li> <li>▪ regularly reviews relationships with top clients and material transactions from a risk perspective and also reviews the reports on material risk matters by the risk function, significant legal entities, businesses and corporate functions</li> <li>▪ reviews, jointly with the Audit Committee, the annual assessment of the adequacy and effectiveness of the internal control system and the status of major infrastructure and committed change programs</li> <li>▪ reviews and assesses the current state and evolution of the risk culture</li> <li>▪ mandates the Credit Risk Review function to independently assess credit risk management practices</li> <li>▪ reports committee activities to the Board as deemed appropriate; annually performs a self-assessment of the risk committee performance and a review of its charter</li> </ul>

### Activities

During 2021 and early 2022, the Risk Committee focused on a number of key areas, including but not limited to the activities described below. Specifically, the Risk Committee:

<b>Incident management</b>	<ul style="list-style-type: none"> <li>▪ closely monitored and oversaw actions related to the Archegos and Greensill matters, in particular the review of the investigation results for Archegos and the monitoring of the progress made on remediation activities</li> <li>▪ mandated divisional business and single name concentration reviews as well as a fundamental review of risk appetite and reviewed the results, in particular for the Investment Bank and Asia Pacific</li> <li>▪ recommended adjustments to risk appetite, monitored implementation of additional risk controls</li> <li>▪ reviewed key findings from the review of the largest clients exposures and single name concentration and monitored progress in de-risking activities</li> <li>▪ had focused discussions on conduct risk matters and cultural reviews</li> </ul>
<b>Risk appetite, risk monitoring and risk management frameworks</b>	<ul style="list-style-type: none"> <li>▪ endorsed the revised risk appetite framework and limits for 2021 as well as the Group's strategic risk objectives and the risk appetite statements for 2022, including country risk limits</li> <li>▪ supported the Board in reviewing strategically important topics, including adequacy of capital, liquidity and funding of both the Group and the Bank parent company</li> <li>▪ monitored the implementation of risk governance enhancements to improve the review, approval and escalation of risk matters</li> <li>▪ monitored aspects of the Group's risk management framework, with respect to model risk, liquidity risk, stress testing and the internal control framework</li> <li>▪ reviewed, jointly with the Audit Committee, risks related to Credit Suisse AG, including financial performance and capital position, CECL provisioning, as well as conduct and culture</li> <li>▪ reviewed the developments and steps taken by management to further integrate sustainability considerations into the risk assessment and risk management processes</li> <li>▪ received briefings on the energy transition frameworks and commitments, and associated restrictions on certain business activities in carbon-intensive sectors</li> </ul>
<b>Infrastructure and key change programs</b>	<ul style="list-style-type: none"> <li>▪ received regular updates on key change programs, including the IBOR transition program jointly with the Audit committee, as well as the US and EU legal entities' strategy including the Intermediate EU Parent Undertaking implementation</li> <li>▪ reviewed, jointly with the Audit Committee, risks related to data management, technology and infrastructure and outsourcing</li> <li>▪ reviewed, jointly with the Innovation and Technology Committee, risks related to IT security, data protection and cyber risk</li> </ul>

**Digital Transformation and Technology Committee**

The Digital Transformation and Technology Committee was established in January 2022 with the primary function of assisting the Board in setting, steering and overseeing the execution of the bank's data, digitalization and technology strategy. The committee is tasked with overseeing the strategically aligned execution of the bank's major digitalization and technology initiatives and setting governance standards for digital transformation across the Group. The Digital Transformation and Technology Committee replaces the advisory Innovation and Technology Committee, which was retired in December 2021.

**Sustainability Advisory Committee**

The Sustainability Advisory Committee, established in February 2021 and chaired by the Board Sustainability Leader Iris Bohnet, assists the Board, in an advisory capacity, in fulfilling its oversight duties in respect of the development and execution of the Group's

sustainability strategy and ambitions, and monitoring and assessing the effectiveness of the respective sustainability programs and initiatives. Responsibilities include endorsing the sustainability strategy and ambitions and ensuring actions are being taken to accomplish them, advising on sustainability metrics and tracking and monitoring progress, and supporting the engagement with key internal and external stakeholders, including clients, employees, investors, ESG rating agencies, non-governmental organizations, policymakers, regulators and representatives of the business community and society. Activities of the Sustainability Advisory Committee during 2021 included the review and validation of the key pillars of the Credit Suisse sustainability strategy in the context of the Group-wide strategy review, receiving updates on the bank's progress with respect to ESG products, services and advisory, the Diversity & Inclusion strategy and climate and sustainability risk, as well as holding a targeted session on greenwashing risk.

## Biographies of the Board



**Axel Lehmann**  
Born 1959  
Swiss Citizen  
Board member since 2021  
**Chairman of the Board (as of January 16, 2022)**



**António Horta-Osório**  
Born 1964  
Portuguese and British Citizen  
Board member 2021–2022  
**Chairman of the Board (until January 16, 2022)**

### Professional history

2021–present	Credit Suisse <sup>1</sup> Chairman and Chair of the Governance and Nominations Committee (2022–present, member since 2021) Chair ad interim of the Risk Committee (2022–present, member since 2021) Member of the Conduct and Financial Crime Control Committee (2021–2022) Member of the Audit Committee (2021–2022)
2009–2021	UBS Member of the Group Executive Board of UBS Group AG (2016–2021) President Personal & Corporate Banking and President UBS Switzerland (2018–2021) Group Chief Operating Officer (2016–2017) Member of the Board of Directors of UBS AG (2009–2015) and UBS Group AG (2014–2015), Member of the Risk Committee (2009–2015) and the Governance and Nominating Committee (2011–2013)
1996–2015	Zurich Insurance Group Ltd. Member of the Group Executive Committee (2002–2015) Group Chief Risk Officer (2009–2015), with additional responsibility for Group IT (2008–2010), Regional chairman Europe (2011–2015) and Regional chairman Europe, Middle East and Africa (2015–2015), chairman of the Board of Farmers Group Inc., CA (2011–2015) CEO, North America (2004–2007) CEO, Continental Europe (2002–2004) and Europe General Insurance (2004–2004) CEO, Northern Europe (2001–2002) and Zurich Group Germany (2002–2003) Member of the Group Management Board (2000–2002) Various other senior positions (1996–2001)
1995	Swiss Life, Head of Strategic Planning and Controlling
<b>Education</b>	
2000	Advanced Management Program, Wharton School, University of Pennsylvania
1996	Post-doctorate degree in Business Administration (Habilitation), University of St. Gallen
1989	PhD in Economics and Business Administration, University of St. Gallen
1984	Master's degree in Economics and Business Administration, University of St. Gallen
<b>Other activities and functions</b>	
Credit Suisse Foundation, chair	
University of St. Gallen (HSG), adjunct professor and international advisory board member	
Institute of Insurance Economics at the University of St. Gallen (I.VW), chairman of the executive board	
Swiss-American Chamber of Commerce, member	
1 Mr. Lehmann will take over more mandates in his capacity as Chairman of the Group.	

### Professional history

2021–2022	Credit Suisse <sup>1</sup> Chairman and Chair of the Governance and Nominations Committee (2021–2022) Member of the Sustainability Advisory Committee (2021–2022)
2011–2021	Lloyds Banking Group, Group Chief Executive
2009–2011	Bank of England, Court of Directors
1993–2010	Grupo Santander Chief Executive Officer, Santander UK/Abbey (2006–2010) Executive Vice President, Banco Santander Spain (2000–2010) Chief Executive Officer, Banco Santander Totta Portugal (2000–2006) Chief Executive Officer and chairman, Banco Santander Brazil (1997–1999, chairman until 2000) Chief Executive Officer, Banco Santander de Negócios Portugal (1993–1996)
1991–1993	Goldman Sachs, Corporate Finance, UK and US
1987–1991	Citibank Portugal, Head Capital Markets
<b>Education</b>	
2003	Advanced Management Program, Harvard Business School, US
1991	MBA, INSEAD, Fontainebleau, France
1987	Degree in Management & Business Administration, Universidade Católica Portuguesa, Lisbon, Portugal
<b>Other activities and functions</b>	
PartnerRe Ltd., independent director, chairman of the investment committee and member of the underwriting and risk committee (Listed company)	
Stichting Enable/Stichting INPAR Management, non-executive director	
Fundação Champalimaud, non-executive director	
BIAL, chairman	
1 Mr. Horta-Osório additionally performed functions in a number of Swiss and international organizations in his capacity as Chairman of the Group.	



**Iris Bohnet**  
 Born 1966  
 Swiss Citizen  
 Board member since 2012



**Clare Brady**  
 Born 1963  
 British Citizen  
 Board member since 2021

**Professional history**

2012–present	Credit Suisse
	Chair of the Sustainability Advisory Committee (2021–present) Member of the Compensation Committee (2012–present) Member of the Innovation and Technology Committee (2015–2021)
1998–present	Harvard Kennedy School
	Academic Dean (2018–2021, 2011–2014) Albert Pratt Professor of Business and Government (2018–present) Co-Director of the Women and Public Policy Program (2018–present), Director (2008–2018) Professor of public policy (2006–2018) Associate professor of public policy (2003–2006) Assistant professor of public policy (1998–2003)
1997–1998	Haas School of Business, University of California at Berkeley, visiting scholar

**Education**

1997	Doctorate in Economics, University of Zurich, Switzerland
1992	Master's degree in Economic History, Economics and Political Science, University of Zurich, Switzerland

**Other activities and functions**

Publicis Groupe Diversity Progress Council, member (Listed company)  
 Economic Dividends for Gender Equality (EDGE), advisory board member  
 We shape tech, advisory board member  
 Women in Banking and Finance, patron  
 UK Government Equalities Office/BIT, advisor

**Professional history**

2021–present	Credit Suisse
	Member of the Audit Committee (2021–present) Member of the Conduct and Financial Crime Control Committee (2021–present) Member of the Board of Credit Suisse International and Credit Suisse Securities (Europe) Limited (UK subsidiaries) (2021)
2014–2017	International Monetary Fund (IMF), Director of Internal Audit
2009–2013	World Bank Group, Vice President and Auditor General
2005–2009	Deutsche Bank AG
	Managing Director, Group Audit, Asia Pacific Regional Head (2007–2009) Managing Director, Group Audit, UK Regional Head and Business Partner for Global Banking and Chief Administration Officer (2005–2006)
2002–2005	Bank of England, The Auditor
2001–2002	Barclays Capital, Global Head of Internal Audit
2000–2001	HSBC, Global Head of Compliance, Private Banking
1995–2000	Safra Republic Holdings, Chief Auditor
1995–2000	Republic National Bank of New York (RNBNY), Director of European Audit, Senior Vice President
Prior to 1995	First National Bank of Chicago, Vice President and Regional Head of Europe and Asia Pacific Bank of New York, Auditor National Audit Office, UK, Auditor

**Education**

1994	Chartered Governance Professional (ACG), Chartered Governance Institute, UK
1987	Bachelor of Science (B.Sc. Hons) in Economics, London School of Economics, UK

**Other activities and functions**

Fidelity Asian Values PLC, non-executive director, senior independent director (SID) and member of the audit committee, the management engagement committee and the nominations committee (Listed company)  
 The Golden Charter Trust and the Golden Charter Trust Limited, trustee and non-executive director (resp.) and member of the audit committee  
 International Federation of Red Cross and Red Crescent Societies (IFRC), member of the audit and risk commission



**Juan Colombas**  
 Born 1962  
 Spanish Citizen  
 Board member since 2021



**Christian Gellerstad**  
 Born 1968  
 Swiss and Swedish Citizen  
 Board member since 2019

#### Professional history

2021–present	Credit Suisse <sup>1</sup>
	Member of the Audit Committee (2021–present)
	Member of the Compensation Committee (2021–present)
	Member of the Risk Committee (2021–present)
2020–present	ING Groep (Listed company)
	Member of the Supervisory Board (2020–present)
	Member of the Audit Committee (2020–present)
	Member of the Risk Committee (2020–present)
2011–2020	Lloyds Banking Group
	Chief Operating Officer and Executive Director (2017–2020)
	Chief Risk Officer and Executive Director (2013–2017)
	Chief Risk Officer (2011–2013)
1986–2011	Grupo Santander
	Chief Risk Officer and Executive Director, Santander UK/Abbey (2009–2011)
	Chief Risk Officer, Santander UK/Abbey (2006–2009)
	Chief Risk Officer, Banco Santander Totta Portugal (2003–2006)
	Various Risk, Control and Management Roles at Santander Group (1986–2003)

#### Education

1988	Master in Business Administration (MBA), IE Business School Madrid
1986	Financial Management Degree, ICADE Business School Madrid
1985	Bachelor of Science in Industrial Chemical Engineering, Polytechnic University of Madrid

#### Other activities and functions

Azora Capital SL, board member

Global Alumni Relations of the IE Business School, advisory board member  
 1 Mr. Colombas has furthermore been appointed as chair of the subsidiary Credit Suisse Bank (Europe), S.A., effective January 1, 2022, subject to regulatory approval.

#### Professional history

2019–present	Credit Suisse
	Chair of the Conduct and Financial Crime Control Committee (2020–present; member since 2019)
	Member of the Governance and Nominations Committee (2020–present)
	Member of the Compensation Committee (2019–present)
	Member of the Board of Credit Suisse (Schweiz) AG (Swiss subsidiary) (2021–present)
1994–2018	Pictet Group
	CEO, Pictet Wealth Management (2007–2018)
	Executive Committee Member, Banque Pictet & Cie SA, Geneva (2013–2018)
	Equity Partner, Pictet Group (2006–2018)
	CEO and Managing Director Banque Pictet & Cie (Europe) S.A., Luxembourg (2000–2007)
	Deputy CEO and Senior Vice President, Pictet Bank & Trust Ltd., Bahamas (1996–2000)
	Financial Analyst & Portfolio Manager, Pictet & Cie, Geneva (1994–1996)
Before 1994	Cargill International, Emerging Markets Trader

#### Education

2019	Board Director Diploma, International Institute for Management Development (IMD), Switzerland
1996	Certified International Investment Analyst (CIIA) and Certified Portfolio Manager and Financial Analyst (AZEK)
1993	Master in Business Administration and Economics, University of St. Gallen (HSG), Switzerland

#### Other activities and functions

Investis Holding SA, board member (Listed company)

Elatior SA, chairman

Nubica SA, board member

Taurus Group SA, board member

FAVI SA, board member

AFICA SA, board member

Tsampéthro SA, board member



**Michael Klein**  
Born 1963  
US Citizen  
Board member since 2018



**Shan Li**  
Born 1963  
Chinese Citizen  
Board member since 2019

#### Professional history

2018–present	Credit Suisse
	Member of the Compensation Committee (2019–present) Member of the Risk Committee (2018–2021)
2010–present	M Klein & Company, Managing Partner
1985–2008	Citigroup
	Vice chairman Chairman Institutional Clients Group Chairman & Co-CEO Markets & Banking Co-President Markets & Banking CEO Global Banking CEO Markets and Banking EMEA Various senior management positions

#### Education

1985	Bachelors of Science in Economics (Finance and Accounting), The Wharton School, University of Pennsylvania
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#### Other activities and functions

MultiPlan, board member (Listed company)  
Churchill Capital Corp. V, VI, VII, board member (SPACs, Listed company)  
AltC Acquisition Corp., board member (Listed company)  
Skillsoft Ltd., board member (Listed company)  
TBG Europe NV, board member  
Magic Leap, board member  
Chatham House, senior advisor  
Harvard Global Advisory Board, member  
Investments Committee & Joint Staff Pension Fund, United Nations, advisory board member  
Peterson Institute for International Economics, board member  
The World Food Programme, investment advisory board member  
Conservation International, board member

#### Professional history

2019–present	Credit Suisse
	Member of the Risk Committee (2019–present)
2015–present	Silk Road Finance Corporation Limited, Hong Kong, member of the board of directors
2010–present	Chinastone Capital Management Limited, Shanghai, chairman and CEO
2005–present	San Shan (HK) Ltd., Founding partner
2013–2015	China Development Bank, Beijing, Chief International Business advisor
2010–2011	UBS Asia Investment Bank, Hong Kong, vice chairman
2001–2005	Bank of China International Holdings, Hong Kong, CEO
1999–2001	Lehman Brothers Asia, Hong Kong, Head of China Investment Banking
1998–1999	China Development Bank, Beijing, Deputy Head of Investment Bank Preparation Leading Group
1993–1998	Goldman Sachs
	Executive Director, Goldman Sachs International, London (1997–1998) Executive Director, Goldman Sachs (Asia), Hong Kong (1995–1997) International Economist, Goldman Sachs & Co., New York (1993–1995)
1993	Credit Suisse First Boston, New York, Associate

#### Education

1994	PhD in Economics, Massachusetts Institute of Technology (MIT)
1988	MA in Economics, University of California, Davis
1986	BS in Management Information Systems, Tsinghua University, Beijing

#### Other activities and functions

Zurich Insurance, Senior China Advisor (Listed company)  
Beijing International Wealth Management Institute, chairman  
Chinese Financial Association of Hong Kong, vice chairman  
Bauhinia Party, co-founder  
MIT Economics Visiting Committee, member  
Silk Road Planning Research Center, vice chairman  
Tsinghua Institute for Governance Studies, vice chairman  
MIT Sloan Finance Advisory Board, member  
Harvard University, Kennedy School Dean's Council member



**Seraina Macia**  
 Born 1968  
 Swiss, Australian and US  
 Citizen  
 Board member since 2015



**Blythe Masters**  
 Born 1969  
 British Citizen  
 Board member since 2021

**Professional history**

2015–present	Credit Suisse Member of the Audit Committee (2021– present, 2015–2018) Member of the Risk Committee (2018–2021)
2020–present	Joyn Insurance CEO and co-founder
2017–2020	Blackboard U.S. Holdings, Inc. (AIG Corporation) Executive vice president of AIG & CEO of Blackboard (AIG technology-focused subsidiary; formerly Hamilton USA)
2016–2017	Hamilton Insurance Group CEO Hamilton USA
2013–2016	AIG Corporation Executive vice-president of AIG and CEO Regional Management & Operations of AIG, New York (2015–2016) CEO and President of AIG EMEA, London (2013–2016)
2010–2013	XL Insurance North America, chief executive
2002–2010	Zurich Financial Services President Specialties Business Unit, Zurich North America Commercial, New York (2007–2010) CFO Zurich North America Commercial, New York (2006–2007) Various positions, among others: head of the joint investor relations and rating agencies management departments; head of rating agencies management; senior investor relations officer (2002–2008)
2000–2002	NZB Neue Zuercher Bank, founding partner and financial analyst
1990–2000	Swiss Re Rating agency coordinator, Swiss Re Group (2000) Senior underwriter and deputy head of financial products, Melbourne (1996–1999) Various senior underwriting and finance positions, Zurich (1990–1996)

**Education**

2001	Chartered Financial Analyst (CFA), CFA Institute, US
1999	MBA, Monash Mt Eliza Business School, Australia
1997	Post-graduate certificate in Management, Deakin University, Australia

**Other activities and functions**

Portage Fintech Acquisition Corporation, board member (Listed company)  
 BanQu, chair  
 CFA Institute, member  
 Food Bank for New York City, chair  
 Young Presidents Organization, member

**Professional history**

2021–present	Credit Suisse Chair of Credit Suisse Holdings (USA), Inc. (2022–present) Chair of the Digital Transformation and Technology Committee (2022–present) Member of the Compensation Committee (2021–present) Member of the Risk Committee (2021)
2019–present	Motive Partners (Listed company) President of Motive Capital Corporation II (SPAC) (2021–present) Member of the board of directors of CAIS (2021–present) Consultant of Apollo Global Management (2021–present) CEO and member of the board of directors of Motive Capital Corporation I (SPAC) (2020–present) Motive Partners, Founding Partner (2019–present)
2015–2018	Digital Asset Holdings LLC, Chief Executive Officer
1991–2015	J.P. Morgan Chase & Co. Head of Corporate & Investment Bank Regulatory Affairs (2010–2014) Head of Global Commodities (2007–2014) Chief Financial Officer Investment Bank (2004–2007) Head of Credit Policy and Strategy and Global Credit Portfolio (2002–2004) Co-Head of Asset Backed Securitization and Head of Global Structured Credit (2000–2002) Co-Head of North American Credit Portfolio (1998–2000) Head of Global Credit Derivatives Marketing (1995–1998) Various Roles in Fixed Income Markets (1991–1995)

**Education**

1991	Bachelor of Arts in Economics, Trinity College, Cambridge, UK
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**Other activities and functions**

A. P. Møller-Maersk Group, board member (Listed company)  
 GCM Grosvenor, board member and chair of the audit committee (Listed company)





**Richard Meddings**  
Born 1958  
British Citizen  
Board member since 2020



**Kai S. Nargolwala**  
Born 1950  
Singaporean Citizen  
Board member since 2013

#### Professional history

2020–present	Credit Suisse
	Chair of the Audit Committee (2020–present) Member of the Risk Committee (2020–present), Chair (ad interim) (2021) Member of the Sustainability Advisory Committee (2021–present) Member of the Governance and Nominations Committee (2020–present) Member of the Conduct and Financial Crime Control Committee (2020–present) Vice-Chair of the board of Credit Suisse International and Credit Suisse Securities (Europe) Ltd. (2022–present)
2018–2021	TSB Bank plc
	Chairman (2019–2021) Interim executive chairman (2018–2019)
2017–2019	Jardine Lloyd Thompson Group Plc
	Non-executive director Chair of the Remuneration Committee Member of the Audit and Risk Committee
2015–2019	Deutsche Bank AG
	Member of the Supervisory Board Chair of the Audit Committee, member of the Risk Committee and member of the Strategy Committee
2014–2017	Legal & General Group Plc
	Non-executive director Chair of the Risk Committee Member of the Audit and Remuneration Committee
2008–2014	3i Group Plc
	Non-executive director and senior independent director Chair of the Audit and Risk Committee
2002–2014	Standard Chartered Group plc
	Group executive director Finance director (2006–2014)
2000–2002	Barclays Plc
	Group financial controller COO of Wealth Management Division
1999–2000	Woolwich Plc, Group Finance Director
Prior to 1999	BZW (CSFB) (1996–1999)

#### Education

1983	UK Chartered Accountant, Institute of Chartered Accountants in England and Wales
1980	MA Modern History, Exeter College, Oxford

#### Other activities and functions

NHS England, chair, effective March 25, 2022  
Hastings Educational Opportunity Area, chair

#### Professional history

2008–present	Credit Suisse
	Chairman of the Compensation Committee (2017–present), Member (2014–present) Member of the Risk Committee (2021–present, 2013–2017) Member of the Governance and Nominations Committee (2017–present) Member of the Conduct and Financial Crime Control Committee (2019–present) Member of the Innovation and Technology Committee (2015–2021) Non-executive chairman of Credit Suisse's Asia-Pacific region (2010–2011) Member of the Executive Board (2008–2010) CEO of Credit Suisse Asia Pacific region (2008–2010)
1998–2007	Standard Chartered plc, main board executive director
Prior to 1998	Bank of America
	Group executive vice president and head of Asia Wholesale Banking group in Hong Kong (1990–1995) Head of High Technology Industry group in San Francisco and New York (1984–1990) Various management and other positions in the UK (1976–1984)
1970–1976	Peat Marwick Mitchell & Co., London, accountant (1970–1976)

#### Education

1974	Fellow of the Institute of Chartered Accountants (FCA), England and Wales
1969	BA in Economics, University of Delhi

#### Other activities and functions

Sustainable Infrastructure Capital Pte. Ltd., chairman  
Sustainable Infrastructure Capital Fund Management Pte. Ltd., non-executive  
director  
PSA International Pte. Ltd. Singapore, non-executive director  
Singapore Pools (Private) Limited, chairman  
65 EQUITY PARTNERS PTE. LTD., chairman  
Singapore Institute of Directors, fellow



**Ana Paula Pessoa**  
 Born 1967  
 Brazilian Citizen  
 Board member since 2018



**Severin Schwan**  
 Born 1967  
 Austrian, German and Swiss  
 Citizen  
 Board member since 2014  
**Vice-Chair of the Board**  
**Lead Independent Director**

**Professional history**

2018–present	Credit Suisse
	Chair of Brazil Advisory Board (2022–present)
	Member of the Conduct and Financial Crime Control Committee (2019–present)
	Member of the Audit Committee (2018–present)
	Chair of Credit Suisse Bank (Europe), S.A. (2021)
	Member of the Innovation and Technology Committee (2018–2021)
2020–present	Avanti Ltda, Partner
2015–2017	Olympic & Paralympic Games 2016, CFO of Organising Committee
2012–2015	Brunswick Group, Managing partner of Brazilian branch
2001–2011	Infoglobo Newspaper Group, CFO and innovation director
1993–2001	Globo Organizations, senior management positions in several media divisions

**Education**

1991	MA, FRI (Development Economics), Stanford University, California
1988	BA, Economics and International Relations, Stanford University, California

**Other activities and functions**

Cosan, board member (Listed company)  
 Suzano Pulp and Paper, board member (Listed company)  
 Vinci Group, board member (Listed company)  
 News Corporation, board member (Listed company)  
 Kunumi AI, board member and investor  
 Global Advisory Council for Stanford University, member  
 Instituto Atlántico de Gobierno, advisory board member  
 Fundação Roberto Marinho, member of the audit committee

**Professional history**

2014–present	Credit Suisse
	Vice-Chair and Lead Independent Director (2017–present)
	Member of the Governance and Nominations Committee (2017–present)
	Member of the Risk Committee (2014–present)
	Member of the board of Credit Suisse (Schweiz) AG (Swiss subsidiary) (2015–2017)
1993–present	Roche Group (Listed company)
	CEO (2008–present)
	Member of the board of directors of Roche Holding Ltd. (2013–present)
	CEO Division Roche Diagnostics (2006–2008)
	Head Asia Pacific Region, Roche Diagnostics Singapore (2004–2006)
	Head Global Finance & Services, Roche Diagnostics Basel (2000–2004)
	Various management and other positions with Roche Germany, Belgium and Switzerland (1993–2000)

**Education**

1993	Doctor of Law, University of Innsbruck, Austria
1991	Master's degrees in Economics and Law, University of Innsbruck, Austria

**Other activities and functions**

International Business Leaders Advisory Council for the Mayor of Shanghai, vice-chairman

**Former members of the Board**

Information about former members of the Board is available on our website at [credit-suisse.com/annualreporting](http://credit-suisse.com/annualreporting).

**Honorary Chairman of Credit Suisse Group AG**

Rainer E. Gut, born 1932, Swiss Citizen, was appointed Honorary Chairman of the Group in 2000 after he retired as Chairman, a position he had held from 1986 to 2000. Mr. Gut was a member of the board of Nestlé SA, Vevey, from 1981 to 2005, where he was vice-chairman from 1991 to 2000 and chairman from 2000 to 2005. As Honorary Chairman, Mr. Gut does not have any function in the governance of the Group and does not attend the meetings of the Board.

**Secretary of the Board**

Joan E. Belzer, born 1965, Swiss and US citizen

## Executive Board

### Membership

The Executive Board is the most senior management body of the Group. Its members are appointed by the Board. Prior to the appointment of an Executive Board member, the terms and conditions of the individual's employment contract with the Group are reviewed by the Compensation Committee. The Executive Board currently consists of twelve members. The composition of the Executive Board of the Group and the Bank is identical, with the exception of André Helfenstein, who is a member of the Executive Board of the Group, but not the Bank.

### Executive Board changes

The Group announced a number of changes to the Executive Board in 2021. On March 18, 2021, Ulrich Körner was appointed CEO of Asset Management and Executive Board member, effective April 1, 2021. From that date, the Asset Management business was separated from the International Wealth Management division and managed as a new division. Joachim Oechslin, former Senior Advisor and Chief of Staff to the CEO, was appointed Chief Risk Officer ad interim and Executive Board member, effective as of April 6, 2021. Brian Chin, former CEO of the Investment Bank, and Lara Warner, at the time Chief Risk and Compliance Officer, both stepped down from their roles as of April 30, 2021 and April 6, 2021, respectively. As of May 1, 2021, Christian Meissner, former Co-Head of IWM Investment Banking Advisory and Vice-Chair of Investment Banking, was appointed the new CEO of the Investment Bank and an Executive Board member. On July 5, 2021, Credit Suisse Group AG announced the appointment of a Chief Technology & Operations Officer, Joanne Hannaford, effective

January 1, 2022. She succeeded James Walker, who became the deputy CEO of our major subsidiary Credit Suisse Holdings (USA), Inc. On July 27, 2021, Credit Suisse Group AG announced the appointment of David Wildermuth, who became Chief Risk Officer, effective January 1, 2022. On September 8, 2021, Credit Suisse Group AG announced two internal appointments to the Executive Board of Credit Suisse Group. Rafael Lopez Lorenzo, former Global Head of Group Internal Audit was appointed Chief Compliance Officer and an Executive Board member, effective October 1, 2021. Christine Graeff was appointed Global Head of Human Resources and an Executive Board member as of February 1, 2022, succeeding Antoinette Poschung, who retired at the end of January 2022.

Following the Group strategy review and in connection with the new organizational structure, further changes to the Executive Board were announced. The following new and existing Executive Board members were appointed in their divisional and regional functions: Francesco De Ferrari as CEO of the Wealth Management division and ad interim CEO of the Europe, Middle East and Africa (EMEA) region, Christian Meissner as CEO of the Investment Bank division and CEO of the Americas region, André Helfenstein as CEO of the Swiss Bank division and CEO of the Switzerland region, Ulrich Körner as CEO of the Asset Management division and Helman Sitohang as CEO of the Asia Pacific region, all effective January 1, 2022. Furthermore, we announced that Lydie Hudson was stepping down from the Executive Board as of December 31, 2021, due to the decision to reintegrate parts of the Sustainability, Research & Investment Solutions (SRI) organization into the Wealth Management and Investment Banking divisions.

### Members of the Executive Board as of December 31, 2021

	Executive Board member since	Role
Thomas P. Gottstein, Chief Executive Officer	2015	Group CEO
Romeo Cerutti, General Counsel	2009	Corporate Function Head
André Helfenstein, CEO Swiss Universal Bank	2020	Divisional Head
Lydie Hudson, CEO Sustainability, Research & Investment Solutions	2019	Corporate Function Head
Ulrich Körner, CEO Asset Management	2021	Divisional Head
Rafael Lopez Lorenzo, Chief Compliance Officer	2021	Corporate Function Head
David R. Mathers, Chief Financial Officer	2010	Corporate Function Head
Christian Meissner, CEO Investment Bank	2021	Divisional Head
Joachim Oechslin, Chief Risk Officer (ad interim)	2021	Corporate Function Head
Antoinette Poschung, Global Head of Human Resources	2019	Corporate Function Head
Helman Sitohang, CEO Asia Pacific	2015	Divisional Head
James B. Walker, Chief Operating Officer	2019	Corporate Function Head
Philipp Wehle, CEO International Wealth Management	2019	Divisional Head

## Members of the Executive Board as of January 1, 2022

	Executive Board member since	Role
Thomas P. Gottstein, Chief Executive Officer	2015	Group CEO
Romeo Cerutti, General Counsel	2009	Corporate Function Head
Francesco De Ferrari, CEO Wealth Management and CEO Region Europe, Middle East and Africa (ad interim)	2022	Divisional Head / Regional Head
Christine Graeff, Global Head of Human Resources <sup>1</sup>	2022	Corporate Function Head
Joanne Hannaford, Chief Technology & Operations Officer	2022	Corporate Function Head
André Helfenstein, CEO Swiss Bank and CEO Region Switzerland	2020	Divisional Head / Regional Head
Ulrich Körner, CEO Asset Management	2021	Divisional Head
Rafael Lopez Lorenzo, Chief Compliance Officer	2021	Corporate Function Head
David R. Mathers, Chief Financial Officer	2010	Corporate Function Head
Christian Meissner, CEO Investment Bank and CEO Region Americas	2021	Divisional Head / Regional Head
Helman Sitohang, CEO Region Asia Pacific	2015	Regional Head
David Wildermuth, Chief Risk Officer	2022	Corporate Function Head

Antoinette Poschung stepped down from the Executive Board as of January 31, 2022.

<sup>1</sup> Effective as of February 1, 2022.

## Responsibilities

The Executive Board is responsible for the day-to-day operational management of the Group under the leadership of the CEO.

As part of its main duties and responsibilities, the Executive Board:

- establishes the strategic business plans for the Group overall as well as for the principal businesses, subject to approval by the Board;
- regularly reviews and coordinates significant initiatives, projects and business developments in the divisions and the corporate functions, including important risk management matters;
- regularly reviews the consolidated and divisional financial performance, including progress on key performance indicators, as well as the Group's capital and liquidity positions and those of its major subsidiaries;
- appoints and dismisses senior managers, with the exception of managers from Internal Audit, and periodically reviews senior management talent across the Group and talent development programs;
- reviews and approves business transactions, including mergers, acquisitions, establishment of joint ventures and establishment of subsidiary companies; and
- approves key policies for the Group.

## Executive Board committees

Following a governance reorganization of our Credit Suisse Risk function in 2021, the set-up of Executive Board committees has been re-structured and new committees established. The Executive Board has several standing committees, which meet periodically throughout the year and/or as required. These committees are:

- Executive Board Risk Management Committee (ExB RMC): co-chaired by the Group's CEO, CRO and CCO: Replaces the Internal Control System and Position & Client Risk cycles of

the former Capital Allocation and Risk Management Committee (CARMC) and the former Executive Board Risk Forum.

The ExB RMC is primarily responsible for steering and monitoring the development and execution of the Group's risk strategy, approving risk appetite across all risk types for the Group and its divisions, as well as reviewing the aggregate and highest risk exposures, major risk concentrations and key non-financial risks. The ExB RMC approves risk limit applications that require final approval by the Risk Committee or the Board. The ExB RMC is also responsible for assessing the appropriateness and efficiency of the internal control system and serves as an escalation point for risk issues raised by subordinated risk committees or Executive Board members.

- Group Capital Allocation and Liability Management Committee (Group CALMC) replaces the Asset & Liability Management cycle of the former CARMC. Group CALMC reviews the funding and balance sheet trends and activities, plans and monitors regulatory and business liquidity requirements and internal and regulatory capital adequacy. Group CALMC also reviews and proposes the contingency funding plan for approval by the Board, reviews the position taking of interest rate risk in the banking book and decides on changes in approaches relating to investment of own equity. Further, it sets internal targets, approves and reviews adherence to internal targets for capital allocation, funding, liquidity and capital management actions, including the review and monitoring of share repurchases.
- The Credit Suisse AG Parent Capital Allocation, Liability and Risk Management Committee (Credit Suisse AG Parent CALRMC) reviews the capital, liquidity and funding trends and activities of Credit Suisse AG (Bank parent company). The CS AG Parent CALRMC reviews and challenges the financial and capital plans of major subsidiaries of the Bank parent company, including key risks and key dependencies, such as dividends or other capital repatriations from the major subsidiaries to the Bank parent company, ahead of approvals by the respective subsidiary governance bodies. The committee also monitors and reviews the Bank parent company's aggregate risk profile, in particular the Bank parent company-specific

vulnerabilities, and approves risk appetite for the Bank parent company and its branches.

- Valuation Risk Management Committee (VARMC): the VARMC is responsible for establishing policies regarding the valuation of certain material assets and the policies and calculation methodologies applied in the valuation process. Further, the VARMC is responsible for monitoring and assessing valuation risks, reviewing inventory valuation conclusions and directing the resolution of significant valuation issues.
- Group Conduct Board (GCB): the GCB (co-chaired by the Global Head of Human Resources together with one of the other Executive Board members appointed to the GCB on an annually rotating basis) is responsible for overseeing conduct matters and ensuring consistency and alignment of practices across the Group. The GCB oversees the global disciplinary process and measures and serves as a review panel to consider potential significant events and individual compensation. The GCB also reviews findings from conduct related investigations and considers these in the context of determining disciplinary outcomes.

The GCB also oversees the activities of the conduct and ethics ombudsperson. The ombudsperson is accountable directly to the CEO and the GCB. The ombudsperson's role is to serve as a point of immediate escalation when sexual harassment claims arise and to ensure there is appropriate awareness of and attention to such claims. The ombudsperson works with our Compliance, General Counsel and Human Resources functions as well as our business divisions to review our relevant global training programs, policies and protocols, so that they can be further enhanced as part of our efforts to prevent sexual harassment at work and to make sure all cases are managed in a fair, accurate and consistent way within our global framework.

→ Refer to "Risk management" in III – Treasury, Risk, Balance sheet and Off-balance sheet for information on our risk management oversight.

## Executive Board mandates

Our Executive Board members may, similar to our Board members, assume board or executive level or other roles in companies and organizations outside of the Group, which are collectively referred to as mandates. According to the Group's AoA (Chapter IV, Section 3, The Executive Board, Art. 20f), the number of mandates Executive Board members may hold in listed companies and other organizations outside of the Group is subject to certain restrictions, in order to comply with the Compensation Ordinance and to ensure that our Executive Board members dedicate sufficient time to fulfil their executive roles.

The limitations on mandates assumed by Executive Board members outside of the Group are summarized in the table below.

### Type of mandate and limitation – Executive Board

Type of mandate	Limitation
Listed companies	No more than one other mandate
Other legal entities <sup>1</sup>	No more than two mandates
Legal entities on behalf of the Group <sup>2</sup>	No more than ten mandates
Charitable legal entities <sup>3</sup>	No more than ten mandates

<sup>1</sup> Includes private non-listed companies.

<sup>2</sup> Includes memberships in business and industry associations.

<sup>3</sup> Also includes honorary mandates in cultural or educational organizations.

No Executive Board member holds mandates in excess of these restrictions. The restrictions shown above do not apply to mandates of Executive Board members in legal entities controlled by the Group, such as subsidiary boards.

→ Refer to "Mandates" in Board of Directors for further information.

## Biographies of the Executive Board members



**Thomas P. Gottstein**  
Born 1964  
Swiss Citizen  
Member since 2015  
**Chief Executive Officer**



**Romeo Cerutti**  
Born 1962  
Swiss and Italian Citizen  
Member since 2009  
**General Counsel**

### Professional history

1999–present	Credit Suisse
	Chief Executive Officer of the Group (2020–present)
	Member of the Sustainability Advisory Committee (2021–present)
	Member of the board of Credit Suisse (Schweiz) AG (Swiss subsidiary) (2020–present)
	CEO Credit Suisse (Schweiz) AG (2016–2020)
	CEO Swiss Universal Bank (2015–2020)
	Head of Premium Clients Switzerland & Global External Asset Managers (2014–2015)
	Head of Investment Banking Coverage Switzerland (2010–2013)
	Co-Head of Equity Capital Markets EMEA (2007–2009)
	Head of Equity Capital Markets Switzerland, Austria and Scandinavia, London (2005–2007)
	Head of Equity Capital Markets Switzerland, Zurich (2002–2005)
	Investment Banking Department Switzerland (1999–2002)
Prior to 1999	UBS
	Telecoms Investment Banking and Equity Capital Markets, London
	Group Controlling, Zurich

### Education

1995	PhD in Finance and Accounting, University of Zurich
1989	Degree in Business Administration and Economics, University of Zurich

### Other activities and functions

Credit Suisse Foundation, foundation board member  
digitalswitzerland Association, association member and member of the steering committee  
Swiss Bankers Association, board member and member of the audit committee  
Swiss-American Chamber of Commerce, board member  
International Business Council of the World Economic Forum, member  
CNBC ESG Council, member  
2030 Water Resource Group, member

### Professional history

2006–present	Credit Suisse
	General Counsel (2009–present)
	Global Co-Head of Compliance (2008–2009)
	General Counsel, Private Banking (2006–2009)
1999–2006	Lombard Odier Darier Hentsch & Cie
	Partner of the Group Holding (2004–2006)
	Head of Corporate Finance (1999–2004)
1995–1999	Homburger Rechtsanwälte, Zurich, attorney-at-law
Prior to 1995	Latham and Watkins, Los Angeles, attorney-at-law

### Education

1998	Post-doctorate degree in Law (Habilitation), University of Fribourg
1992	Admission to the bar of the State of California
1992	Master of Law (LLM), University of California, Los Angeles
1990	Doctorate in Law, University of Fribourg
1989	Admission to the bar of the Canton of Zurich
1986	Master in Law (lic.iur.), University of Fribourg

### Other activities and functions

Vifor Pharma Ltd., vice-chairman (Listed company)  
Swiss Finance Institute (SFI), chairman  
Swiss-American Chamber of Commerce, legal group member  
Ulrico Hoepli Foundation, board of trustees member



**Francesco De Ferrari**  
 Born 1969  
 Swiss and Italian Citizen  
 Member since 2022  
**CEO Wealth Management**  
 (as of January 1, 2022)



**Christine Graeff**  
 Born 1973  
 French and German citizen  
 Member since 2022  
**Global Head of Human Resources**  
 (as of February 1, 2022)

**Professional history**

2022–present	Credit Suisse CEO Wealth Management (2022–present) CEO EMEA (ad interim) (2022–present)
2018–2021	AMP CEO & Managing Director, AMP Capital (2020–2021) CEO & Managing Director, AMP Limited (2020–2021)
2002–2018	Credit Suisse CEO, South East Asia and Frontier Markets (2015–2018) CEO, Private Banking Asia Pacific (2012–2018) CEO, Private Banking Italy (2008–2011) Business COO, Private Banking EMEA (2007–2008) Various Management and other Positions with Credit Suisse Italy (2002–2006)
1999–2001	B2Vision & ASPESI Spa, Founder
1996–1999	McKinsey & Company, Engagement manager
1993–1995	Nestlé, Internal Audit, International Management Training Program
1990–1992	Deloitte & Touche, Financial auditor

**Education**

1996	MBA, INSEAD, Fontainebleau, France
1990	Bachelor of Arts in Economics and International Business, New York University, US

**Other activities and functions**

Mr. De Ferrari currently does not hold directorships in other organizations.

**Professional history**

2021–present	Credit Suisse Global Head of Human Resources (2022–present) Group Head of Corporate Communications and Deputy Head of Human Resources (2021–2022)
2013–2020	European Central Bank, Director General of Communications
2001–2013	Brunswick Group GmbH, Partner & Managing Director
1999–2001	Burson-Marsteller, Financial Services and Investor Relations Practice
1996–1999	Dresdner Kleinwort Benson, Corporate Finance Analyst, M&A

**Education**

1998	Securities Institute Diploma and SFA, Chartered Institute for Securities & Investment (CISI), UK
1995	Bachelor of Arts in European Business Administration, European Partnership of Business Schools (EPBS), London and Reims

**Other activities and functions**

Atlantik-Brücke, advisory board member  
 Patronatsverein für die Städtischen Bühnen Frankfurt, member  
 The English Theater Frankfurt, chair  
 Communication Quadriga University, member of the advisory board





**Joanne Hannaford**  
 Born 1970  
 British Citizen  
 Member since 2022  
**Chief Technology & Operations Officer**  
 (as of January 1, 2022)



**André Helfenstein**  
 Born 1967  
 Swiss and British Citizen  
 Member since 2020  
**CEO Swiss Bank (until December 31, 2021)**  
**CEO Swiss Universal Bank**

**Professional history**

2022–present	Credit Suisse
	Chief Technology & Operations Officer (2022–present)
1997–2022	Goldman Sachs
	Partner and Global Co-Head of Platform Engineering, EMEA Head of Engineering and Global Head of Regulatory Engineering (2013–2021)
	Global Head of Corporate and Operations Technology (2016–2017)
	Partner & Co-Head of Enterprise Platforms (2013–2016)
	Managing Director & Global Head of Compliance and Legal Technology (2001–2013)
	Vice President, Statistical Engineer and Investment Research (1997–2001)
1994–1997	NatWest Bank
	Executive Director, Global Volume Trading Systems
Prior to 1994	UBS (1993–1994)
	Merrill Lynch (1992–1993)

**Education**

1992	Bachelor of Science in Computer Science, Staffordshire University, UK
1990	BTEC Higher National Diploma (HND) in Computer Science, Anglia Ruskin University, UK

**Other activities and functions**

Royal Society Science, Industry and Translation Committee, member  
 British Army Staff Corp, major  
 Founders4Schools Charity, member of the Board of Trustees  
 British Computer Society, fellow

**Professional history**

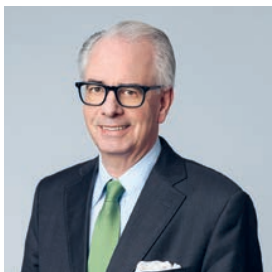
2007–present	Credit Suisse
	CEO Swiss Bank (2022–present)
	CEO Region Switzerland (2022–present)
	CEO Swiss Universal Bank (2020–2021)
	CEO Credit Suisse (Schweiz) AG (2020–present)
	Head of Institutional Clients, Swiss Universal Bank (2017–2020)
	Credit Suisse (Schweiz) AG, member of the executive board (2016–present)
	Swiss Universal Bank, member of the management committee (2015–2021)
	Head Corporate & Institutional Clients, Swiss Universal Bank (2015–2017)
	Private & Wealth Management organization in Switzerland: Head Private Banking Clients, Region Zurich and Region Head Zurich (2013–2015)
	Private & Wealth Management organization in Switzerland: Head Private Clients, Region Zurich (2010–2013)
	Head Products, Sales & Pricing, Private Banking (2007–2010)
1996–2007	The Boston Consulting Group (BCG) (1996–1997 and 2003–2007 in Zurich, 1998–2003 in New York)
	Partner & Managing Director (2005–2007)
	Consultant (1996–2005)
1993–1995	STB Unternehmensentwicklungen AG (VZ VermögensZentrum AG), Associate

**Education**

1992	Master's Degree in Business, University of St. Gallen
1990	Certificate in Psychology/Sociology, Université de la Sorbonne

**Other activities and functions**

Pension Fund CS Group (Schweiz), foundation board member  
 Pension Fund 2 CS Group (Schweiz), foundation board member  
 Credit Suisse Foundation, foundation board member  
 FINMA Private Banking Panel, member  
 SIX Group AG, board and risk committee member  
 Swiss Entrepreneurs Foundation, foundation board member  
 Europa Forum Luzern, steering committee member  
 University of St. Gallen – Center for Financial Services Innovation, advisory board member  
 Venture Incubator AG, board vice chairman  
 Swiss-American Chamber of Commerce, member



**Ulrich Körner**  
 Born 1962  
 German and Swiss Citizen  
 Member since 2021  
**CEO Asset Management**



**Rafael Lopez Lorenzo**  
 Born 1975  
 Spanish Citizen  
 Member since 2021  
**Chief Compliance Officer**

**Professional history**

2021–present	Credit Suisse
	CEO Asset Management (2021–present)
2009–2020	UBS
	Member of the Group Executive Board (2009–2019) Senior Advisor to the CEO of UBS Group (2019–2020) CEO of UBS Asset Management (2014–2019) CEO of UBS Europe, Middle East & Africa (2011–2019) Group Chief Operating Officer, CEO Corporate Center (2009–2013)
1998–2009	Credit Suisse
	Member of the Group Executive Board (1998–2009) CEO Switzerland (2006–2008) Credit Suisse/Credit Suisse Financial Services, CFO (2002–2005), COO (2004–2005) CEO Technology and Services (2000–2001) CFO Switzerland (1998–2000)
Prior to 1998	McKinsey & Company, Senior Engagement Manager Revisuisse, Price Waterhouse, Auditor

**Education**

1993	PhD in Economics, University of St. Gallen
1988	Master's degree in Economics, University of St. Gallen

**Other activities and functions**

Lyceum Alpinum Zuoz AG, vice chairman of the board of directors (Listed company)

**Professional history**

2015–present	Credit Suisse
	Chief Compliance Officer (2021–present) Chief Audit Executive/Global Head of Group Internal Audit (2017–2021) Chief Auditor of Technology, Operations, Data and Change (2015–2016)
2003–2015	J.P. Morgan Chase & Co.
	Global Head of Corporate & Investment Bank, Risk, Chief Investment Office & Treasury Technology Audit (2012–2015) Global Head of Investment Bank Technology and Operations Audit (2010–2012) Regional Head of Latin America Audit (2007–2010) Investment Banking Technology Audit (2003–2007)
2000–2003	PricewaterhouseCoopers (PwC), Senior Associate – Management and Risk Consulting

**Education**

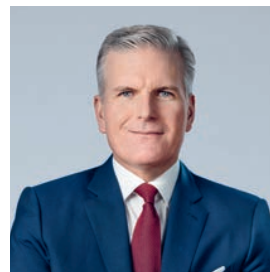
2000	Master's in European Business, École Supérieure de Commerce de Paris
1998	Degree in Economics and Business Administration, University of Huelva, Spain

**Other activities and functions**

Mr. Lopez Lorenzo currently does not hold directorships in other organizations.



**David R. Mathers**  
 Born 1965  
 British Citizen  
 Member since 2010  
**Chief Financial Officer**



**Christian Meissner**  
 Born 1969  
 Austrian Citizen  
 Member since 2021  
**CEO Investment Bank**

**Professional history**

1998–present	Credit Suisse
	Chief Financial Officer (2010–present) CEO of Credit Suisse International and Credit Suisse Securities (Europe) Limited (UK subsidiaries) (2016–present) Chair of Asset Resolution Unit (2019–present) Head of Strategic Resolution Unit (2015–2018) Head of IT and Operations (2012–2015) Head of Finance and COO of Investment Banking (2007–2010) Senior positions in Credit Suisse's Equity business, including Director of European Research and Co-Head of European Equities (1998–2007)
Prior to 1998	HSBC
	Global head of equity research (1997–1998) Research analyst, HSBC James Capel (1987–1997)

**Education**

1991	Associate Certification, Society of Investment Analysis
1991	MA in Natural Sciences, University of Cambridge, England
1987	BA in Natural Sciences, University of Cambridge, England

**Other activities and functions**

European CFO Network, member  
 Women in Science & Engineering (WISE) program and academic awards and grants at Robinson College, Cambridge, sponsor  
 TheCityUK, leadership council member  
 Royal Horticultural Society, advisory plant committee member  
 Various other charitable and conservation commitments

**Professional history**

2020–present	Credit Suisse
	CEO Investment Bank (2021–present) CEO Region Americas (2022–present) Vice-Chair Investment Banking & Co-Head IWM Investment Banking Advisory of Credit Suisse Securities (USA) LLC (US subsidiary) (2020–2021)
2019–2020	Meissner Partners LLC, Founding Partner
2010–2019	Bank of America Merrill Lynch
	Head of Global Corporate & Investment Banking (2012–2019) Co-Head of Global Corporate & Investment Banking (2011–2012) Head of Investment Banking EMEA (2010–2011)
2008–2010	Nomura International plc, Deputy Global Head of Investment Banking
2004–2008	Lehman Brothers International Ltd.
	Co-Chief Executive Officer EMEA (2008) Co-Head of Investment Banking EMEA (2006–2008) Head of Investment Banking Germany, Austria & Switzerland (2004–2006)
1994–2004	Goldman Sachs International
	Partner (2002–2004) Co-Head of European Equity Capital Markets (2001–2004) Analyst/Associate in Equity Capital Markets (1994–2000)
Prior to 1994	Deutsche Bank AG Morgan Stanley & Co.

**Education**

1990	Bachelor of Arts in European History, Princeton University
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**Other activities and functions**

Holtzbrinck Publishing Group, member of the supervisory board



**Helman Sitohang**  
 Born 1965  
 Singaporean Citizen  
 Member since 2015  
**CEO Asia Pacific**



**David Wildermuth**  
 Born 1964  
 US Citizen  
 Member since 2022  
**Chief Risk Officer**  
 (as of January 1, 2022)

**Professional history**

1999–present	Credit Suisse
	CEO Region Asia Pacific (2022–present)
	CEO Asia Pacific (2015–2021)
	Regional CEO APAC (2014–2015)
	Head of Investment Banking Asia Pacific (2012–2015)
	Co-Head of the Emerging Markets Council (2012–2015)
	CEO of South East Asia (2010–2015)
	Co-Head of the Investment Banking Department – Asia Pacific (2009–2012)
	Co-Head of the Global Markets Solutions Group – Asia Pacific (2009–2012)
	Country CEO, Indonesia (1999–2010)
Prior to 1999	Bankers Trust, derivatives group
	Citibank, corporate bank
	Schlumberger Overseas, field engineer

**Education**

1989	BS degree in Engineering, Bandung Institute of Technology
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**Other activities and functions**

Credit Suisse Foundation, foundation board member
Room to Read Singapore Ltd., regional board member, SEA board chairman

**Professional history**

2022–present	Credit Suisse
	Chief Risk Officer (2022–present)
1997–2022	Goldman Sachs
	Deputy Chief Risk Officer (2015–2022)
	Partner (2010–2022)
	Global Chief Credit Officer & Global Head Credit Risk Management and Advisory (2012–2018)
	Chief Risk Officer EMEA & Global Chief Credit Officer (2008–2012)
	Managing Director, Risk Management (2001–2008)
	Vice President Credit Risk (1997–2001)
1987–1997	ABN AMRO Bank
	Various Roles in Corporate Finance, Leveraged Finance, Real Estate Finance and Credit Management

**Education**

1986	Bachelor of Arts in Economics and Computer Science, Dartmouth College, US
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**Other activities and functions**

East Harlem Scholars Academy, Member of the Board of Trustees
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## Former Executive Board members serving in 2021



**Lydie Hudson**  
 Born 1979  
 US Citizen  
 Member since 2019  
**CEO Sustainability,  
 Research & Investment  
 Solutions**  
 (until December 31, 2021)



**Joachim Oechslin**  
 Born 1970  
 Swiss Citizen  
 Member since 2021  
**Chief Risk Officer  
 (ad interim)**  
 (until December 31, 2021)

### Professional history

2008–present	Credit Suisse
	CEO Sustainability, Research & Investment Solutions (2020–2021)
	Member of the Sustainability Advisory Committee (2021)
	Chief Compliance and Regulatory Affairs Officer (2020)
	Chief Compliance Officer (2019–2020)
	Chief Operating Officer, Global Markets (2015–2019)
	Chief Operating Officer, Global Equities (2014–2015)
	Various management and strategy roles in Equities, Fixed Income and Asset Management (2008–2014)
2006–2008	The Boston Consulting Group, consultant
2001–2004	Lehman Brothers, associate, analyst, Global Real Estate Group

### Education

2006	Master in Business Administration (MBA), Harvard Business School
2001	Bachelor of Arts, International Politics and Economics, Middlebury College

### Other activities and functions

Women's Leadership Board, Harvard, board member  
 Good Shepherd Services, board member  
 World Economic Forum, young global leader

### Professional history

2014–present	Credit Suisse
	Chief Risk Officer (ad interim) (2021)
	Member of the Board of Credit Suisse Holdings (USA), Inc., Credit Suisse (USA), Inc. and Credit Suisse Securities (USA) LLC (US subsidiaries) (2021–present, 2016–2019)
	Senior Advisor (2019–2021) and Chief of Staff to the CEO of Credit Suisse Group (2020–2021)
	Chief Risk Officer (2014–2019)
2007–2013	Munich Re Group, Chief Risk Officer
2007	AXA Group, Deputy Chief Risk Officer
2001–2006	Winterthur Insurance Company
	Member of the Executive Board (2006)
	Chief Risk Officer (2003–2006)
	Head of Risk Management (2001–2003)
1998–2001	McKinsey & Company, Consultant

### Education

1998	Licentiate/Master of Science in Mathematics, Swiss Federal Institute of Technology (ETH), Zurich
1994	Engineering degree, Higher Technical Institute (HTL), Winterthur

### Other activities and functions

Swiss Re, board member (Listed company)  
 Pension Fund CS Group (Schweiz), foundation board member  
 Pension Fund 2 CS Group (Schweiz), foundation board member



**Antoinette Poschung**  
 Born 1956  
 Swiss Citizen  
 Member since 2019  
**Global Head of Human Resources**  
 (until January 31, 2022)



**James B. Walker**  
 Born 1965  
 British and US Citizen  
 Member since 2019  
**Chief Operating Officer**  
 (until December 31, 2021)

**Professional history**

2008–2022	Credit Suisse Global Head of Human Resources (2019–2022) Conduct and Ethics Ombudswoman (2018–2022) Head of Human Resources for Corporate Functions (2018–2019) Head of Talent Development & Organizational Effectiveness (2015–2017) Head of Compensation, Benefits & Payroll (2012–2014) Head of Human Resources Shared Services (2008–2012)
2007–2008	AXA-Winterthur, member of the Executive Board and Head of Human Resources
2003–2007	"Winterthur" Swiss Insurance Group, Head of Human Resources
2001–2003	Canton Zurich, Head of Human Resources for the Cantonal Administration
1998–2001	Baloise Group, Head of Human Resources Basler Insurance

**Education**

2016	Certificate of Organizational and Executive Coaching, Columbia University
1989	Master in Education, Psychology and Philosophy, University of Zurich

**Other activities and functions**

Credit Suisse Foundation, foundation board member  
 D. Swarovski KG, advisor

**Professional history**

2009–present	Credit Suisse Chief Operating Officer (2019–2021) Chief Financial Officer of Credit Suisse Holdings (USA), Inc. and Regional Americas Finance lead (2018–2019) Finance Chief Operating Officer (2016–2019) Head of Finance Change (2014–2019) Global Head of Product Control (2011–2019) Head of Americas Investment Banking Operations and Global Head of OTC Operations (2009–2011)
2007–2009	Barclays Capital, New York, CFO, Americas
1994–2007	Merrill Lynch CFO, Global Markets & Investment Banking, New York (2005–2007) CFO, Global Equities and Fixed Income, New York (2003–2005) CFO, Global Fixed Income, New York (2002–2003) CFO, Securities Services Division, New York (2000–2002) Various senior management positions, Hong Kong and London (1994–2000)
1986–1994	Morgan Stanley, various finance and derivative finance roles, London and Tokyo

**Education**

1986	Postgraduate Diploma in Finance, University of Stirling
1985	Bachelor of Science in Mathematics, University of Glasgow

**Other activities and functions**

Mr. Walker currently does not hold directorships in other organizations.



**Philipp Wehle**

Born 1974  
German Citizen  
Member since 2019

**CEO International Wealth  
Management  
(until December 31, 2021)**

**Former members of the Executive Board**

Information about former members of the Executive Board is available on our website at [credit-suisse.com/annualreporting](https://www.credit-suisse.com/annualreporting).

**Professional history**

2005–present Credit Suisse

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CEO International Wealth Management (2019–2021)  
CFO International Wealth Management (2015–2019)  
Head of Finance Private Banking Coverage (2015)  
Head of Financial Management Region & Wealth Management Switzerland (2013–2014)  
Head of Financial Management Private Banking Asia Pacific (2011–2012)  
Head of Controlling Private Banking Switzerland (2007–2011)  
Senior Project Manager, Business Development Private Banking Switzerland (2005–2007)

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2001–2005 Consart Management Consultants,  
Consultant/Project Manager

**Education**

2001 Master's Degree in Economics, University of Bonn, Germany

**Other activities and functions**

Credit Suisse Foundation, foundation board member

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# Audit

## External Audit

External Audit forms an integral part of the Group's corporate governance framework and plays a key role by providing an independent assessment of our operations and internal controls.

→ Refer to "Audit Committee" in Board of Directors – Board committees for further information on the responsibilities of the audit committee.

### Principal external auditor

The Group retains a single global audit firm as its principal external auditor to perform both the statutory (financial) audit and the regulatory audit work mandated by FINMA. The AGM elects the statutory auditor annually, while the Board is responsible for the appointment of the regulatory auditor.

Our principal external auditor is PwC, Birchstrasse 160, 8050 Zurich, Switzerland. The mandate was first given to PwC for the fiscal year ending December 31, 2020. The Group is not subject to mandatory external audit firm rotation requirements; however, the lead audit partners are subject to periodic rotation requirements. Audit partner rotation is key to ensuring the highest level of audit quality. In general, audit partners with key roles or signing obligations for the Group or material Group entities are subject to a maximum of five years of service. Audit partners with roles overseeing non-material Group entities or serving a supplemental role are subject to a maximum of seven years of service. Specialist partners, including, but not limited to, IT, valuation, tax and forensic areas are not subject to mandated rotation. The lead Group engagement partners are Matthew Falconer, Global Lead Partner, Matthew Goldman, Group Engagement Partner and Andrin Bernet, Lead Regulatory Audit Partner.

→ Refer to "Audit Committee" in Board of Directors – Board committees for further information.

### Governance

The Audit Committee monitors and pre-approves the fees to be paid to the principal external auditor for its services. It has developed and approved a policy on the engagement of public accounting firms that is designed to help ensure that the independence of the external auditor is maintained at all times.

The policy limits the scope of services that the principal external auditor may provide to us or any of our subsidiaries in connection with its audit and stipulates certain permissible types of non-audit services, including audit-related services and tax services that have been pre-approved by the Audit Committee. The principal

external auditor is required to report periodically to the Audit Committee about the scope of the services it has provided and the fees for the services it has performed to date. The principal external auditor also provides a report as to its independence to the Audit Committee at least once a year. In accordance with our pre-approval policy and as in prior years, all non-audit services provided in 2021 were pre-approved.

The fees paid to PwC as the Group's principal external auditors for the financial year 2021 and 2020 are provided in the following table.

### Fees paid to the principal external auditor

for financial year	2021	2020	% change
<b>Fees (CHF million)</b>			
Audit services <sup>1</sup>	69.2	58.1	19
Audit-related services <sup>2</sup>	2.7	2.5	8
Tax services <sup>3</sup>	0.3	0.2	50

<sup>1</sup> Audit services include the integrated audit of the Group's consolidated and statutory financial statements, interim reviews and comfort and consent letters. Additionally, they include all assurance and attestation services related to the regulatory filings of the Group and its subsidiaries. Audit fees exclude value-added taxes.

<sup>2</sup> Audit-related services are primarily in respect of: (i) reports related to the Group's compliance with provisions of agreements or calculations required by agreements; (ii) accounting advice; (iii) audits of private equity funds and employee benefit plans; and (iv) regulatory advisory services.

<sup>3</sup> Tax services are in respect of tax compliance and consultation services, including: (i) preparation and/or review of tax returns of the Group and its subsidiaries; (ii) assistance with tax audits and appeals; and (iii) confirmations relating to the Qualified Intermediary status of Group entities.

The principal external auditor attends all meetings of the Audit Committee and reports on the findings of its audit and/or interim review work. The Audit Committee reviews the principal external auditor's audit plan on an annual basis and evaluates the performance of the principal external auditor and its senior representatives in fulfilling their responsibilities. Moreover, the Audit Committee recommends to the Board the appointment or replacement of the principal external auditor, subject to shareholder approval as required by Swiss law.

### Special auditor

The 2021 AGM re-elected, pursuant to Art. 21 of our AoA, the firm BDO AG, Fabrikstrasse 50, 8031 Zurich, Switzerland, as special auditor for the purposes of issuing the legally required report for capital increases in accordance with Article 652f of the Swiss Code of Obligations, mainly relating to the valuation of companies in consideration of the qualified capital increases involving contributions in kind. BDO AG did not provide any such services in 2021 and 2020.



## Additional information

### Banking relationships with Board and Executive Board members and related party transactions

The Group is a global financial services provider. Many of the members of the Board and the Executive Board, their close family members or companies associated with them maintain banking relationships with us. The Group or any of its banking subsidiaries may from time to time enter into financing and other banking agreements with companies in which current members of the Board or the Executive Board have a significant influence as defined by the SEC, such as holding executive and/or board level roles in these companies. During 2021 and early 2022, there were no transactions with members of the Board or the Executive Board and such companies that were not in the ordinary course of business and entered into on an arm's length basis. Also, unless otherwise noted, all loans to members of the Board, members of the Executive Board, their close family members or companies associated with them were made in the ordinary course of business, were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and did not involve more than the normal risk of collectability or present other unfavorable features. As of December 31, 2021, 2020 and 2019, there were no loan exposures to such related parties that were

not made in the ordinary course of business and at prevailing market conditions.

→ Refer to "Board loans" and "Executive Board loans (audited)" in V – Compensation – Board of Directors compensation and – Executive Board compensation, respectively, for the outstanding loans to members of the Board and the Executive Board.

### Other information

#### Complying with rules and regulations

We fully adhere to Swiss corporate law and the principles set out in the Swiss Code of Best Practice for Corporate Governance, dated August 28, 2014, including its appendix stipulating recommendations on the process for setting compensation for the Board and the Executive Board.

In connection with our primary listing on the SIX Swiss Exchange, we are subject to the Directive on Information relating to Corporate Governance, dated June 18, 2021 (in effect since October 1, 2021). Our shares are also listed on the NYSE in the form of ADS and certain of the Bank's exchange traded notes are listed on Nasdaq. As a result, we are subject to certain US rules and regulations. We adhere to the NYSE's and Nasdaq's corporate governance listing standards (NYSE and Nasdaq standards), with a few exceptions where the rules are not applicable to foreign private issuers.

## Regulations

The following are the significant differences between Credit Suisse corporate governance standards and the corporate governance standards applicable to US domestic issuers listed on the NYSE and Nasdaq:

Topic	NYSE and Nasdaq standards	Swiss standards
Approval of employee benefit plans	The NYSE and Nasdaq require shareholder approval of the establishment of, and material revisions to, certain equity compensation plans.	Swiss law requires shareholder approval of the creation of conditional capital used for the issuance of shares for employee benefit plans and other equity compensation plans, as well as approval of the remuneration of executives, but does not require shareholder approval of the terms of such plans.
Risk assessment and management	The NYSE allocates the responsibility for the discussion of guidelines and policies governing the process by which risk assessment and risk management is undertaken to the Audit Committee.	At the Group, these duties are assumed by the Risk Committee, in line with Swiss regulatory standards and expectations. Whereas our Audit Committee members satisfy the NYSE as well as Nasdaq independence requirements, our Risk Committee may include a minority of non-independent members.
Independence of nominating and corporate Governance Committee	The NYSE and Nasdaq require that all members of the nominating and corporate governance committee be independent.	The Group's Governance and Nominations Committee is currently composed entirely of independent members, but according to its charter, may include non-independent members.
Reporting	The NYSE requires that certain board committees report specified information directly to shareholders.	Under Swiss law, only the Board reports directly to the shareholders, and the committees submit their reports to the full Board.
Appointment of the external auditor	The NYSE and Nasdaq require that an Audit Committee of a listed company comply with and have the authority necessary to comply with the requirements of Rule 10A-3 of the Securities Exchange Act of 1934. Rule 10A-3 requires the Audit Committee to be directly responsible for the appointment, compensation, retention and oversight of the external auditor unless there is a conflicting requirement under home country law.	Under Swiss law, the appointment of the external auditor must be approved by the shareholders at the AGM based on the proposal of the Board, upon the recommendation of the Audit Committee.
Audit Committee charter	The Nasdaq requires the Audit Committee to review and assess the adequacy of its charter on an annual basis.	Our Audit Committee's charter only requires review and assessment from time to time in accordance with applicable Swiss laws.
Executive sessions	The NYSE and Nasdaq require the board of directors to meet regularly in executive sessions composed solely of independent directors. Our Board meets regularly in executive sessions comprising all directors, including any directors determined not to be independent. However, if any item discussed at the meeting raises a conflict of interest for any of our directors, such director may not participate in the related decision making.	In line with Swiss law, the Board does not include any directors who are also members of management.
Quorums	The Nasdaq requires that the company's by-laws provide for a quorum of at least 33 $\frac{1}{3}$ % of the outstanding shares of the company's common stock for any meeting of the holders of common stock.	Consistent with Swiss corporate law, the Group's AoA (Chapter IV, Section 1, The General Meeting of Shareholders, Art. 12), call for a quorum in certain instances, but do not require a quorum of 33 $\frac{1}{3}$ % or greater of the holders of the outstanding shares of common stock for any meeting of shareholders.
Independence	The NYSE and Nasdaq specify thresholds for the maximum permissible amount of (i) direct compensation that can be paid by the company to a director or an immediate family member thereof, outside of such director's directorship fees and other permitted payments; and (ii) payments between the company and another company at which such director or an immediate family member thereof is an executive officer, controlling shareholder, partner or employee.	Our independence standards do not specify thresholds for direct compensation or cross-company payments or revenues, but consider these facts in the overall materiality of the business relationship determination for independence purposes.

### Fiduciary duties and indemnification

The Swiss Code of Obligations requires directors and members of senior management to safeguard the interests of the corporation and, in connection with this requirement, imposes the duties of care and loyalty on directors and members of senior management. While Swiss law does not have a specific provision on conflicts of interest, the duties of care and loyalty are generally understood to disqualify directors and members of senior management from participating in decisions that could directly affect them. Directors and members of senior management are personally liable to the corporation for any breach of these provisions.

The Group's AoA and the Bank's AoA do not contain provisions regarding the indemnification of directors and officers. According to Swiss statutory law, an employee has a right to be indemnified by the employer against losses and expenses incurred by such person in the execution of such person's duties under an employment agreement, unless the losses and expenses arise from the employee's gross negligence or willful misconduct. It is our policy to indemnify current and former directors and/or employees against certain losses and expenses in respect of service as a director or employee of the Group, one of the Group's affiliates or another entity that we have approved, subject to specific

conditions or exclusions. We maintain directors' and officers' insurance for our directors and officers.

### Fees and charges for holders of ADS

In November 2016, the Group entered into a deposit agreement with The Bank of New York Mellon as depositary for the ADS (Depositary). In February 2022, the deposit agreement with The Bank of New York Mellon was extended for an additional five years, retroactively effective November 22, 2021. In accordance with the deposit agreement, the Depositary may charge holders of our ADS, either directly or indirectly, fees or charges up to the amounts described below.

The Depositary collects its fees and related expenses for the delivery and surrender of ADS directly from investors depositing or surrendering ADS for the purpose of withdrawal or from intermediaries acting for them. The Depositary collects fees and expenses for making distributions to holders by deducting those fees and expenses from the amounts distributed or by selling a portion of distributable property to pay the fees and expenses. The Depositary may generally refuse to provide any services until its fees for those services are paid.

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### Fees and charges for holders of ADS

#### Fees

USD 5 (or less) per 100 ADS (or portion thereof)	For the issuance of ADS, including issuances resulting from a distribution of shares, share dividends, share splits and other property; for ADS issued upon the exercise of rights; and for the surrender of ADS for cancellation and withdrawal of shares.
--	---

USD 0.05 (or less) per ADS	For any distribution of cash to ADS registered holders, including upon the sale of rights or other entitlements.
----------------------------	--

Registration or transfer fees	For the transfer and registration of shares on our share register to or from the name of the Depositary or its agent when the holder deposits or withdraws shares.
-------------------------------	--

#### Charges

Expenses of the Depositary	For cable and facsimile transmissions (when expressly provided in the deposit agreement); and for converting foreign currency to US dollars.
----------------------------	--

Taxes and other governmental charges	Paid, as necessary, to the Depositary or the custodian who pays certain charges on any ADS or share underlying an ADS, for example, stock transfer taxes, stamp duty or applicable interest or penalty thereon.
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Other charges	Paid, as necessary, to the Depositary or its agents for servicing the deposited shares.
---------------	---

### Amounts paid by the Depositary to the Group

In 2021, in accordance with the deposit agreement, the Depositary made payments to the Group in an aggregated amount of USD 0.4 million, including for the reimbursement of expenses relating to its ADS program. The Depositary has also contractually agreed to provide certain ADS program-related services free of charge.

Under certain circumstances, including removal of the Depositary or termination of the ADS program by the Group, the Group is required to repay certain amounts paid to the Group and to compensate the Depositary for payments made or services provided on behalf of the Group.

## **APPENDIX 5 – OUR FINANCIAL STATEMENTS EXTRACTED FROM CREDIT SUISSE ANNUAL REPORT 2021**

We are a wholly owned subsidiary of Credit Suisse Group AG. We have extracted the section headed “Consolidated financial statements — Credit Suisse (Bank)” from pages 455-529 of the Credit Suisse Annual Report 2021 in this appendix 5. References to page numbers in this appendix 5 are to the pages in the Credit Suisse Annual Report 2021 and not to the pages in this document.

The complete Credit Suisse Annual Report 2021 can be found on our website at [www.credit-suisse.com](http://www.credit-suisse.com).

Please refer to the base listing document dated 9 April 2021 for our audited consolidated financial statements and the auditors’ report for the year ended 31 December 2020.

For the purposes of the extracts of the Credit Suisse Annual Report 2021, unless the context otherwise requires, the terms “Credit Suisse Group”, “Credit Suisse”, the “Group”, “we”, “us” and “our” mean Credit Suisse Group AG and its consolidated subsidiaries. The business of Credit Suisse AG, the direct bank subsidiary of the Group, is substantially similar to the Group, these terms are used to refer to both when the subject is the same or substantially similar. The term the “Bank” is used when referring only to Credit Suisse AG and its consolidated subsidiaries. Abbreviations and selected terms are explained in the List of abbreviations and the Glossary in the back of the Credit Suisse Annual Report 2021.

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# Controls and procedures

## Evaluation of disclosure controls and procedures

The Bank has evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of the end of the period covered by this report under the supervision and with the participation of management, including the Bank Chief Executive Officer (CEO) and Chief Financial Officer (CFO), pursuant to Rule 13(a)-15(a) under the Securities Exchange Act of 1934 (the Exchange Act). There are inherent limitations to the effectiveness of any system of controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective controls and procedures can only provide reasonable assurance of achieving their control objectives.

The CEO and CFO concluded that, as of December 31, 2021, the design and operation of the Bank's disclosure controls and procedures were effective, in all material respects, to ensure that information required to be disclosed in reports filed and submitted under the Exchange Act is recorded, processed, summarized and reported as and when required.

## Management's report on internal control over financial reporting

The management of the Bank is responsible for establishing and maintaining adequate internal control over financial reporting. The Bank's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with US GAAP. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Management has made an evaluation and assessment of the Bank's internal control over financial reporting as of December 31, 2021 using the criteria issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in "Internal Control – Integrated Framework".

Based upon its review and evaluation, management, including the Bank CEO and CFO, has concluded that the Bank's internal control over financial reporting is effective as of December 31, 2021.

The Bank's independent registered public accounting firm, PricewaterhouseCoopers AG, has issued an unqualified opinion on the effectiveness of the Bank's internal control over financial reporting as of December 31, 2021, as stated in their report.

## Changes in internal control over financial reporting

There were no changes in the Bank's internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Bank's internal control over financial reporting.

# Report of the Statutory Auditor



## Report of the Statutory Auditor To the General Meeting of Credit Suisse AG, Zurich

### Report on the audit of the consolidated financial statements

#### Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Credit Suisse AG and its subsidiaries (the "Bank") as of December 31, 2021 and 2020, and the related consolidated statements of operations, comprehensive income, changes in equity and cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended, in conformity with the U.S. Generally Accepted Accounting Principles, and comply with Swiss law.

We also have audited the adjustments to reflect the change in the composition of reportable segments as presented and described in Note 4. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the 2019 financial statements of the Bank other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2019 financial statements taken as a whole.

#### Change in Accounting Principle

As discussed in Note 2 and Note 19 to the consolidated financial statements, the Bank changed the manner in which it accounts for credit losses on certain financial instruments in 2020.

#### Basis for Opinions

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on the Bank's consolidated financial statements based on our audits. We are a public accounting firm registered with the Swiss Federal Audit Oversight Authority and the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Bank in accordance with Swiss law and the U.S. federal securities laws and the applicable rules and regulations of the Swiss audit profession, the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with Swiss law, Swiss Auditing Standards and the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

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### Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

### Fair Value of Certain Level 3 Financial Instruments

As described in Note 35 to the consolidated financial statements, the Bank carries CHF 10,578 million of its assets and CHF 14,442 million of its liabilities at fair value measured on a recurring basis that are classified in level 3 of the fair value hierarchy as of December 31, 2021. For these financial instruments, for which no prices are available and which have few or no observable inputs, the determination of fair value may require the use of either industry standard models or internally developed proprietary models, as well as require subjective assessment and judgment, depending on liquidity, pricing assumptions, the current economic and competitive environment and the risks affecting the specific instrument. Unobservable inputs used by management to value certain of these level 3 financial instruments included price, credit spread, correlation, volatility, market implied life expectancy and mortality rate.

The principal considerations for our determination that performing procedures relating to the fair value of certain level 3 financial instruments is a critical audit matter are the significant judgment by management to determine the fair value of these financial instruments due to the use of either industry standard models or internally developed proprietary models, which included unobservable inputs related to price, credit spread, correlation, volatility, market implied life expectancy and mortality rate; this in turn led to a high degree of auditor subjectivity, judgment and effort to evaluate the audit evidence related to the valuation, and the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the fair value of certain level 3 financial instruments, including controls over the Bank's models, significant unobservable inputs, and data. These procedures also included, among others (i) the involvement of professionals with specialized skill and knowledge to assist in developing an independent range of prices for a sample of financial instruments and (ii) comparing the independent estimate to management's estimate to evaluate the reasonableness of management's estimate. Developing the independent estimate involved (i) testing the completeness and accuracy of data provided by management, and as appropriate, (ii) evaluating the reasonableness of management's unobservable inputs and (iii) independently developing unobservable inputs related to price, credit spread, correlation, volatility, market implied life expectancy and mortality rate.

### Allowance for Credit Losses – Collectively Evaluated Corporate and Institutional Loans – Investment Bank

As described in Note 19 to the consolidated financial statements, the Bank's allowance for credit losses represents management's estimate of expected credit losses on loans held at amortized cost. As of December 31, 2021, the collectively evaluated expected credit losses in the Investment Bank of CHF 136 million primarily consist of Corporate and Institutional loans with a gross loan balance, excluding those which are held at fair value, of CHF 17,776 million. The Bank's credit loss requirements are based on a forward-looking, lifetime current expected credit loss ("CECL") model by incorporating reasonable and supportable forecasts of future economic conditions available at the reporting date. Management's estimation of expected credit losses is based on a discounted probability-weighted estimate that considers three future macroeconomic scenarios: a baseline scenario, an upside scenario and a downside scenario. For events which cannot be adequately reflected in CECL models due to a lack of historical experience the event may be embedded in the baseline scenario. In order to address circumstances where in management's judgment the CECL model outputs are overly sensitive to the effect of economic inputs that lie outside of their historical range, model overlays are applied. Such overlays are based on judgment and are applied in response to these circumstances to consider historical stressed losses and industry and counterparty credit level reviews.

The principal considerations for our determination that performing procedures relating to the allowance for credit losses on collectively evaluated corporate and institutional loans within the Investment Bank is a critical audit matter are (i) the significant judgment by management in evaluating model results and assessing the need for overlays to the CECL model output in the current environment, (ii) the significant judgment and estimation by management in determining an appropriate methodology for the overlays applied, which both in turn led to a high degree of auditor judgment,



subjectivity and effort in performing procedures and in evaluating audit evidence obtained relating to the model results and the appropriateness of overlays to the CECL model output, and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's expected credit loss process, including controls over the Bank's models. The procedures also included, among others, testing management's process for estimating expected credit losses, which included (i) evaluating the appropriateness of the methodologies used to determine the allowance for credit losses, (ii) testing the completeness and accuracy of data used in the estimate, and (iii) evaluating the reasonableness of management's model overlays. The procedures included the use of professionals with specialized skill and knowledge to assist in evaluating the appropriateness of model methodologies and assist in evaluating the audit evidence.

#### *Litigation provisions*

As described in Note 39 to the consolidated financial statements, the Bank is involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising in connection with the conduct of its businesses. The Bank's aggregate litigation provisions include estimates of losses, additional losses or ranges of loss for proceedings for which such losses are probable and can be reasonably estimated. As of December 31, 2021, the Bank has recorded litigation provisions of CHF 1,539 million. Management's estimate of the aggregate range of reasonably possible losses that are not covered by existing provisions for which the Bank believes an estimate is possible is zero to CHF 1.5 billion.

The principal considerations for our determination that performing procedures relating to the litigation provisions is a critical audit matter are the significant judgment by management when assessing the likelihood of a loss being incurred and when determining whether a reasonable estimate of the loss or ranges of loss for each claim can be made, which in turn led to a high degree of auditor judgment, subjectivity, and effort in evaluating management's assessment of the litigation provisions and related disclosures.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's estimation of the litigation provisions, including controls over determining whether a loss is probable and whether the amount of loss can be reasonably estimated, as well as controls over the related financial statement disclosures. These procedures also included, among others, obtaining and evaluating the letters of audit inquiry with internal and external legal counsel, evaluating the reasonableness of management's assessment regarding whether an unfavorable outcome is reasonably possible or probable and reasonably estimable, and evaluating the sufficiency of the Bank's litigation provisions and related disclosures.

#### *Income taxes – Realization of the tax benefit of the loss related to Archegos*

As described in Note 28 to the consolidated financial statements, the Bank recognized a net deferred tax asset ("DTA") balance of CHF 3,544 million as of December 31, 2021. The most significant DTAs arose in the United States, of which certain amounts relate to the tax benefit of Archegos losses deemed attributable to non-United Kingdom ("UK") operations. The realization of deferred tax assets on temporary differences is dependent upon the generation of taxable income during the periods in which those temporary differences become deductible. In evaluating whether deferred tax assets will be realized, management considers both positive and negative evidence, including projected future taxable income, the reversal of deferred tax liabilities, which can be scheduled, and tax planning strategies.

The principal considerations for our determination that performing procedures relating to income taxes associated with the realization of the tax benefit of the loss related to Archegos is a critical audit matter are the significant judgments by management to determine the Archegos losses attributable to non-UK operations, as well as in evaluating whether Archegos related DTAs will be realized. This in turn led to a high degree of auditor subjectivity, judgment and effort in evaluating audit evidence obtained related to management's assessment to the determination of the attribution and characteristics of the loss and in evaluating whether Archegos related DTAs will be realized. Also, the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's process for determining the realization of DTAs, including those related to Archegos losses. These procedures also included, among others, evaluating the reasonableness of management's assessment regarding the attribution of the Archegos loss between UK and non-UK operations as well as in evaluating whether Archegos



related DTAs will be realized, both of which included the use of professionals with specialized skill and knowledge to assist in evaluating the reasonableness of management's conclusions.

### Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

We have also audited, in accordance with the standards of the PCAOB, the Bank's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 10, 2022 expressed an unqualified opinion on the effectiveness of the Bank's internal control over financial reporting.

PricewaterhouseCoopers AG



Matthew Falconer  
Audit expert  
Auditor in charge



Matthew Goldman  
Audit Partner

Zurich, Switzerland  
March 10, 2022

We have served as the Bank's auditor since 2020.





# Report of Independent Registered Public Accounting Firm

To the Board of Directors and shareholders of Credit Suisse AG

## Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Credit Suisse AG and its subsidiaries (the "Bank") as of December 31, 2021, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Bank maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheet of the Bank as of December 31, 2021, and the related consolidated statements of operations, comprehensive income, changes in equity and cash flows for the year then ended, including the related notes (collectively referred to as the "consolidated financial statements"), and our report dated March 10, 2022 expressed an unqualified opinion on those consolidated financial statements.

## Basis for Opinion

The Bank's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's report on internal control over financial reporting. Our responsibility is to express an opinion on the Bank's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Bank in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

## Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely

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detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers AG



Matthew Falconer  
Audit expert  
Auditor in charge



Matthew Goldman  
Audit Partner

Zurich, Switzerland  
March 10, 2022



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# Consolidated financial statements

## Consolidated statements of operations

in	Note	2021	2020	2019
<b>Consolidated statements of operations (CHF million)</b>				
Interest and dividend income	5	9,593	11,220	16,667
Interest expense	5	(3,668)	(5,260)	(9,618)
Net interest income	5	5,925	5,960	7,049
Commissions and fees	6	13,180	11,850	11,071
Trading revenues	7	2,371	3,178	1,773
Other revenues	8	1,566	1,515	2,793
<b>Net revenues</b>		<b>23,042</b>	<b>22,503</b>	<b>22,686</b>
<b>Provision for credit losses</b>	9	<b>4,209</b>	<b>1,092</b>	<b>324</b>
Compensation and benefits	10	8,011	8,860	9,105
General and administrative expenses	11	8,581	7,962	7,588
Commission expenses		1,243	1,256	1,276
Goodwill impairment	20	976	0	0
Restructuring expenses	12	113	122	–
Total other operating expenses		10,913	9,340	8,864
<b>Total operating expenses</b>		<b>18,924</b>	<b>18,200</b>	<b>17,969</b>
<b>Income/(loss) before taxes</b>		<b>(91)</b>	<b>3,211</b>	<b>4,393</b>
Income tax expense	28	938	697	1,298
<b>Net income/(loss)</b>		<b>(1,029)</b>	<b>2,514</b>	<b>3,095</b>
Net income/(loss) attributable to noncontrolling interests		(100)	3	14
<b>Net income/(loss) attributable to shareholders</b>		<b>(929)</b>	<b>2,511</b>	<b>3,081</b>

## Consolidated statements of comprehensive income

in	2021	2020	2019
<b>Comprehensive income/(loss) (CHF million)</b>			
Net income/(loss)	(1,029)	2,514	3,095
Gains/(losses) on cash flow hedges	(300)	177	86
Foreign currency translation	786	(3,014)	(995)
Unrealized gains/(losses) on securities	0	(17)	21
Actuarial gains/(losses)	30	(44)	(24)
Net prior service credit/(cost)	5	(4)	1
Gains/(losses) on liabilities related to credit risk	387	151	(1,738)
Other comprehensive income/(loss), net of tax	908	(2,751)	(2,649)
<b>Comprehensive income/(loss)</b>	<b>(121)</b>	<b>(237)</b>	<b>446</b>
Comprehensive income/(loss) attributable to noncontrolling interests	(72)	(55)	7
<b>Comprehensive income/(loss) attributable to shareholders</b>	<b>(49)</b>	<b>(182)</b>	<b>439</b>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

## Consolidated balance sheets

end of	Note	2021	2020
<b>Assets (CHF million)</b>			
Cash and due from banks		164,026	138,207
of which reported at fair value		308	525
of which reported from consolidated VIEs		108	90
Interest-bearing deposits with banks		1,256	1,230
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	14	103,906	92,276
of which reported at fair value		68,623	57,994
Securities received as collateral, at fair value		15,017	50,773
of which encumbered		8,455	27,614
Trading assets, at fair value	15	111,299	157,511
of which encumbered		30,092	52,468
of which reported from consolidated VIEs		1,822	2,164
Investment securities	16	1,003	605
of which reported at fair value		1,003	605
Other investments	17	5,788	5,379
of which reported at fair value		4,093	3,793
of which reported from consolidated VIEs		1,015	1,251
Net loans	18	300,358	300,341
of which reported at fair value		10,243	11,408
of which encumbered		42	179
of which reported from consolidated VIEs		1,400	900
allowance for credit losses		(1,296)	(1,535)
Goodwill	20	2,881	3,755
Other intangible assets	21	276	237
of which reported at fair value		224	180
Brokerage receivables		16,689	35,943
allowance for credit losses		(4,186)	(1)
Other assets	22	36,715	36,574
of which reported at fair value		9,184	8,373
of which encumbered		0	167
of which reported from consolidated VIEs		1,482	1,858
of which loans held-for-sale (amortized cost base)		588	650
allowance for credit losses – other assets held at amortized cost		(28)	(41)
<b>Total assets</b>		<b>759,214</b>	<b>822,831</b>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

## Consolidated balance sheets (continued)

end of	Note	2021	2020
<b>Liabilities and equity (CHF million)</b>			
Due to banks	24	18,960	16,420
of which reported at fair value		477	413
Customer deposits	24	393,841	392,039
of which reported at fair value		3,700	4,343
of which reported from consolidated VIEs		0	1
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	14	35,368	37,087
of which reported at fair value		13,307	13,688
Obligation to return securities received as collateral, at fair value		15,017	50,773
Trading liabilities, at fair value	15	27,539	45,871
of which reported from consolidated VIEs		8	10
Short-term borrowings		25,336	21,308
of which reported at fair value		10,690	10,740
of which reported from consolidated VIEs		4,352	4,178
Long-term debt	25	160,695	160,279
of which reported at fair value		67,788	70,243
of which reported from consolidated VIEs		1,391	1,746
Brokerage payables		13,062	21,655
Other liabilities	22	21,309	30,340
of which reported at fair value		2,568	7,756
of which reported from consolidated VIEs		233	207
<b>Total liabilities</b>		<b>711,127</b>	<b>775,772</b>
Common shares		4,400	4,400
Additional paid-in capital		47,417	46,232
Retained earnings		14,932	15,871
Accumulated other comprehensive income/(loss)	26	(19,359)	(20,239)
<b>Total shareholders' equity</b>		<b>47,390</b>	<b>46,264</b>
Noncontrolling interests		697	795
<b>Total equity</b>		<b>48,087</b>	<b>47,059</b>
<b>Total liabilities and equity</b>		<b>759,214</b>	<b>822,831</b>

→ Refer to "Note 33 – Guarantees and commitments" and "Note 39 – Litigation" for information on commitments and contingencies.

end of	2021	2020
<b>Additional share information</b>		
Par value (CHF)	1.00	1.00
Issued shares	4,399,680,200	4,399,680,200
Shares outstanding	4,399,680,200	4,399,680,200

The Bank's total share capital is fully paid and consists of 4,399,680,200 registered shares as of December 31, 2021. Each share is entitled to one vote. The Bank has no warrants on its own shares outstanding.

The accompanying notes to the consolidated financial statements are an integral part of these statements.



## Consolidated statements of changes in equity

	Attributable to shareholders						Non-controlling interests	Total equity
	Common shares	Additional paid-in capital	Retained earnings	Treasury shares, at cost <sup>1</sup>	AOCI	Total shareholders' equity		
<b>2021 (CHF million)</b>								
<b>Balance at beginning of period</b>	<b>4,400</b>	<b>46,232</b>	<b>15,871</b>	<b>0</b>	<b>(20,239)</b>	<b>46,264</b>	<b>795</b>	<b>47,059</b>
Purchase of subsidiary shares from non-controlling interests, not changing ownership <sup>2, 3</sup>	–	–	–	–	–	–	(46)	(46)
Sale of subsidiary shares to noncontrolling interests, not changing ownership <sup>3</sup>	–	–	–	–	–	–	27	27
Net income/(loss)	–	–	(929)	–	–	(929)	(100)	(1,029)
Total other comprehensive income/(loss), net of tax	–	–	–	–	880	880	28	908
Share-based compensation, net of tax	–	125	–	–	–	125	–	125
Dividends on share-based compensation, net of tax	–	(9)	–	–	–	(9)	–	(9)
Dividends paid	–	–	(10)	–	–	(10)	(1)	(11)
Changes in scope of consolidation, net	–	–	–	–	–	–	(3)	(3)
Other	–	1,069 <sup>4</sup>	–	–	–	1,069	(3)	1,066
<b>Balance at end of period</b>	<b>4,400</b>	<b>47,417</b>	<b>14,932</b>	<b>0</b>	<b>(19,359)</b>	<b>47,390</b>	<b>697</b>	<b>48,087</b>
<b>2020 (CHF million)</b>								
<b>Balance at beginning of period</b>	<b>4,400</b>	<b>45,774</b>	<b>13,492</b>	<b>0</b>	<b>(17,546)</b>	<b>46,120</b>	<b>643</b>	<b>46,763</b>
Purchase of subsidiary shares from non-controlling interests, not changing ownership	–	–	–	–	–	–	(20)	(20)
Sale of subsidiary shares to noncontrolling interests, not changing ownership	–	–	–	–	–	–	19	19
Net income/(loss)	–	–	2,511	–	–	2,511	3	2,514
Cumulative effect of accounting changes, net of tax	–	–	(132)	–	–	(132)	–	(132)
Total other comprehensive income/(loss), net of tax	–	–	–	–	(2,693)	(2,693)	(58)	(2,751)
Share-based compensation, net of tax	–	494	–	–	–	494	–	494
Dividends on share-based compensation, net of tax	–	(41)	–	–	–	(41)	–	(41)
Dividends paid	–	(10)	–	–	–	(10)	–	(10)
Changes in scope of consolidation, net	–	–	–	–	–	–	198	198
Other	–	15	–	–	–	15	10	25
<b>Balance at end of period</b>	<b>4,400</b>	<b>46,232</b>	<b>15,871</b>	<b>0</b>	<b>(20,239)</b>	<b>46,264</b>	<b>795</b>	<b>47,059</b>

<sup>1</sup> Reflects Credit Suisse Group shares which are reported as treasury shares. Those shares are held to economically hedge share award obligations.

<sup>2</sup> Distributions to owners in funds include the return of original capital invested and any related dividends.

<sup>3</sup> Transactions with and without ownership changes related to fund activity are all displayed under "not changing ownership".

<sup>4</sup> Includes a capital contribution of CHF 1,080 million from Credit Suisse Group AG to Credit Suisse AG following the issuance of mandatory convertible notes in May 2021 by the Group.

The accompanying notes to the consolidated financial statements are an integral part of these statements.

## Consolidated statements of changes in equity (continued)

	Attributable to shareholders							Total equity
	Common shares/ participa- tion secu- rities	Additional paid-in capital	Retained earnings	Treasury shares, at cost	AOCI	Total share- holders' equity	Non- controlling interests	
<b>2019 (CHF million)</b>								
<b>Balance at beginning of period</b>	<b>4,400</b>	<b>45,557</b>	<b>10,179</b>	<b>0</b>	<b>(14,840)</b>	<b>45,296</b>	<b>698</b>	<b>45,994</b>
Purchase of subsidiary shares from non-controlling interests, not changing ownership	-	-	-	-	-	-	(103)	(103)
Sale of subsidiary shares to noncontrolling interests, not changing ownership	-	-	-	-	-	-	68	68
Net income/(loss)	-	-	3,081	-	-	3,081	14	3,095
Cumulative effect of accounting changes, net of tax	-	-	242	-	(64)	178	-	178
Total other comprehensive income/(loss), net of tax	-	-	-	-	(2,642)	(2,642)	(7)	(2,649)
Share-based compensation, net of tax	-	254	-	-	-	254	-	254
Dividends on share-based compensation, net of tax	-	(35)	-	-	-	(35)	-	(35)
Dividends paid	-	-	(10)	-	-	(10)	(1)	(11)
Changes in scope of consolidation, net	-	-	-	-	-	-	(4)	(4)
Other	-	(2)	-	-	-	(2)	(22)	(24)
<b>Balance at end of period</b>	<b>4,400</b>	<b>45,774</b>	<b>13,492</b>	<b>0</b>	<b>(17,546)</b>	<b>46,120</b>	<b>643</b>	<b>46,763</b>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

## Consolidated statements of cash flows

in	2021	2020	2019
<b>Operating activities (CHF million)</b>			
<b>Net income/(loss)</b>	<b>(1,029)</b>	<b>2,514</b>	<b>3,095</b>
<b>Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities (CHF million)</b>			
Impairment, depreciation and amortization	2,227	1,196	1,134
Provision for credit losses	4,209	1,092	324
Deferred tax provision/(benefit)	164	358	616
Share-based compensation	886	1,086	1,022
Valuation adjustments relating to long-term debt	1,140	2,706	10,193
Share of net income/(loss) from equity method investments	(181)	(120)	(78)
Trading assets and liabilities, net	27,302	(8,079)	(28,028)
(Increase)/decrease in other assets	16,082	(7,128)	3,057
Increase/(decrease) in other liabilities	(13,453)	407	(6,502)
Other, net	(454)	176	(2,272)
Total adjustments	37,922	(8,306)	(20,534)
<b>Net cash provided by/(used in) operating activities</b>	<b>36,893</b>	<b>(5,792)</b>	<b>(17,439)</b>
<b>Investing activities (CHF million)</b>			
(Increase)/decrease in interest-bearing deposits with banks	(6)	(520)	411
(Increase)/decrease in central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	(8,895)	19,289	8,386
Purchase of investment securities	(630)	(402)	(557)
Proceeds from sale of investment securities	0	629	6
Maturities of investment securities	184	184	1,007
Investments in subsidiaries and other investments	(2,049)	(210)	(284)
Proceeds from sale of other investments	615	677	1,133
(Increase)/decrease in loans	(3,935)	(9,252)	(18,354)
Proceeds from sales of loans	5,371	3,860	4,612
Capital expenditures for premises and equipment and other intangible assets	(1,254)	(1,044)	(1,133)
Proceeds from sale of premises and equipment and other intangible assets	3	45	30
Other, net	457	113	537
<b>Net cash provided by/(used in) investing activities</b>	<b>(10,139)</b>	<b>13,369</b>	<b>(4,206)</b>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

## Consolidated statements of cash flows (continued)

in	2021	2020	2019
<b>Financing activities (CHF million)</b>			
Increase/(decrease) in due to banks and customer deposits	1,111	24,616	26,057
Increase/(decrease) in short-term borrowings	3,437	(5,290)	6,911
Increase/(decrease) in central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(2,998)	(1,539)	3,491
Issuances of long-term debt	51,254	57,641	34,911
Repayments of long-term debt	(52,964)	(42,768)	(46,290)
Dividends paid	(11)	(10)	(11)
Other, net	350	(445)	(1,099)
<b>Net cash provided by/(used in) financing activities</b>	<b>179</b>	<b>32,205</b>	<b>23,970</b>
<b>Effect of exchange rate changes on cash and due from banks (CHF million)</b>			
<b>Effect of exchange rate changes on cash and due from banks</b>	<b>(1,114)</b>	<b>(2,619)</b>	<b>(595)</b>
<b>Net increase/(decrease) in cash and due from banks (CHF million)</b>			
<b>Net increase/(decrease) in cash and due from banks</b>	<b>25,819</b>	<b>37,163</b>	<b>1,730</b>
Cash and due from banks at beginning of period <sup>1</sup>	138,207	101,044	99,314
<b>Cash and due from banks at end of period <sup>1</sup></b>	<b>164,026</b>	<b>138,207</b>	<b>101,044</b>

<sup>1</sup> Includes restricted cash.

## Supplemental cash flow information

in	2021	2020	2019
<b>Cash paid for income taxes and interest (CHF million)</b>			
Cash paid for income taxes	797	735	706
Cash paid for interest	5,518	8,126	13,015

→ Refer to "Note 19 – Financial instruments measured at amortized cost and credit losses" and "Note 23 – Leases" for information on non-cash transactions.

The accompanying notes to the consolidated financial statements are an integral part of these statements.

# Notes to the consolidated financial statements

## 1 Summary of significant accounting policies

### Overview

The accompanying consolidated financial statements of Credit Suisse AG (the Bank), the direct bank subsidiary of Credit Suisse Group AG (the Group), are prepared in accordance with accounting principles generally accepted in the US (US GAAP) and are stated in Swiss francs (CHF). The financial year for the Bank ends on December 31. Certain reclassifications have been made to the prior year's consolidated financial statements to conform to the current presentation which had no impact on net income/(loss) or total shareholders' equity.

In preparing the consolidated financial statements, management is required to make estimates and assumptions including, but not limited to, the fair value measurements of certain financial assets and liabilities, the allowance for loan losses, the evaluation of variable interest entities (VIEs), the impairment of assets other than loans, recognition of deferred tax assets, tax uncertainties, pension liabilities and various contingencies. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the dates of the consolidated balance sheets and the reported amounts of revenues and expenses during the reporting period. While management evaluates its estimates and assumptions on an ongoing basis, actual results could differ materially from management's estimates. Market conditions may increase the risk and complexity of the judgments applied in these estimates.

→ Refer to "Note 1 – Summary of significant accounting policies" in VI – Consolidated financial statements – Credit Suisse Group for a summary of significant accounting policies, with the exception of the following accounting policies.

### Revisions of prior period financial statements

In connection with ongoing internal control processes, the Bank identified accounting issues that were not material individually or in aggregate to the prior period financial statements. As a result of these accounting issues prior periods have been revised in the consolidated financial statements and the related notes.

The Bank identified accounting issues with respect to the netting treatment relating to the presentation of a limited population of certain securities lending and borrowing activities. As a result, balance sheet and cash flow positions for both assets and liabilities relating to these activities were understated. For the year ended December 31, 2020, "Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions", "Total assets", "Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions" as well as "Total liabilities" in the consolidated balance sheets were revised by CHF 13,143 million. For the year ended December 31, 2020, "(Increase)/decrease in central bank funds sold, securities purchased under resale agreements and securities borrowing transactions" and "Net cash provided

by/(used in) investing activities" were revised by a credit of CHF 70 million in the consolidated statements of cash flows and "Increase/(decrease) in central bank funds purchased, securities sold under repurchase agreements and securities lending transactions" and "Net cash provided by/(used in) financing activities" were revised by a debit of CHF 70 million. Due to the increase in total assets the Bank's leverage exposure increased by the same amount and reduced the related leverage ratios by 10 basis points.

Separately, in the consolidated statements of cash flows share-based compensation expenses, net were previously included in net cash provided by/(used in) financing activities, but are now separately included in net cash provided by/(used in) operating activities. The Bank also expanded the elimination of non-cash exchange rate movements related to certain operating, investing and financing activities. In addition, the presentation of certain cash flow hedges were reclassified. In aggregate for these matters for the year ended December 31, 2020, "Net cash provided by/(used in) operating activities" were revised by a debit of CHF 371 million, "Net cash provided by/(used in) investing activities" were revised by a credit of CHF 2,273 million and "Net cash provided by/(used in) financing activities" were revised by a debit of CHF 1,902 million. In aggregate for these matters for the year ended December 31, 2019, "Net cash provided by/(used in) operating activities" were revised by a debit of CHF 979 million, "Net cash provided by/(used in) investing activities" were revised by a credit of CHF 1,045 million and "Net cash provided by/(used in) financing activities" were revised by a debit of CHF 66 million.

### Pension and other post-retirement benefits

Credit Suisse sponsors a Group defined benefit pension plan in Switzerland that covers eligible employees of the Bank domiciled in Switzerland. The Bank also has single-employer defined benefit pension plans and defined contribution pension plans in Switzerland and other countries around the world.

For the Bank's participation in the Group defined benefit pension plan, no retirement benefit obligation is recognized in the consolidated balance sheets of the Bank and defined contribution accounting is applied, as the Bank is not the sponsoring entity of the Group plan.

For single-employer defined benefit plans, the Bank uses the projected unit credit actuarial method to determine the present value of its projected benefit obligations (PBO) and the current and past service costs or credits related to its defined benefit and other post-retirement benefit plans. The measurement date used to perform the actuarial valuation is December 31 and is performed by independent qualified actuaries.

→ Refer to "Pension and other post-retirement benefits" in VI – Consolidated financial statements – Credit Suisse Group – Note 1 – Summary of significant accounting policies for further information.

## Own shares, own bonds and financial instruments on Group shares

The Bank's shares are wholly owned by Credit Suisse Group AG and are not subject to trading. The Bank may buy and sell Credit Suisse Group AG shares (Group shares) and Group bonds, own bonds and financial instruments on Group shares within its normal trading and market-making activities. In addition, the Bank may hold Group shares to economically hedge commitments arising from employee share-based compensation awards. Group shares

are reported as trading assets, unless those shares are held to economically hedge share award obligations. Hedging shares are reported as treasury shares, resulting in a reduction to total shareholder's equity. Financial instruments on Group shares are recorded as assets or liabilities and carried at fair value. Dividends received on Group shares and unrealized and realized gains and losses on Group shares are recorded according to the classification of the shares as trading assets or treasury shares. Purchases of bonds originally issued by the Bank are recorded as an extinguishment of debt.

## 2 Recently issued accounting standards

→ Refer to "Note 2 – Recently issued accounting standards" in VI – Consolidated financial statements – Credit Suisse Group for recently adopted accounting standards and standards to be adopted in future periods.

The impact on the Bank's and Group's financial position, results of operations or cash flows was or is expected to be identical.

## 3 Business developments, significant shareholders and subsequent events

→ Refer to "Note 3 – Business developments, significant shareholders and subsequent events" in VI – Consolidated financial statements – Credit Suisse Group for further information.

## 4 Segment information

For the purposes of the presentation of reportable segments, the Bank has included accounts of affiliate entities wholly owned by the same parent which are managed together with the operating segments of the Bank.

→ Refer to "Note 4 – Segment information" in VI – Consolidated financial statements – Credit Suisse Group for further information.

<b>Net revenues and income/(loss) before taxes</b>			
in	2021	2020	2019
<b>Net revenues (CHF million)</b>			
Swiss Universal Bank	5,801	5,615	5,905
International Wealth Management	3,462	3,747	4,181
Asia Pacific	3,242	3,155	3,029
Asset Management	1,456	1,090	1,635
Investment Bank	8,888	9,098	8,161
Adjustments <sup>1</sup>	193	(202)	(225)
<b>Net revenues</b>	<b>23,042</b>	<b>22,503</b>	<b>22,686</b>
<b>Income/(loss) before taxes (CHF million)</b>			
Swiss Universal Bank	2,729	2,104	2,573
International Wealth Management	976	1,091	1,586
Asia Pacific	994	828	922
Asset Management	300	(39)	479
Investment Bank	(3,703)	1,655	1,026
Adjustments <sup>1</sup>	(1,387)	(2,428)	(2,193)
<b>Income/(loss) before taxes</b>	<b>(91)</b>	<b>3,211</b>	<b>4,393</b>

<sup>1</sup> Adjustments represent certain consolidating entries and balances, including those relating to items that are managed but are not legally owned by the Bank and vice versa, and certain revenues and expenses that were not allocated to the segments, including such items relating to the Asset Resolution Unit.

## Total assets

end of	2021	2020
<b>Total assets (CHF million)</b>		
Swiss Universal Bank	263,797	261,465
International Wealth Management	88,715	91,503
Asia Pacific	67,395	67,356
Asset Management	3,393	3,703
Investment Bank	211,802	271,976
Adjustments <sup>1</sup>	124,112	126,828
<b>Total assets</b>	<b>759,214</b>	<b>822,831</b>

<sup>1</sup> Adjustments represent certain consolidating entries and balances, including those relating to items that are managed but are not legally owned by the Bank and vice versa, and certain revenues and expenses that were not allocated to the segments, including such items relating to the Asset Resolution Unit.

## Net revenues and income/(loss) before taxes by geographical location

in	2021	2020	2019
<b>Net revenues (CHF million)</b>			
Switzerland	8,382	8,659	9,239
EMEA	2,916	3,162	1,244
Americas	8,896	7,765	9,253
Asia Pacific	2,848	2,917	2,950
<b>Net revenues</b>	<b>23,042</b>	<b>22,503</b>	<b>22,686</b>

### Income/(loss) before taxes (CHF million)

Switzerland	1,659	2,477	3,259
EMEA	(5,554)	(847)	(2,574)
Americas	3,574	1,419	3,348
Asia Pacific	230	162	360
<b>Income/(loss) before taxes</b>	<b>(91)</b>	<b>3,211</b>	<b>4,393</b>

The designation of net revenues and income/(loss) before taxes is based on the location of the office recording the transactions. This presentation does not reflect the way the Bank is managed.

## Total assets by geographical location

end of	2021	2020
<b>Total assets (CHF million)</b>		
Switzerland	259,874	266,095
EMEA	163,539	159,465
Americas	249,680	300,783
Asia Pacific	86,121	96,488
<b>Total assets</b>	<b>759,214</b>	<b>822,831</b>

The designation of total assets by region is based upon customer domicile.

## 5 Net interest income

in	2021	2020	2019
<b>Net interest income (CHF million)</b>			
Loans	4,993	5,694	7,173
Investment securities	1	3	9
Trading assets, net of trading liabilities <sup>1</sup>	2,839	3,158	3,828
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	1,172	1,596	2,926
Other	588	769	2,731
Interest and dividend income	9,593	11,220	16,667
Deposits	(151)	(1,107)	(3,055)
Short-term borrowings	3	(170)	(422)
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(812)	(908)	(1,669)
Long-term debt	(2,437)	(2,702)	(3,361)
Other	(271)	(373)	(1,111)
Interest expense	(3,668)	(5,260)	(9,618)
<b>Net interest income</b>	<b>5,925</b>	<b>5,960</b>	<b>7,049</b>

<sup>1</sup> Interest and dividend income is presented on a net basis to align with the presentation of trading revenues for trading assets and liabilities.

## 6 Commissions and fees

in	2021	2020	2019
<b>Commissions and fees (CHF million)</b>			
Lending business	1,870	1,612	1,663
Investment and portfolio management	3,401	3,087	3,295
Other securities business	59	73	89
Fiduciary business	3,460	3,160	3,384
Underwriting	2,560	2,348	1,602
Brokerage	3,088	3,246	2,900
Underwriting and brokerage	5,648	5,594	4,502
Other services	2,202	1,484	1,522
<b>Commissions and fees</b>	<b>13,180</b>	<b>11,850</b>	<b>11,071</b>

## 7 Trading revenues

in	2021	2020	2019
<b>Trading revenues (CHF million)</b>			
Interest rate products	1,257	(91)	67
Foreign exchange products	1,580	2,482	656
Equity/index-related products	1,365	387	1,146
Credit products	(1,826)	192	(513)
Commodity and energy products	(12)	132	144
Other products	7	76	273
<b>Trading revenues</b>	<b>2,371</b>	<b>3,178</b>	<b>1,773</b>

Represents revenues on a product basis which are not representative of business results within segments, as segment results utilize financial instruments across various product types.

→ Refer to "Note 7 – Trading revenues" in VI – Consolidated financial statements – Credit Suisse Group for further information.

## 8 Other revenues

in	2021	2020	2019
<b>Other revenues (CHF million)</b>			
Loans held-for-sale	(90)	(34)	(14)
Long-lived assets held-for-sale	232	26	252
Equity method investments	60	(255)	230
Other investments	256	769	1,142
Other	1,108	1,009	1,183
<b>Other revenues</b>	<b>1,566</b>	<b>1,515</b>	<b>2,793</b>

→ Refer to "Note 8 – Other revenues" in VI – Consolidated financial statements – Credit Suisse Group for further information.

## 9 Provision for credit losses

in	2021	2020	2019
<b>Provision for credit losses (CHF million)</b>			
Loans held at amortized cost	(23)	863	284
Other financial assets held at amortized cost	4,295 <sup>1</sup>	19	11
Off-balance sheet credit exposures	(63)	210	29
<b>Provision for credit losses</b>	<b>4,209</b>	<b>1,092</b>	<b>324</b>

<sup>1</sup> Primarily reflects a provision for credit losses of CHF 4,307 million related to Archegos.

## 12 Restructuring expenses

The Bank completed the one-year restructuring plan announced in July 2020 in connection with the implementation of key strategic growth initiatives at the end of June 2021. Restructuring expenses of CHF 113 million were recognized in 2021.

→ Refer to "Note 12 – Restructuring expenses" in VI – Consolidated financial statements – Credit Suisse Group for further information.

## 10 Compensation and benefits

in	2021	2020	2019
<b>Compensation and benefits (CHF million)</b>			
Salaries and variable compensation	6,730	7,521	7,733
Social security	530	559	554
Other <sup>1</sup>	751	780	818
<b>Compensation and benefits</b>	<b>8,011</b>	<b>8,860</b>	<b>9,105</b>

<sup>1</sup> Includes pension-related expenses of CHF 497 million, CHF 503 million and CHF 502 million in 2021, 2020 and 2019, respectively, relating to service costs for defined benefit pension plans and employer contributions for defined contribution pension plans.

## 11 General and administrative expenses

in	2021	2020	2019
<b>General and administrative expenses (CHF million)</b>			
Occupancy expenses	893	883	990
IT, machinery and equipment	1,218	1,129	1,066
Provisions and losses	1,489	1,253	639
Travel and entertainment	127	134	303
Professional services	3,625	3,025	3,132
Communication and market data services	458	458	465
Amortization and impairment of other intangible assets	8	8	10
Other <sup>1</sup>	763	1,072	983
<b>General and administrative expenses</b>	<b>8,581</b>	<b>7,962</b>	<b>7,588</b>

<sup>1</sup> Includes pension-related expenses/(credits) of CHF 10 million, CHF 0 and CHF 10 million in 2021, 2020 and 2019, respectively, relating to certain components of net periodic benefit costs for defined benefit plans.

### Restructuring expenses by type

in	2021	2020
<b>Restructuring expenses by type (CHF million)</b>		
Compensation and benefits-related expenses	45	102
of which severance expenses	26	66
of which accelerated deferred compensation	19	36
General and administrative-related expenses	68	20
of which pension expenses	4	8
<b>Total restructuring expenses</b>	<b>113</b>	<b>122</b>



## Restructuring liabilities

in	2021			2020			2019		
	Compen- sation and benefits	General and administrative expenses	Total	Compen- sation and benefits	General and administrative expenses	Total	Compen- sation and benefits	General and administrative expenses	Total
<b>Restructuring liabilities (CHF million)</b>									
<b>Balance at beginning of period</b>	<b>47</b>	<b>2</b>	<b>49</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>152</b>	<b>190</b>	<b>342</b>
Net additional charges <sup>1</sup>	26	32	58	66	6	72	-	-	-
Reclassifications	(22)	(3)	(25) <sup>2</sup>	-	-	-	(152) <sup>3</sup>	(190) <sup>4</sup>	(342)
Utilization	(32)	(31)	(63)	(19)	(4)	(23)	-	-	-
<b>Balance at end of period</b>	<b>19</b>	<b>0</b>	<b>19</b>	<b>47</b>	<b>2</b>	<b>49</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>1</sup> The following items for which expense accretion was accelerated in 2021 and 2020 due to the restructuring of the Bank are not included in the restructuring provision: unsettled share-based compensation of CHF 13 million and CHF 25 million, respectively; unsettled pension obligations of CHF 4 million and CHF 8 million, respectively, which remain classified as pension provisions; unsettled cash-based deferred compensation of CHF 7 million and CHF 11 million, respectively, which remain classified as compensation liabilities; and accelerated accumulated depreciation and impairment of CHF 31 million and CHF 6 million, respectively, which remain classified as premises and equipment. The settlement date for the unsettled share-based compensation remains unchanged at three years.

<sup>2</sup> Reclassified within other liabilities.

<sup>3</sup> In 2019, CHF 97 million was transferred to litigation provisions and CHF 55 million was transferred to other liabilities.

<sup>4</sup> In 2019, CHF 167 million was transferred to right-of-use assets in accordance with ASU 2016-02 and CHF 23 million to other liabilities.

## 13 Revenue from contracts with customers

→ Refer to "Note 14 – Revenue from contracts with customers" in VI – Consolidated financial statements – Credit Suisse Group for further information.

### Contracts with customers and disaggregation of revenues

in	2021	2020	2019
<b>Contracts with customers (CHF million)</b>			
Investment and portfolio management	3,401	3,087	3,295
Other securities business	61	73	89
Underwriting	2,560	2,348	1,602
Brokerage	3,087	3,243	2,898
Other services	2,244	1,566	1,611
<b>Total revenues from contracts with customers</b>	<b>11,353</b>	<b>10,317</b>	<b>9,495</b>

The table above differs from "Note 6 – Commissions and fees" as it includes only those contracts with customers that are in scope of ASC Topic 606 – Revenue from Contracts with Customers.

### Contract balances

end of	2021	2020
<b>Contract balances (CHF million)</b>		
Contract receivables	865	993
Contract liabilities	55	48

### Contract balances

in	4Q21	3Q21	2Q21	1Q21
<b>Revenue recognized (CHF million)</b>				
Revenue recognized in the reporting period included in the contract liabilities balance at the beginning of period	9	10	18	8

The Bank's contract terms are generally such that they do not result in any contract assets.

There were no material net impairment losses on contract receivables in 2021, 2020 or 2019. The Bank did not recognize any revenues in the reporting period from performance obligations satisfied in previous periods.

### Capitalized costs

The Bank has not incurred costs to obtain a contract nor costs to fulfill a contract that are eligible for capitalization.

### Remaining performance obligations

ASC Topic 606's practical expedient allows the Bank to exclude from its remaining performance obligations disclosure any performance obligations which are part of a contract with an original expected duration of one year or less. Additionally, any variable consideration, for which it is probable that a significant reversal in the amount of cumulative revenue recognized will occur when the uncertainty associated with the variable consideration is subsequently resolved, is not subject to the remaining performance obligations disclosure because such variable consideration is not included in the transaction price (e.g., investment management fees). Upon review, the Bank determined that no material remaining performance obligations are in scope of the remaining performance obligations disclosure.

## 14 Securities borrowed, lent and subject to repurchase agreements

end of	2021	2020
<b>Securities borrowed or purchased under agreements to resell (CHF million)</b>		
Central bank funds sold and securities purchased under resale agreements	65,017	53,910
Deposits paid for securities borrowed	38,889	38,366
<b>Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions</b>	<b>103,906</b>	<b>92,276</b>
<b>Securities lent or sold under agreements to repurchase (CHF million)</b>		
Central bank funds purchased and securities sold under repurchase agreements	19,685	19,829
Deposits received for securities lent	15,683	17,258
<b>Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions</b>	<b>35,368</b>	<b>37,087</b>

→ Refer to "Note 15 – Securities borrowed, lent and subject to repurchase agreements" in VI – Consolidated financial statements – Credit Suisse Group for further information.

## 15 Trading assets and liabilities

end of	2021	2020	end of	2021	2020
<b>Trading assets (CHF million)</b>			<b>Cash collateral on derivative instruments – netted (CHF million) <sup>1</sup></b>		
Debt securities	54,297	64,532	Cash collateral paid	17,869	26,885
Equity securities	36,606	63,273	Cash collateral received	12,056	16,795
Derivative instruments <sup>1</sup>	17,559	25,531	<b>Cash collateral on derivative instruments – not netted (CHF million) <sup>2</sup></b>		
Other	2,837	4,175	Cash collateral paid	7,659	7,741
<b>Trading assets</b>	<b>111,299</b>	<b>157,511</b>	Cash collateral received	5,533	7,831
<b>Trading liabilities (CHF million)</b>			<sup>1</sup> Recorded as cash collateral netting on derivative instruments in Note 27 – Offsetting of financial assets and financial liabilities. <sup>2</sup> Recorded as cash collateral on derivative instruments in Note 22 – Other assets and other liabilities.		
Short positions	16,693	28,126			
Derivative instruments <sup>1</sup>	10,846	17,745			
<b>Trading liabilities</b>	<b>27,539</b>	<b>45,871</b>			

<sup>1</sup> Amounts shown after counterparty and cash collateral netting.

## 16 Investment securities

end of	2021	2020
<b>Investment securities (CHF million)</b>		
Debt securities available-for-sale	1,003	605
<b>Total investment securities</b>	<b>1,003</b>	<b>605</b>

### Investment securities by type

end of	2021				2020			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
<b>Investment securities by type (CHF million)</b>								
Swiss federal, cantonal or local government entities	0	0	0	0	1	0	0	1
Corporate debt securities	1,011	0	8	1,003	594	10	0	604
<b>Debt securities available-for-sale</b>	<b>1,011</b>	<b>0</b>	<b>8</b>	<b>1,003</b>	<b>595</b>	<b>10</b>	<b>0</b>	<b>605</b>

## Gross unrealized losses on debt securities and related fair value

end of	Less than 12 months		12 months or more		Total	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
<b>2021 (CHF million)</b>						
Corporate debt securities	683	8	0	0	683	8
<b>Debt securities available-for-sale</b>	<b>683</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>683</b>	<b>8</b>

## Proceeds from sales, realized gains and realized losses from debt securities available-for-sale

in	2021	2020
<b>Sales of debt securities available-for-sale (CHF million)</b>		
Proceeds from sales	0	629
Realized gains	0	42

## Amortized cost, fair value and average yield of debt securities

end of 2021	Amortized cost	Fair value	Average yield (in %)
Due within 1 year	154	154	0.03
Due from 1 to 5 years	93	93	0.02
Due from 5 to 10 years	764	756	0.07
<b>Debt securities available-for-sale</b>	<b>1,011</b>	<b>1,003</b>	<b>0.06</b>

## Allowance for credit losses on debt securities available-for-sale

As of the end of 2021, the Bank had no allowance for credit losses on debt securities available-for-sale.

→ Refer to "Note 17 – Investment securities" in VI – Consolidated financial statements – Credit Suisse Group for further information.

## 17 Other investments

end of	2021	2020
<b>Other investments (CHF million)</b>		
Equity method investments	1,636	2,624
Equity securities (without a readily determinable fair value) <sup>1</sup>	3,315	1,776
of which at net asset value	53	111
of which at measurement alternative	345	357
of which at fair value	2,869	1,278
of which at cost less impairment	48	30
Real estate held-for-investment <sup>2</sup>	48	59
Life finance instruments <sup>3</sup>	789	920
<b>Total other investments</b>	<b>5,788</b>	<b>5,379</b>

<sup>1</sup> Includes private equity, hedge funds and restricted stock investments as well as certain investments in non-marketable mutual funds for which the Bank has neither significant influence nor control over the investee.

<sup>2</sup> As of the end of 2021 and 2020, real estate held for investment included foreclosed or repossessed real estate of CHF 9 million and CHF 16 million, respectively, of which CHF 6 million and CHF 13 million, respectively, were related to residential real estate.

<sup>3</sup> Includes single premium immediate annuity contracts.

Accumulated depreciation related to real estate held-for-investment amounted to CHF 28 million, CHF 31 million and CHF 29 million for 2021, 2020 and 2019, respectively.

No impairments were recorded on real estate held-for-investments in 2021. An impairment of CHF 1 million was recorded on real estate held-for-investments in 2020. No impairments were recorded on real estate held-for-investments in 2019.

### Equity securities at measurement alternative

in / end of	2021	Cumulative	2020
<b>Impairments and adjustments (CHF million)</b>			
Impairments and downward adjustments	(17)	(42)	(17)
Upward adjustments	1	138	137

→ Refer to "Note 36 – Financial instruments" for further information on such investments and "Note 18 – Other investments" in VI – Consolidated financial statements – Credit Suisse Group for further information.

## 18 Loans

→ Refer to "Note 19 – Loans" in VI – Consolidated financial statements – Credit Suisse Group for further information.

Loans	2021	2020
end of		
<b>Loans (CHF million)</b>		
Mortgages <sup>1</sup>	110,533	109,067
Loans collateralized by securities <sup>1</sup>	51,253	51,028
Consumer finance <sup>1</sup>	5,075	4,437
Consumer	166,861	164,532
Real estate	28,529	29,045
Commercial and industrial loans	69,756	74,700
Financial institutions <sup>1</sup>	33,266	30,316
Governments and public institutions	3,323	3,378
Corporate & institutional	134,874	137,439
<b>Gross loans</b>	<b>301,735</b>	<b>301,971</b>
of which held at amortized cost	291,492	290,563
of which held at fair value	10,243	11,408
Net (unearned income)/deferred expenses	(81)	(95)
Allowance for credit losses	(1,296)	(1,535)
<b>Net loans</b>	<b>300,358</b>	<b>300,341</b>
<b>Gross loans by location</b>		
Switzerland	175,903	176,312
Foreign	125,832	125,659
<b>Gross loans</b>	<b>301,735</b>	<b>301,971</b>
<b>Impaired loans</b>		
Non-performing loans	1,666	1,666
Non-interest-earning loans	286	363
Non-accrual loans	1,952	2,029
Restructured loans	367	313
Potential problem loans	436	843
Other impaired loans	803	1,156
<b>Gross impaired loans <sup>2</sup></b>	<b>2,755</b>	<b>3,185</b>

<sup>1</sup> Certain consumer loans have been reclassified to corporate & institutional loans following the application of a look-through approach with regard to beneficial owners. The prior period has been reclassified to conform to the current presentation.

<sup>2</sup> As of December 31, 2021 and 2020, CHF 130 million and CHF 180 million, respectively, were related to consumer mortgages secured by residential real estate for which formal foreclosure proceedings according to local requirements of the applicable jurisdiction were in process.

→ Refer to "Loans" in Note 1 – Summary of significant accounting policies in VI – Consolidated financial statements – Credit Suisse Group for further information on categories of impaired loans.

→ Refer to "Note 19 – Financial instruments measured at amortized cost and credit losses" for further information on loans held at amortized cost.

## 19 Financial instruments measured at amortized cost and credit losses

→ Refer to "Note 20 – Financial instruments measured at amortized cost and credit losses" in VI – Consolidated financial statements – Credit Suisse Group for further information on loans held at amortized cost.

### Overview of financial instruments measured at amortized cost – by balance sheet position

end of	2021			2020		
	Amortized cost basis <sup>1</sup>	Allowance for credit losses	Net carrying value	Amortized cost basis <sup>1</sup>	Allowance for credit losses	Net carrying value
<b>CHF million</b>						
Cash and due from banks	163,718	0	163,718	137,683	(1)	137,682
Interest-bearing deposits with banks	1,256 <sup>2</sup>	0	1,256	1,235 <sup>4</sup>	(5)	1,230
Securities purchased under resale agreements and securities borrowing transactions	35,283 <sup>2</sup>	0	35,283	34,282	0	34,282
Loans	291,411 <sup>2,3</sup>	(1,296)	290,115	290,468 <sup>4,5</sup>	(1,535)	288,933
Brokerage receivables	20,875 <sup>2</sup>	(4,186)	16,689	35,944 <sup>4</sup>	(1)	35,943
Other assets	14,226	(28)	14,198	15,540	(41)	15,499
<b>Total</b>	<b>526,769</b>	<b>(5,510)</b>	<b>521,259</b>	<b>515,152</b>	<b>(1,583)</b>	<b>513,569</b>

<sup>1</sup> Net of unearned income/deferred expenses, as applicable.

<sup>2</sup> Excludes accrued interest in the total amount of CHF 301 million, with no related allowance for credit losses. Of the accrued interest balance, CHF 1 million relates to interest-bearing deposits with banks, CHF 1 million to securities purchased under resale agreements and securities borrowing transactions, CHF 295 million to loans and CHF 4 million to brokerage receivables. These accrued interest balances are reported in other assets.

<sup>3</sup> Includes endangered interest of CHF 85 million on non-accrual loans which are reported as part of the loans' amortized cost balance.

<sup>4</sup> Excludes accrued interest in the total amount of CHF 351 million, with no related allowance for credit losses. Of the accrued interest balance, CHF 1 million relates to interest-bearing deposits with banks, CHF 334 million to loans and CHF 16 million to brokerage receivables. These accrued interest balances are reported in other assets.

<sup>5</sup> Includes endangered interest of CHF 87 million on non-accrual loans which are reported as part of the loans' amortized cost balance.

### Allowance for credit losses

#### Loans held at amortized cost

#### Allowance for credit losses – loans held at amortized cost

	2021			2020			2019 <sup>1</sup>		
	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total
<b>CHF million</b>									
<b>Balance at beginning of period</b>	<b>318</b>	<b>1,217</b>	<b>1,535</b>	<b>241</b>	<b>807</b>	<b>1,048 <sup>2</sup></b>	<b>187</b>	<b>714</b>	<b>901</b>
Current-period provision for expected credit losses	78	(53)	25	191	709	900	63	221	284
of which methodology changes	0	(1)	(1)	0	(19)	(19)	–	–	–
of which provisions for interest <sup>3</sup>	25	23	48	22	15	37	–	–	–
Gross write-offs	(55)	(242)	(297)	(87)	(238)	(325)	(86)	(213)	(299)
Recoveries	9	5	14	8	5	13	9	16	25
Net write-offs	(46)	(237)	(283)	(79)	(233)	(312)	(77)	(197)	(274)
Provisions for interest <sup>3</sup>	–	–	–	–	–	–	14	28	42
Foreign currency translation impact and other adjustments, net	7	12	19	(35)	(66)	(101)	(1)	(7)	(8)
<b>Balance at end of period</b>	<b>357</b>	<b>939</b>	<b>1,296</b>	<b>318</b>	<b>1,217</b>	<b>1,535</b>	<b>186</b>	<b>759</b>	<b>945</b>
of which individually evaluated	273	512	785	230	635	865	145	463	608
of which collectively evaluated	84	427	511	88	582	670	41	296	337

<sup>1</sup> Measured under the previous accounting guidance (incurred loss model).

<sup>2</sup> Includes a net impact of CHF 103 million from the adoption of the new CECL guidance and the related election of the fair value option for certain loans on January 1, 2020, of which CHF 55 million reflected in consumer loans and CHF 48 million in corporate & institutional loans.

<sup>3</sup> Represents the current-period net provision for accrued interest on non-accrual loans and lease financing transactions which is recognized as a reversal of interest income.

→ Refer to "Note 20 – Financial instruments measured at amortized cost and credit losses" in VI – Consolidated financial statements – Credit Suisse Group for further information on estimating expected credit losses and the Bank's gross write-offs.

#### Purchases, reclassifications and sales – loans held at amortized cost

in	2021			2020			2019		
	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total
<b>CHF million</b>									
Purchases <sup>1</sup>	22	4,361	<b>4,383</b>	45	2,756	<b>2,801</b>	18	2,478	<b>2,496</b>
Reclassifications from loans held-for-sale <sup>2</sup>	0	133	<b>133</b>	0	6	<b>6</b>	0	11	<b>11</b>
Reclassifications to loans held-for-sale <sup>3</sup>	0	4,780	<b>4,780</b>	18	2,007	<b>2,025</b>	0	3,138	<b>3,138</b>
Sales <sup>3</sup>	0	4,442	<b>4,442</b>	18	1,626	<b>1,644</b>	0	3,001	<b>3,001</b>

Reclassifications from loans held-for-sale and reclassifications to loans held-for-sale represent non-cash transactions.

<sup>1</sup> Includes drawdowns under purchased loan commitments.

<sup>2</sup> Includes loans previously reclassified to held-for-sale that were not sold and were reclassified back to loans held-to-maturity.

<sup>3</sup> All loans held at amortized cost which are sold are reclassified to loans held-for-sale on or prior to the date of the sale.

#### Other financial assets

The current-period provision for expected credit losses on other financial assets held at amortized cost includes a provision of CHF 4,307 million related to Archegos Capital Management (Archegos). As of December 31, 2021, the related allowance for credit losses is reported in brokerage receivables.

#### Allowance for credit losses – other financial assets held at amortized cost

	2021	2020
<b>CHF million</b>		
<b>Balance at beginning of period</b>	<b>48</b>	<b>43</b>
Current-period provision for expected credit losses	4,295	19
Gross write-offs	(8)	(12)
Recoveries	0	2
Net write-offs	(8)	(10)
Foreign currency translation impact and other adjustments, net	(121)	(4)
<b>Balance at end of period</b>	<b>4,214</b>	<b>48</b>
of which individually evaluated	4,200	15
of which collectively evaluated	14	33

In 2021, the Bank purchased other financial assets held at amortized cost amounting to CHF 196 million, primarily related to mortgage servicing advances.

## Credit quality information

### Credit quality of loans held at amortized cost

The following table presents the Bank's carrying value of loans held at amortized cost by aggregated internal counterparty credit ratings "investment grade" and "non-investment grade" that are

used as credit quality indicators for the purpose of this disclosure, by year of origination. Within the line items relating to the origination year, the first year represents the origination year of the current reporting period and the second year represents the origination year of the comparative reporting period.

### Consumer loans held at amortized cost by internal counterparty rating

end of	2021								2020
	Investment grade			Non-investment grade			Total		
	AAA to BBB	BB to C	D	AAA to BBB	BB to C	D			
<b>CHF million</b>									
<b>Mortgages<sup>1</sup></b>									
2021 / 2020	24,257	2,134	40	26,431	17,454	1,653	3	19,110	
2020 / 2019	14,743	1,402	13	16,158	13,936	1,459	26	15,421	
2019 / 2018	11,308	1,639	48	12,995	10,187	929	58	11,174	
2018 / 2017	7,287	812	88	8,187	7,061	857	44	7,962	
2017 / 2016	5,318	698	74	6,090	10,789	914	76	11,779	
Prior years	36,790	2,359	317	39,466	39,471	2,854	216	42,541	
Total term loans	99,703	9,044	580	109,327	98,898	8,666	423	107,987	
Revolving loans	276	930	0	1,206	528	548	4	1,080	
<b>Total</b>	<b>99,979</b>	<b>9,974</b>	<b>580</b>	<b>110,533</b>	<b>99,426</b>	<b>9,214</b>	<b>427</b>	<b>109,067</b>	
<b>Loans collateralized by securities<sup>1</sup></b>									
2021 / 2020	2,627	685	0	3,312	1,031	1,519	149	2,699	
2020 / 2019	649	848	0	1,497	995	324	0	1,319	
2019 / 2018	61	167	0	228	483	64	0	547	
2018 / 2017	32	26	106	164	61	41	0	102	
2017 / 2016	55	19	0	74	200	127	0	327	
Prior years	804	681	0	1,485	562	622	0	1,184	
Total term loans	4,228	2,426	106	6,760	3,332	2,697	149	6,178	
Revolving loans <sup>2</sup>	41,275	3,063	155	44,493	41,715	3,031	104	44,850	
<b>Total</b>	<b>45,503</b>	<b>5,489</b>	<b>261</b>	<b>51,253</b>	<b>45,047</b>	<b>5,728</b>	<b>253</b>	<b>51,028</b>	
<b>Consumer finance<sup>1</sup></b>									
2021 / 2020	1,688	823	5	2,516	1,282	675	5	1,962	
2020 / 2019	538	288	15	841	518	385	22	925	
2019 / 2018	285	234	19	538	249	219	23	491	
2018 / 2017	98	169	18	285	80	154	17	251	
2017 / 2016	21	75	13	109	16	57	10	83	
Prior years	13	76	43	132	12	89	41	142	
Total term loans	2,643	1,665	113	4,421	2,157	1,579	118	3,854	
Revolving loans	348	21	90	459	328	88	81	497	
<b>Total</b>	<b>2,991</b>	<b>1,686</b>	<b>203</b>	<b>4,880</b>	<b>2,485</b>	<b>1,667</b>	<b>199</b>	<b>4,351</b>	
<b>Consumer – total</b>									
2021 / 2020	28,572	3,642	45	32,259	19,767	3,847	157	23,771	
2020 / 2019	15,930	2,538	28	18,496	15,449	2,168	48	17,665	
2019 / 2018	11,654	2,040	67	13,761	10,919	1,212	81	12,212	
2018 / 2017	7,417	1,007	212	8,636	7,202	1,052	61	8,315	
2017 / 2016	5,394	792	87	6,273	11,005	1,098	86	12,189	
Prior years	37,607	3,116	360	41,083	40,045	3,565	257	43,867	
Total term loans	106,574	13,135	799	120,508	104,387	12,942	690	118,019	
Revolving loans	41,899	4,014	245	46,158	42,571	3,667	189	46,427	
<b>Total</b>	<b>148,473</b>	<b>17,149</b>	<b>1,044</b>	<b>166,666</b>	<b>146,958</b>	<b>16,609</b>	<b>879</b>	<b>164,446</b>	

<sup>1</sup> Certain consumer loans have been reclassified to corporate & institutional loans following the application of a look-through approach with regard to beneficial owners. The prior period has been reclassified to conform to the current presentation.

<sup>2</sup> Lombard loans are generally classified as revolving loans.

**Corporate & institutional loans held at amortized cost by internal counterparty rating**

end of	2021								2020
	Investment grade			Non-investment grade			Non-investment grade		
	AAA to BBB	BB to C	D	Total	AAA to BBB	BB to C	D	Total	
<b>CHF million</b>									
<b>Real estate</b>									
2021 / 2020	9,568	4,682	2	14,252	6,054	2,792	106	8,952	
2020 / 2019	3,709	1,355	5	5,069	2,902	1,611	0	4,513	
2019 / 2018	1,849	706	2	2,557	1,849	1,133	24	3,006	
2018 / 2017	925	340	1	1,266	1,033	346	72	1,451	
2017 / 2016	475	101	0	576	1,591	285	25	1,901	
Prior years	2,469	376	30	2,875	5,982	1,105	33	7,120	
Total term loans	18,995	7,560	40	26,595	19,411	7,272	260	26,943	
Revolving loans	778	297	135	1,210	1,027	172	69	1,268	
<b>Total</b>	<b>19,773</b>	<b>7,857</b>	<b>175</b>	<b>27,805</b>	<b>20,438</b>	<b>7,444</b>	<b>329</b>	<b>28,211</b>	
<b>Commercial and industrial loans</b>									
2021 / 2020	8,284	11,985	136	20,405	7,724	11,621	310	19,655	
2020 / 2019	3,242	4,468	62	7,772	3,851	6,411	133	10,395	
2019 / 2018	2,110	3,903	105	6,118	1,781	4,321	247	6,349	
2018 / 2017	1,003	2,256	177	3,436	964	1,981	60	3,005	
2017 / 2016	697	937	60	1,694	809	1,248	22	2,079	
Prior years	2,013	2,848	78	4,939	2,830	3,837	116	6,783	
Total term loans	17,349	26,397	618	44,364	17,959	29,419	888	48,266	
Revolving loans	13,941	7,458	372	21,771	12,913	8,908	464	22,285	
<b>Total</b>	<b>31,290</b>	<b>33,855</b>	<b>990</b>	<b>66,135</b>	<b>30,872</b>	<b>38,327</b>	<b>1,352</b>	<b>70,551</b>	
<b>Financial institutions <sup>1</sup></b>									
2021 / 2020	6,360	2,012	51	8,423	5,363	964	43	6,370	
2020 / 2019	2,081	201	30	2,312	2,134	304	39	2,477	
2019 / 2018	660	127	1	788	1,061	453	9	1,523	
2018 / 2017	522	151	1	674	124	92	0	216	
2017 / 2016	87	19	0	106	199	102	20	321	
Prior years	499	85	1	585	770	41	2	813	
Total term loans	10,209	2,595	84	12,888	9,651	1,956	113	11,720	
Revolving loans	7,542	485	1	8,028	5,754	426	1	6,181	
<b>Total</b>	<b>17,751</b>	<b>3,080</b>	<b>85</b>	<b>20,916</b>	<b>15,405</b>	<b>2,382</b>	<b>114</b>	<b>17,901</b>	
<b>Governments and public institutions</b>									
2021 / 2020	521	26	0	547	174	33	0	207	
2020 / 2019	157	114	0	271	135	20	10	165	
2019 / 2018	94	19	19	132	80	0	0	80	
2018 / 2017	46	11	0	57	35	0	0	35	
2017 / 2016	28	0	0	28	74	1	0	75	
Prior years	199	21	0	220	388	41	0	429	
Total term loans	1,045	191	19	1,255	886	95	10	991	
Revolving loans	32	0	0	32	19	0	0	19	
<b>Total</b>	<b>1,077</b>	<b>191</b>	<b>19</b>	<b>1,287</b>	<b>905</b>	<b>95</b>	<b>10</b>	<b>1,010</b>	
<b>Corporate &amp; institutional – total</b>									
2021 / 2020	24,733	18,705	189	43,627	19,315	15,410	459	35,184	
2020 / 2019	9,189	6,138	97	15,424	9,022	8,346	182	17,550	
2019 / 2018	4,713	4,755	127	9,595	4,771	5,907	280	10,958	
2018 / 2017	2,496	2,758	179	5,433	2,156	2,419	132	4,707	
2017 / 2016	1,287	1,057	60	2,404	2,673	1,636	67	4,376	
Prior years	5,180	3,330	109	8,619	9,970	5,024	151	15,145	
Total term loans	47,598	36,743	761	85,102	47,907	38,742	1,271	87,920	
Revolving loans	22,293	8,240	508	31,041	19,713	9,506	534	29,753	
<b>Total</b>	<b>69,891</b>	<b>44,983</b>	<b>1,269</b>	<b>116,143</b>	<b>67,620</b>	<b>48,248</b>	<b>1,805</b>	<b>117,673</b>	

<sup>1</sup> Certain consumer loans have been reclassified to corporate & institutional loans following the application of a look-through approach with regard to beneficial owners. The prior period has been reclassified to conform to the current presentation.



### Total loans held at amortized cost by internal counterparty rating

end of	2021							2020	
	Investment grade		Non-investment grade			Total	Investment grade		Total
	AAA to BBB	BB to C	D	AAA to BBB	BB to C		D		
<b>CHF million</b>									
<b>Loans held at amortized cost – total</b>									
2021 / 2020	53,305	22,347	234	75,886	39,082	19,257	616	58,955	
2020 / 2019	25,119	8,676	125	33,920	24,471	10,514	230	35,215	
2019 / 2018	16,367	6,795	194	23,356	15,690	7,119	361	23,170	
2018 / 2017	9,913	3,765	391	14,069	9,358	3,471	193	13,022	
2017 / 2016	6,681	1,849	147	8,677	13,678	2,734	153	16,565	
Prior years	42,787	6,446	469	49,702	50,015	8,589	408	59,012	
Total term loans	154,172	49,878	1,560	205,610	152,294	51,684	1,961	205,939	
Revolving loans	64,192	12,254	753	77,199	62,284	13,173	723	76,180	
<b>Total loans to third parties</b>	<b>218,364</b>	<b>62,132</b>	<b>2,313</b>	<b>282,809</b>	<b>214,578</b>	<b>64,857</b>	<b>2,684</b>	<b>282,119</b>	
Total loans to entities under common control	8,683	0	0	8,683	8,444	0	0	8,444	
<b>Total</b>	<b>227,047</b>	<b>62,132</b>	<b>2,313</b>	<b>291,492</b> <sup>1</sup>	<b>223,022</b>	<b>64,857</b>	<b>2,684</b>	<b>290,563</b> <sup>1</sup>	

<sup>1</sup> Excludes accrued interest on loans held at amortized cost of CHF 295 million and CHF 334 million as of December 31, 2021 and 2020, respectively.

### Credit quality of other financial assets held at amortized cost

The following table presents the Bank's carrying value of other financial assets held at amortized cost by aggregated internal counterparty credit ratings "investment grade" and

"non-investment grade", by year of origination. Within the line items relating to the origination year, the first year represents the origination year of the current reporting period and the second year represents the origination year of the comparative reporting period.

### Other financial assets held at amortized cost by internal counterparty rating

end of	2021							2020	
	Investment grade		Non-investment grade			Total	Investment grade		Total
	AAA to BBB	BB to C	D	AAA to BBB	BB to C		D		
<b>CHF million</b>									
<b>Other financial assets held at amortized cost</b>									
2021 / 2020	0	5	0	5	0	0	0	0	
2019 / 2018	0	0	0	0	0	70	0	70	
2018 / 2017	0	63	0	63	0	2	0	2	
2017 / 2016	0	2	0	2	0	4	0	4	
Prior years	0	2	0	2	0	0	0	0	
Total term positions	0	72	0	72	0	76	0	76	
Revolving positions	0	970	0	970	0	934	0	934	
<b>Total</b>	<b>0</b>	<b>1,042</b>	<b>0</b>	<b>1,042</b>	<b>0</b>	<b>1,010</b>	<b>0</b>	<b>1,010</b>	

Includes primarily mortgage servicing advances and failed purchases.

## Past due financial assets

### Loans held at amortized cost – past due

end of	Current				Past due		Total
	Up to 30 days	31–60 days	61–90 days	More than 90 days	Total		
<b>2021 (CHF million)</b>							
Mortgages	109,877	123	73	61	399	656	110,533
Loans collateralized by securities	51,069	42	0	0	142	184	51,253
Consumer finance	4,449	144	70	60	157	431	4,880
Consumer	165,395	309	143	121	698	1,271	166,666
Real estate	27,628	6	4	0	167	177	27,805
Commercial and industrial loans	65,327	166	13	12	617	808	66,135
Financial institutions	20,807	60	7	1	41	109	20,916
Governments and public institutions	1,252	16	0	0	19	35	1,287
Corporate & institutional	115,014	248	24	13	844	1,129	116,143
<b>Total loans to third parties</b>	<b>280,409</b>	<b>557</b>	<b>167</b>	<b>134</b>	<b>1,542</b>	<b>2,400</b>	<b>282,809</b>
Total loans to entities under common control	8,683	0	0	0	0	0	8,683
<b>Total loans held at amortized cost</b>	<b>289,092</b>	<b>557</b>	<b>167</b>	<b>134</b>	<b>1,542</b>	<b>2,400</b>	<b>291,492</b> <sup>1</sup>
<b>2020 (CHF million)</b>							
Mortgages <sup>2</sup>	108,544	63	68	34	358	523	109,067
Loans collateralized by securities <sup>2</sup>	50,907	17	0	0	104	121	51,028
Consumer finance <sup>2</sup>	3,916	149	68	47	171	435	4,351
Consumer	163,367	229	136	81	633	1,079	164,446
Real estate	28,070	50	3	11	77	141	28,211
Commercial and industrial loans	69,227 <sup>3</sup>	622	26	6	670	1,324 <sup>3</sup>	70,551
Financial institutions <sup>2</sup>	17,720	48	15	72	46	181	17,901
Governments and public institutions	969	37	4	0	0	41	1,010
Corporate & institutional	115,986	757	48	89	793	1,687	117,673
<b>Total loans to third parties</b>	<b>279,353</b>	<b>986</b>	<b>184</b>	<b>170</b>	<b>1,426</b>	<b>2,766</b>	<b>282,119</b>
Total loans to entities under common control	8,444	0	0	0	0	0	8,444
<b>Total loans held at amortized cost</b>	<b>287,797</b>	<b>986</b>	<b>184</b>	<b>170</b>	<b>1,426</b>	<b>2,766</b>	<b>290,563</b> <sup>1</sup>

<sup>1</sup> Excludes accrued interest on loans held at amortized cost of CHF 295 million and CHF 334 million as of December 31, 2021 and 2020, respectively.

<sup>2</sup> Certain consumer loans have been reclassified to corporate & institutional loans following the application of a look-through approach with regard to beneficial owners. The prior period has been reclassified to conform to the current presentation.

<sup>3</sup> Prior period has been revised.

As of December 31, 2021 and 2020, the Bank did not have any loans that were more than 90 days past due and still accruing interest. Also, the Bank did not have any other financial assets held at amortized cost that were past due.

## Non-accrual financial assets

### Non-accrual loans held at amortized cost

	2021				2020			
	Amortized cost of non-accrual assets at beginning of period	Amortized cost of non-accrual assets at end of period	Interest income recognized	Amortized cost of non-accrual assets with no specific allowance at end of period	Amortized cost of non-accrual assets at beginning of period	Amortized cost of non-accrual assets at end of period	Interest income recognized	Amortized cost of non-accrual assets with no specific allowance at end of period
<b>CHF million</b>								
Mortgages	418	572	2	111	337	418	3	60
Loans collateralized by securities	105	262	8	2	122	105	1	0
Consumer finance	201	205	3	1	168	201	3	1
Consumer	724	1,039	13	114	627	724	7	61
Real estate	324	167	6	0	155	324	8	27
Commercial and industrial loans	913	686	11	96	670	913	38	4
Financial institutions	68	41	0	0	46	68	0	8
Governments and public institutions	0	19	0	0	0	0	0	0
Corporate & institutional	1,305	913	17	96	871	1,305	46	39
<b>Total loans held at amortized cost</b>	<b>2,029</b>	<b>1,952</b>	<b>30</b>	<b>210</b>	<b>1,498</b>	<b>2,029</b>	<b>53</b>	<b>100</b>

### Collateral-dependent financial assets

→ Refer to "Note 20 – Financial instruments measured at amortized cost and credit losses" in VI – Consolidated financial statements – Credit Suisse Group for further information on the Bank's collateral-dependent financial assets.

### Troubled debt restructurings and modifications

#### Restructured financing receivables held at amortized cost

in	2021			2020			2019		
	Number of contracts	Recorded investment – pre-modification	Recorded investment – post-modification	Number of contracts	Recorded investment – pre-modification	Recorded investment – post-modification	Number of contracts	Recorded investment – pre-modification	Recorded investment – post-modification
<b>CHF million, except where indicated</b>									
Mortgages	0	0	0	0	0	0	1	7	7
Loans collateralized by securities	1	33	25	3	165	165	0	0	0
Real estate	1	2	2	0	0	0	0	0	0
Commercial and industrial loans	18	402	394	17	127	95	25	172	161
Financial institutions	1	44	44	0	0	0	0	0	0
<b>Total loans</b>	<b>21</b>	<b>481</b>	<b>465</b>	<b>20</b>	<b>292</b>	<b>260</b>	<b>26</b>	<b>179</b>	<b>168</b>

#### Restructured financing receivables held at amortized cost that defaulted within 12 months from restructuring

in	2021		2020		2019	
	Number of contracts	Recorded investment	Number of contracts	Recorded investment	Number of contracts	Recorded investment
<b>CHF million, except where indicated</b>						
Mortgages	0	0	0	0	1	13
Loans collateralized by securities	3	156	0	0	0	0
Commercial and industrial loans	1	14	4	13	1	2
<b>Total loans</b>	<b>4</b>	<b>170</b>	<b>4</b>	<b>13</b>	<b>2</b>	<b>15</b>

In 2021, the loan modifications of the Bank included the increase of credit facilities, extended loan repayment terms, including postponed loan amortizations and extended maturity dates, interest rate concessions, waivers of principal and interest and changes in covenants.

As of December 31, 2021 and 2020, the Bank did not have any commitments to lend additional funds to debtors whose loan terms had been modified in troubled debt restructurings.

## 20 Goodwill

	Swiss Universal Bank	International Wealth Management	Asia Pacific	Asset Management	Investment Bank	Bank <sup>1</sup>
<b>2021</b>						
<b>Gross amount of goodwill (CHF million)</b>						
<b>Balance at beginning of period</b>	<b>557</b>	<b>276</b>	<b>1,005</b>	<b>1,062</b>	<b>4,734</b>	<b>7,646</b>
Foreign currency translation impact	10	4	25	39	27	105
Other	0	(3)	0	0	0	(3)
<b>Balance at end of period</b>	<b>567</b>	<b>277</b>	<b>1,030</b>	<b>1,101</b>	<b>4,761</b>	<b>7,748</b>
<b>Accumulated impairment (CHF million)</b>						
<b>Balance at beginning of period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,879</b>	<b>3,891</b>
Impairment losses	0	0	94	0	882	976
<b>Balance at end of period</b>	<b>0</b>	<b>0</b>	<b>94</b>	<b>0</b>	<b>4,761</b>	<b>4,867</b>
<b>Net book value (CHF million)</b>						
<b>Net book value</b>	<b>567</b>	<b>277</b>	<b>936</b>	<b>1,101</b>	<b>0</b>	<b>2,881</b>
<b>2020</b>						
<b>Gross amount of goodwill (CHF million)</b>						
<b>Balance at beginning of period</b>	<b>589</b>	<b>288</b>	<b>986</b>	<b>1,193</b>	<b>4,783</b>	<b>7,851</b>
Goodwill acquired during the year	0	0	98	9	24	131
Foreign currency translation impact	(30)	(11)	(68)	(102)	(73)	(284)
Other	(2)	(1)	(11)	(38)	0	(52)
<b>Balance at end of period</b>	<b>557</b>	<b>276</b>	<b>1,005</b>	<b>1,062</b>	<b>4,734</b>	<b>7,646</b>
<b>Accumulated impairment (CHF million)</b>						
<b>Balance at beginning of period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,879</b>	<b>3,891</b>
<b>Balance at end of period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,879</b>	<b>3,891</b>
<b>Net book value (CHF million)</b>						
<b>Net book value</b>	<b>557</b>	<b>276</b>	<b>1,005</b>	<b>1,062</b>	<b>855</b>	<b>3,755</b>

<sup>1</sup> Gross amount of goodwill and accumulated impairment include goodwill of CHF 12 million related to legacy business transferred to the former Strategic Resolution Unit in 4Q15 and fully written off at the time of transfer, in addition to the divisions disclosed.

→ Refer to "Note 21 – Goodwill" in VI – Consolidated financial statements – Credit Suisse Group for further information.

## 21 Other intangible assets

end of	2021			2020		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
<b>Other intangible assets (CHF million)</b>						
Trade names/trademarks	25	(25)	0	24	(24)	0
Client relationships	31	(7)	24	30	0	30
Other	5	(3)	2	(3)	3	0
<b>Total amortizing other intangible assets</b>	<b>61</b>	<b>(35)</b>	<b>26</b>	<b>51</b>	<b>(21)</b>	<b>30</b>
Non-amortizing other intangible assets	250	–	250	207	–	207
of which mortgage servicing rights, at fair value	224	–	224	180	–	180
<b>Total other intangible assets</b>	<b>311</b>	<b>(35)</b>	<b>276</b>	<b>258</b>	<b>(21)</b>	<b>237</b>

### Additional information

in	2021	2020	2019
<b>Aggregate amortization and impairment (CHF million)</b>			
Aggregate amortization	8	6	5
Impairment	0	2	5

### Estimated amortization

<b>Estimated amortization (CHF million)</b>	
2022	4
2023	3
2024	3
2025	2
2026	2

## 22 Other assets and other liabilities

end of	2021	2020	end of	2021	2020
<b>Other assets (CHF million)</b>			<b>Other liabilities (CHF million)</b>		
Cash collateral on derivative instruments	7,659	7,741	Cash collateral on derivative instruments	5,533	7,831
Cash collateral on non-derivative transactions	395	635	Cash collateral on non-derivative transactions	528	174
Derivative instruments used for hedging	212	131	Derivative instruments used for hedging	10	45
Assets held-for-sale	8,020	7,077	Operating leases liabilities	1,861	1,981
of which loans <sup>1</sup>	7,924	7,046	Provisions	1,912	2,067
allowance for loans held-for-sale	(44)	(48)	of which expected credit losses on off-balance sheet credit exposures	257	311
of which real estate <sup>2</sup>	94	27	Restructuring liabilities	19	49
of which long-lived assets	2	4	Liabilities held for separate accounts	98	102
Premises, equipment and right-of-use assets	6,140	6,213	Interest and fees payable	3,930	4,397
Assets held for separate accounts	98	102	Current tax liabilities	671	542
Interest and fees receivable	2,934	4,397	Deferred tax liabilities	122	157
Deferred tax assets	3,666	3,630	Failed sales	1,736	1,120
Prepaid expenses	394	367	Defined benefit pension and post-retirement plan liabilities	343	403
of which cloud computing arrangement implementation costs	46	32	Other	4,546	11,472
Failed purchases	1,307	1,451	<b>Other liabilities</b>	<b>21,309</b>	<b>30,340</b>
Defined benefit pension and post-retirement plan assets	974	975			
Other	4,916	3,855			
<b>Other assets</b>	<b>36,715</b>	<b>36,574</b>			

<sup>1</sup> Included as of the end of 2021 and 2020 were CHF 391 million and CHF 262 million, respectively, in restricted loans, which represented collateral on secured borrowings.

<sup>2</sup> As of the end of 2021 and 2020, real estate held-for-sale included foreclosed or repossessed real estate of CHF 8 million and CHF 8 million, respectively, of which CHF 8 million and CHF 8 million, respectively, were related to residential real estate.

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**Premises, equipment and right-of-use assets**

end of	2021	2020
<b>Premises and equipment (CHF million)</b>		
Buildings and improvements	1,084	1,403
Land	241	291
Leasehold improvements	1,578	1,634
Software	7,660	6,663
Equipment	1,004	1,128
<b>Premises and equipment</b>	<b>11,567</b>	<b>11,119</b>
Accumulated depreciation	(7,143)	(6,761)
<b>Total premises and equipment, net</b>	<b>4,424</b>	<b>4,358</b>
<b>Right-of-use assets (CHF million)</b>		
Operating leases	1,716	1,855
<b>Right-of-use assets</b>	<b>1,716</b>	<b>1,855</b>
<b>Total premises, equipment and right-of-use assets</b>	<b>6,140</b>	<b>6,213</b>

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**Depreciation, amortization and impairment**

end of	2021	2020	2019
<b>CHF million</b>			
Depreciation on premises and equipment	903	860	844
Impairment on premises and equipment	20	10	3
Amortization and impairment on right-of-use assets	313	284	279

→ Refer to "Note 23 – Leases" for further information on right-of-use assets.

## 23 Leases

→ Refer to "Note 24 – Leases" in VI – Consolidated financial statements – Credit Suisse Group for further information.

### Lessee arrangements

#### Lease costs

end of	2021	2020	2019
<b>Lease costs (CHF million)</b>			
Operating lease costs	293	305	324
Variable lease costs	50	45	37
Sublease income	(75)	(87)	(95)
<b>Total lease costs</b>	<b>268</b>	<b>263</b>	<b>266</b>

During 2021, the Bank entered into 13 sale-leaseback transactions with lease terms ranging from 3 to 10 years. During 2020, the Bank entered into one sale-leaseback transaction with a lease term of one year. During 2019, the Bank entered into 4 sale-leaseback transactions, with lease terms ranging from 5 to 10 years.

#### Other information

end of	2021	2020	2019
<b>Other information (CHF million)</b>			
Gains/(losses) on sale and leaseback transactions	225	15	274
Cash paid for amounts included in the measurement of operating lease liabilities recorded in operating cash flows	(334)	(340)	(400)
Right-of-use assets obtained in exchange of new operating lease liabilities <sup>1</sup>	107	32	100
Changes to right-of-use assets due to lease modifications for operating leases	29	26	214

<sup>1</sup> Represents non-cash transactions and includes right-of-use assets relating to changes in classification of scope of variable interest entities.

#### Weighted average remaining lease term and discount rate

end of	2021	2020
<b>Operating leases</b>		
Remaining lease term (years)	9.6	10.4
Discount rate (%)	2.8	2.9

#### Maturities relating to operating lease arrangements

end of	2021	2020
<b>Maturity (CHF million)</b>		
Due within 1 year	309	320
Due between 1 and 2 years	278	299
Due between 2 and 3 years	234	262
Due between 3 and 4 years	234	219
Due between 4 and 5 years	197	190
Thereafter	919	1,054
<b>Operating lease obligations</b>	<b>2,171</b>	<b>2,344</b>
Future interest payable	(310)	(363)
<b>Operating lease liabilities</b>	<b>1,861</b>	<b>1,981</b>

### Lessor arrangements

As of December 31, 2021 and 2020, the Bank had approximately CHF 1.1 billion and CHF 0.9 billion, respectively, of residual value guarantees associated with lessor arrangements.

#### Net investments

end of	2021		2020	
	Sales-type leases	Direct financing leases	Sales-type leases	Direct financing leases
<b>Net investments (CHF million)</b>				
Lease receivables	1,107	2,395	862	2,299
Unguaranteed residual assets	119	80	43	188
Valuation allowances	(7)	(18)	(6)	(23)
<b>Total net investments</b>	<b>1,219</b>	<b>2,457</b>	<b>899</b>	<b>2,464</b>

## Maturities relating to lessor arrangements

end of	2021			2020		
	Sales-type leases	Direct financing leases	Operating leases	Sales-type leases	Direct financing leases	Operating leases
<b>Maturity (CHF million)</b>						
Due within 1 year	467	727	61	359	755	63
Due between 1 and 2 years	263	641	59	213	620	57
Due between 2 and 3 years	179	583	59	142	514	53
Due between 3 and 4 years	113	458	56	84	402	52
Due between 4 and 5 years	62	125	54	43	125	50
Thereafter	83	31	177	66	48	217
<b>Total</b>	<b>1,167</b>	<b>2,565</b>	<b>466</b>	<b>907</b>	<b>2,464</b>	<b>492</b>
Future interest receivable	(60)	(170)	–	(45)	(165)	–
<b>Lease receivables</b>	<b>1,107</b>	<b>2,395</b>	<b>–</b>	<b>862</b>	<b>2,299</b>	<b>–</b>

As of December 31, 2021 and 2020, the Bank had CHF 224 million and CHF 234 million, respectively, of related party operating leases.

## Lease income

end of	2021	2020	2019
<b>Lease income (CHF million)</b>			
Interest income on sales-type leases	25	19	13
Interest income on direct financing leases	68	74	97
Lease income from operating leases	93	107	119
Variable lease income	1	0	3
<b>Total lease income</b>	<b>187</b>	<b>200</b>	<b>232</b>

## 24 Deposits

end of	2021			2020		
	Switzerland	Foreign	Total	Switzerland	Foreign	Total
<b>Deposits (CHF million)</b>						
Non-interest-bearing demand deposits	2,703	2,557	5,260	3,231	3,097	6,328
Interest-bearing demand deposits	153,611	47,415	201,026	145,296	42,172	187,468
Savings deposits	60,027	8,474	68,501	62,769	8,764	71,533
Time deposits	35,775	102,239	138,014	27,188	115,942	143,130
<b>Total deposits</b>	<b>252,116</b>	<b>160,685</b>	<b>412,801</b> <sup>2</sup>	<b>238,484</b>	<b>169,975</b>	<b>408,459</b> <sup>2</sup>
of which due to banks	–	–	18,960	–	–	16,420
of which customer deposits	–	–	393,841	–	–	392,039

The designation of deposits in Switzerland versus foreign deposits is based upon the location of the office where the deposit is recorded.

<sup>1</sup> Included uninsured time deposits of CHF 128,714 million and CHF 136,687 million as of December 31, 2021 and 2020, respectively, which are in excess of any country-specific insurance limit or which are not covered by an insurance regime.

<sup>2</sup> Not included as of December 31, 2021 and 2020 were CHF 86 million and CHF 106 million, respectively, of overdrawn deposits reclassified as loans.



## 25 Long-term debt

end of	2021	2020	end of	2021	2020
<b>Long-term debt (CHF million)</b>			<b>Structured notes by product (CHF million)</b>		
Senior	95,468	94,768	Equity	28,681	29,907
Subordinated	63,836	63,765	Fixed income	11,678	13,882
Non-recourse liabilities from consolidated VIEs	1,391	1,746	Credit	2,363	2,881
<b>Long-term debt</b>	<b>160,695</b>	<b>160,279</b>	Other	404	369
of which reported at fair value	67,788	70,243	<b>Total structured notes</b>	<b>43,126</b>	<b>47,039</b>
of which structured notes	43,126	47,039			

### Long-term debt by maturities

end of	2022	2023	2024	2025	2026	Thereafter	Total
<b>Long-term debt (CHF million)</b>							
<b>Senior debt</b>							
Fixed rate	4,058	4,886	4,740	4,584	5,709	14,019	37,996
Variable rate	15,708	11,665	7,760	4,777	3,932	13,630	57,472
Interest rates (range in %) <sup>1</sup>	0.0–9.7	0.1–2.2	0.0–3.6	0.0–3.5	0.1–3.3	0.0–7.1	–
<b>Subordinated debt</b>							
Fixed rate	7,308	10,522	4,555	9,432	7,008	19,548	58,373
Variable rate	643	94	1,766	0	0	2,960	5,463
Interest rates (range in %) <sup>1</sup>	0.9–7.1	0.6–8.0	0.8–6.5	0.4–7.3	2.2–6.4	0.7–7.2	–
<b>Non-recourse liabilities from consolidated VIEs</b>							
Fixed rate	133	123	0	217	0	0	473
Variable rate	14	6 <sup>2</sup>	0	9 <sup>2</sup>	0	889	918
Interest rates (range in %) <sup>1</sup>	0.0–2.9	–	–	–	–	0.0–10.6	–
<b>Total long-term debt</b>	<b>27,864</b>	<b>27,296</b>	<b>18,821</b>	<b>19,019</b>	<b>16,649</b>	<b>51,046</b>	<b>160,695</b>
of which structured notes	11,346	7,764	4,625	3,628	2,954	12,809	43,126

The maturity of perpetual debt is based on the earliest callable date. The maturity of all other debt is based on contractual maturity and includes certain structured notes that have mandatory early redemption features based on stipulated movements in markets or the occurrence of a market event. Within this population there are approximately CHF 2.7 billion of such notes with a contractual maturity of greater than one year that have an observable likelihood of redemption occurring within one year based on a modelling assessment.

<sup>1</sup> Excludes structured notes for which fair value has been elected as the related coupons are dependent upon the embedded derivatives and prevailing market conditions at the time each coupon is paid.

<sup>2</sup> Reflects equity linked notes, where the payout is not fixed.

→ Refer to "Note 26 – Long-term debt" in VI – Consolidated financial statements – Credit Suisse Group for further information.

## 26 Accumulated other comprehensive income

	Gains/ (losses) on cash flow hedges	Cumulative translation adjustments	Unrealized gains/ (losses) on securities <sup>1</sup>	Actuarial gains/ (losses)	Net prior service credit/ (cost)	Gains/ (losses) on liabilities relating to credit risk	AOCI
<b>2021 (CHF million)</b>							
<b>Balance at beginning of period</b>	<b>205</b>	<b>(17,517)</b>	<b>13</b>	<b>(460)</b>	<b>(11)</b>	<b>(2,469)</b>	<b>(20,239)</b>
Increase/(decrease)	(259)	751	0	12	4	284	792
Reclassification adjustments, included in net income/(loss)	(41)	6	0	19	1	103	88
Total increase/(decrease)	(300)	757	0	31	5	387	880
<b>Balance at end of period</b>	<b>(95)</b>	<b>(16,760)</b>	<b>13</b>	<b>(429)</b>	<b>(6)</b>	<b>(2,082)</b>	<b>(19,359)</b>
<b>2020 (CHF million)</b>							
<b>Balance at beginning of period</b>	<b>28</b>	<b>(14,560)</b>	<b>30</b>	<b>(417)</b>	<b>(7)</b>	<b>(2,620)</b>	<b>(17,546)</b>
Increase/(decrease)	90	(2,974)	(49)	(55)	(4)	(6)	(2,998)
Reclassification adjustments, included in net income/(loss)	87	17	32	12	0	157	305
Total increase/(decrease)	177	(2,957)	(17)	(43)	(4)	151	(2,693)
<b>Balance at end of period</b>	<b>205</b>	<b>(17,517)</b>	<b>13</b>	<b>(460)</b>	<b>(11)</b>	<b>(2,469)</b>	<b>(20,239)</b>
<b>2019 (CHF million)</b>							
<b>Balance at beginning of period</b>	<b>(58)</b>	<b>(13,573)</b>	<b>9</b>	<b>(350)</b>	<b>(8)</b>	<b>(860)</b>	<b>(14,840)</b>
Increase/(decrease)	65	(990)	21	(42)	0	(1,931)	(2,877)
Reclassification adjustments, included in net income/(loss)	21	3	0	17	1	193	235
Cumulative effect of accounting changes, net of tax	0	0	0	(42)	0	(22)	(64)
Total increase/(decrease)	86	(987)	21	(67)	1	(1,760)	(2,706)
<b>Balance at end of period</b>	<b>28</b>	<b>(14,560)</b>	<b>30</b>	<b>(417)</b>	<b>(7)</b>	<b>(2,620)</b>	<b>(17,546)</b>

<sup>1</sup> No impairments on available-for-sale debt securities were recognized in net income/(loss) in 2021, 2020 and 2019.

→ Refer to "Note 28 – Tax" and "Note 31 – Pension and other post-retirement benefits" for income tax expense/(benefit) on the movements of accumulated other comprehensive income/(loss).

### Details of significant reclassification adjustments

in	2021	2020	2019
<b>Reclassification adjustments, included in net income/(loss) (CHF million)</b>			
<b>Actuarial gains/(losses)</b>			
Amortization of recognized actuarial losses <sup>1</sup>	23	13	22
Tax expense/(benefit)	(4)	(1)	(5)
<b>Net of tax</b>	<b>19</b>	<b>12</b>	<b>17</b>

<sup>1</sup> These components are included in the computation of total benefit costs. Refer to "Note 31 – Pension and other post-retirement benefits" for further information.

## 27 Offsetting of financial assets and financial liabilities

→ Refer to "Note 28 – Offsetting of financial assets and financial liabilities" in VI – Consolidated financial statements – Credit Suisse Group for further information.

### Offsetting of derivatives

end of	2021		2020	
	Derivative assets	Derivative liabilities	Derivative assets	Derivative liabilities
<b>Gross derivatives subject to enforceable master netting agreements (CHF billion)</b>				
OTC-cleared	4.4	4.0	6.1	4.6
OTC	44.5	40.3	68.2	65.7
Exchange-traded	0.1	0.0	0.5	0.6
<b>Interest rate products</b>	<b>49.0</b>	<b>44.3</b>	<b>74.8</b>	<b>70.9</b>
OTC-cleared	0.2	0.2	0.2	0.2
OTC	20.0	22.0	23.1	27.7
<b>Foreign exchange products</b>	<b>20.2</b>	<b>22.2</b>	<b>23.3</b>	<b>27.9</b>
OTC	8.2	13.0	10.7	15.1
Exchange-traded	22.7	21.4	19.9	20.4
<b>Equity/index-related products</b>	<b>30.9</b>	<b>34.4</b>	<b>30.6</b>	<b>35.5</b>
OTC-cleared	1.3	1.4	0.7	0.7
OTC	3.3	4.3	3.9	4.9
<b>Credit derivatives</b>	<b>4.6</b>	<b>5.7</b>	<b>4.6</b>	<b>5.6</b>
OTC	1.4	0.5	1.6	0.8
Exchange-traded	0.1	0.1	0.1	0.1
<b>Other products<sup>1</sup></b>	<b>1.5</b>	<b>0.6</b>	<b>1.7</b>	<b>0.9</b>
OTC-cleared	5.9	5.6	7.0	5.5
OTC	77.4	80.1	107.5	114.2
Exchange-traded	22.9	21.5	20.5	21.1
<b>Total gross derivatives subject to enforceable master netting agreements</b>	<b>106.2</b>	<b>107.2</b>	<b>135.0</b>	<b>140.8</b>
<b>Offsetting (CHF billion)</b>				
OTC-cleared	(5.6)	(5.3)	(6.2)	(5.4)
OTC	(68.5)	(74.6)	(94.4)	(104.4)
Exchange-traded	(21.0)	(21.0)	(20.0)	(20.3)
<b>Offsetting</b>	<b>(95.1)</b>	<b>(100.9)</b>	<b>(120.6)</b>	<b>(130.1)</b>
of which counterparty netting	(83.0)	(83.0)	(103.2)	(103.2)
of which cash collateral netting	(12.1)	(17.9)	(17.4)	(26.9)
<b>Net derivatives presented in the consolidated balance sheets (CHF billion)</b>				
OTC-cleared	0.3	0.3	0.8	0.1
OTC	8.9	5.5	13.1	9.8
Exchange-traded	1.9	0.5	0.5	0.8
<b>Total net derivatives subject to enforceable master netting agreements</b>	<b>11.1</b>	<b>6.3</b>	<b>14.4</b>	<b>10.7</b>
<b>Total derivatives not subject to enforceable master netting agreements<sup>2</sup></b>	<b>6.7</b>	<b>4.3</b>	<b>11.2</b>	<b>6.8</b>
<b>Total net derivatives presented in the consolidated balance sheets</b>	<b>17.8</b>	<b>10.6</b>	<b>25.6</b>	<b>17.5</b>
of which recorded in trading assets and trading liabilities	17.6	10.6	25.5	17.5
of which recorded in other assets and other liabilities	0.2	0.0	0.1	0.0

<sup>1</sup> Primarily precious metals, commodity and energy products.

<sup>2</sup> Represents derivatives where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place.

## Offsetting of securities purchased under resale agreements and securities borrowing transactions

end of	2021			2020		
	Gross	Offsetting	Net book value	Gross	Offsetting	Net book value
<b>Securities purchased under resale agreements and securities borrowing transactions (CHF billion)</b>						
Securities purchased under resale agreements	74.1	(16.6)	57.5	55.8	(7.5)	48.3
Securities borrowing transactions	22.2	0.0	22.2	25.1	(0.4)	24.7
<b>Total subject to enforceable master netting agreements</b>	<b>96.3</b>	<b>(16.6)</b>	<b>79.7</b>	<b>80.9</b>	<b>(7.9)</b>	<b>73.0</b>
<b>Total not subject to enforceable master netting agreements<sup>1</sup></b>	<b>24.2</b>	<b>–</b>	<b>24.2</b>	<b>19.3</b>	<b>–</b>	<b>19.3</b>
<b>Total</b>	<b>120.5</b>	<b>(16.6)</b>	<b>103.9<sup>2</sup></b>	<b>100.2</b>	<b>(7.9)</b>	<b>92.3<sup>2</sup></b>

<sup>1</sup> Represents securities purchased under resale agreements and securities borrowing transactions where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place.

<sup>2</sup> CHF 68,623 million and CHF 57,994 million of the total net amount as of the end of 2021 and 2020, respectively, are reported at fair value.

## Offsetting of securities sold under repurchase agreements and securities lending transactions

end of	2021			2020		
	Gross	Offsetting	Net book value	Gross	Offsetting	Net book value
<b>Securities sold under repurchase agreements and securities lending transactions (CHF billion)</b>						
Securities sold under repurchase agreements	32.3	(16.6)	15.7	26.1	(7.9)	18.2
Securities lending transactions	15.4	0.0	15.4	16.6	0.0	16.6
Obligation to return securities received as collateral, at fair value	14.7	0.0	14.7	49.9	0.0	49.9
<b>Total subject to enforceable master netting agreements</b>	<b>62.4</b>	<b>(16.6)</b>	<b>45.8</b>	<b>92.6</b>	<b>(7.9)</b>	<b>84.7</b>
<b>Total not subject to enforceable master netting agreements<sup>1</sup></b>	<b>4.6</b>	<b>–</b>	<b>4.6</b>	<b>3.1</b>	<b>–</b>	<b>3.1</b>
<b>Total</b>	<b>67.0</b>	<b>(16.6)</b>	<b>50.4</b>	<b>95.7</b>	<b>(7.9)</b>	<b>87.8</b>
of which securities sold under repurchase agreements and securities lending transactions	52.0	(16.6)	35.4 <sup>2</sup>	44.9	(7.9)	37.0 <sup>2</sup>
of which obligation to return securities received as collateral, at fair value	15.0	0.0	15.0	50.8	0.0	50.8

<sup>1</sup> Represents securities sold under repurchase agreements and securities lending transactions where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place.

<sup>2</sup> CHF 13,307 million and CHF 13,688 million of the total net amount as of the end of 2021 and 2020, respectively, are reported at fair value.

## Amounts not offset in the consolidated balance sheets

end of	2021				2020			
	Net	Financial instruments <sup>1</sup>	Cash collateral received/pledged <sup>1</sup>	Net exposure	Net	Financial instruments <sup>1</sup>	Cash collateral received/pledged <sup>1</sup>	Net exposure
<b>Financial assets subject to enforceable master netting agreements (CHF billion)</b>								
Derivatives	11.1	4.5	0.0	6.6	14.4	5.5	0.1	8.8
Securities purchased under resale agreements	57.5	57.5	0.0	0.0	48.3	48.3	0.0	0.0
Securities borrowing transactions	22.2	21.9	0.0	0.3	24.7	24.3	0.0	0.4
<b>Total financial assets subject to enforceable master netting agreements</b>	<b>90.8</b>	<b>83.9</b>	<b>0.0</b>	<b>6.9</b>	<b>87.4</b>	<b>78.1</b>	<b>0.1</b>	<b>9.2</b>
<b>Financial liabilities subject to enforceable master netting agreements (CHF billion)</b>								
Derivatives	6.3	1.3	0.0	5.0	10.7	2.2	0.0	8.5
Securities sold under repurchase agreements	15.7	15.6	0.1	0.0	18.2	18.2	0.0	0.0
Securities lending transactions	15.4	15.3	0.0	0.1	16.6	16.3	0.0	0.3
Obligation to return securities received as collateral, at fair value	14.7	13.0	0.0	1.7	49.9	43.4	0.0	6.5
<b>Total financial liabilities subject to enforceable master netting agreements</b>	<b>52.1</b>	<b>45.2</b>	<b>0.1</b>	<b>6.8</b>	<b>95.4</b>	<b>80.1</b>	<b>0.0</b>	<b>15.3</b>

<sup>1</sup> The total amount reported in financial instruments (recognized financial assets and financial liabilities and non-cash financial collateral) and cash collateral is limited to the amount of the related instruments presented in the consolidated balance sheets and therefore any over-collateralization of these positions is not included.

## 28 Tax

### Details of current and deferred taxes

in	2021	2020	2019
<b>Current and deferred taxes (CHF million)</b>			
Switzerland	302	151	164
Foreign	472	188	518
<b>Current income tax expense</b>	<b>774</b>	<b>339</b>	<b>682</b>
Switzerland	156	367	194
Foreign	8	(9)	422
<b>Deferred income tax expense</b>	<b>164</b>	<b>358</b>	<b>616</b>
<b>Income tax expense</b>	<b>938</b>	<b>697</b>	<b>1,298</b>
Income tax expense/(benefit) reported in shareholders' equity related to:			
Gains/(losses) on cash flow hedges	(62)	25	13
Cumulative translation adjustment	4	0	(4)
Unrealized gains/(losses) on debt securities	(4)	(6)	7
Actuarial gains/(losses)	0	(19)	4
Net prior service cost	0	1	0

### Reconciliation of taxes computed at the Swiss statutory rate

in	2021	2020	2019
<b>Income/(loss) before taxes (CHF million)</b>			
Switzerland	1,659	2,477	3,259
Foreign	(1,750)	734	1,134
<b>Income/(loss) before taxes</b>	<b>(91)</b>	<b>3,211</b>	<b>4,393</b>
<b>Reconciliation of taxes computed at the Swiss statutory rate (CHF million)</b>			
Income tax expense/(benefit) computed at the statutory tax rate <sup>1</sup>	(17)	642	966
Increase/(decrease) in income taxes resulting from			
Foreign tax rate differential	92	(64)	(109)
Non-deductible amortization of other intangible assets and goodwill impairment	(181)	0	1
Other non-deductible expenses	369	253	368
Additional taxable income	15	8	7
Lower taxed income	(129)	(221)	(314)
(Income)/loss taxable to noncontrolling interests	12	18	8
Changes in tax law and rates	(29)	(5)	9
Changes in deferred tax valuation allowance	612	281	114
Change in recognition of outside basis difference	3	(13)	4
(Windfall tax benefits)/shortfall tax charges on share-based compensation	37	75	39
Other	154	(277)	205
<b>Income tax expense</b>	<b>938</b>	<b>697</b>	<b>1,298</b>

<sup>1</sup> The statutory tax rate was 18.5% in 2021, 20% in 2020 and 22% in 2019.

#### 2021

**Foreign tax rate differential** of CHF 92 million reflected a foreign tax benefit primarily driven by losses in higher tax jurisdictions, mainly in the UK, partially offset by profits made in higher tax jurisdictions, such as the US. The foreign tax rate expense of CHF 480 million comprised not only the foreign tax expense based on statutory tax rates but also the tax impacts related to the following reconciling items.

**Other non-deductible expenses** of CHF 369 million included the impact of CHF 200 million relating to non-deductible interest expenses and non-deductible costs related to funding and capital (including a contingency accrual of CHF 11 million), CHF 93

million relating to non-deductible legacy litigation provisions, including amounts relating to the Mozambique matter, CHF 39 million relating to non-deductible UK bank levy costs and other non-deductible compensation expenses and management costs, CHF 28 million relating to other non-deductible expenses and various smaller items.

**Lower taxed income** of CHF 129 million included a tax benefit of CHF 77 million related to non-taxable life insurance income, CHF 41 million related to non-taxable dividend income, CHF 5 million related to concessionary and lower taxed income, CHF 5 million related to exempt income and various smaller items.

**Changes in deferred tax valuation allowances** of CHF 612 million included a tax charge from the increase in valuation allowances on deferred tax assets of CHF 771 million, mainly in respect of two of the Bank's operating entities in the UK. This mainly reflected the impact of the loss related to Arhegos attributable to the UK operations. Also included was the net impact of the release of valuation allowances on deferred tax assets of CHF 159 million, mainly in respect of one of the Bank's operating entities in Switzerland and another of the Bank's operating entities in Hong Kong.

**Other** of CHF 154 million included an income charge of CHF 100 million relating to withholding taxes, CHF 51 million relating to the tax impact of an accounting standard implementation transition adjustment for own credit movements and CHF 29 million relating to the current year base erosion and anti-abuse tax (BEAT) provision. These charges were partially offset by CHF 30 million relating to prior years' adjustments. The remaining balance included various smaller items.

## 2020

**Foreign tax rate differential** of CHF 64 million reflected a foreign tax benefit primarily driven by losses in higher tax jurisdictions, mainly in the UK, and profits incurred in lower tax jurisdictions, mainly in Singapore, partially offset by profits made in higher tax jurisdictions, such as the US. The foreign tax rate expense of CHF 179 million comprised not only the foreign tax expense based on statutory tax rates but also the tax impacts related to the following reconciling items.

**Other non-deductible expenses** of CHF 253 million included the impact of CHF 117 million relating to non-deductible interest expenses and non-deductible costs related to funding and capital (including the impact of a previously unrecognized tax benefit of CHF 157 million relating to the resolution of interest costs deductibility with and between international tax authorities, partially offset by a contingency accrual of CHF 41 million), CHF 68 million relating to non-deductible bank levy costs and other non-deductible compensation expenses and management costs, CHF 46 million relating to non-deductible legacy litigation provisions and CHF 23 million relating to other non-deductible expenses.

**Lower taxed income** of CHF 221 million included a tax benefit of CHF 79 million related to the revaluations of the equity investments in the SIX Swiss Exchange (SIX) Group AG, Allfunds Group and Pfandbriefbank in Switzerland, CHF 53 million related to concessionary and lower taxed income, CHF 67 million related to non-taxable life insurance income, CHF 19 million related to the transfer of the InvestLab fund platform to Allfunds Group and various smaller items.

**Changes in deferred tax valuation allowances** of CHF 281 million included a tax charge from the increase in valuation allowances on deferred tax assets of CHF 312 million, mainly in respect of the re-assessment of deferred tax assets reflecting changes in the future profitability of one of the Bank's operating

entities in Switzerland of CHF 222 million, and also in respect of one of the Bank's operating entities in the UK. Also included was the net impact of the release of valuation allowances on deferred tax assets of CHF 31 million, mainly in respect of one of the Bank's operating entities in Hong Kong and another of the Bank's operating entities in the UK.

**Other** of CHF 277 million included an income tax benefit from the re-assessment of the BEAT provision for 2019 of CHF 180 million and the impact of a change in US tax rules relating to federal net operating losses (NOL), where federal NOL generated in tax years 2018, 2019, or 2020 can be carried back for five years instead of no carry back before and also the deductible interest expense limitations for the years 2019 and 2020 have been increased from 30% to 50% of adjusted taxable income for the year, which in aggregate resulted in a benefit of CHF 141 million. Additionally, this included an income tax benefit of CHF 80 million relating to prior years' adjustments and a tax benefit of CHF 34 million relating to the beneficial earnings mix of one of the Bank's operating entities in Switzerland. These benefits were partially offset by CHF 78 million relating to the tax impact of an accounting standard implementation transition adjustment for own credit movements, CHF 61 million relating to withholding taxes, CHF 26 million relating to the current year BEAT provision and the remaining balance included various smaller items.

The US tax reform enacted in December 2017 introduced the BEAT tax regime, effective as of January 1, 2018, for which final regulations were issued by the US Department of Treasury on December 2, 2019. Following the publication of the 2019 financial statements, Credit Suisse continued its analysis of the final regulations, resulting in a revision to the technical application of the prior BEAT estimate. This new information was not available or reasonably knowable at the time of the publication of the 2019 financial statements and resulted in a change of accounting estimate reflected in 2020.

## 2019

**Foreign tax rate differential** of CHF 109 million reflected a foreign tax benefit mainly driven by losses in higher tax jurisdictions, mainly in the UK, and profits incurred in lower tax jurisdictions, mainly in Singapore, partially offset by profits made in higher tax jurisdictions, such as Brazil. The foreign tax rate expense of CHF 940 million comprised not only the foreign tax expense based on statutory tax rates but also the tax impacts related to the following reconciling items.

**Other non-deductible expenses** of CHF 368 million included the impact of CHF 274 million relating to non-deductible interest expenses (including a contingency accrual of CHF 28 million), CHF 56 million relating to non-deductible bank levy costs and other non-deductible compensation expenses and management costs, CHF 34 million relating to non-deductible fines and various smaller non-deductible expenses.

**Lower taxed income** of CHF 314 million included a tax benefit of CHF 160 million related to the transfer of the InvestLab fund

platform to Allfunds Group and SIX Group AG equity investment revaluation gain in Switzerland, CHF 73 million related to non-taxable life insurance income, CHF 45 million related to non-taxable dividend income, CHF 20 million related to concessionary and lower taxed income, CHF 14 million related to exempt income and various smaller items.

**Changes in deferred tax valuation allowances** of CHF 114 million included a tax charge from the increase in valuation allowances on deferred tax assets of CHF 272 million, mainly in respect of three of the Bank's operating entities in Japan, the UK and the US. Also included was the net impact of the release of valuation allowances on deferred tax assets of CHF 158 million, mainly in respect of one of the Bank's operating entities in the UK.

**Other** of CHF 205 million included CHF 165 million relating to BEAT and CHF 123 million relating to the tax impact of an accounting standard implementation transition adjustment for own credit movements. This was partially offset by CHF 53 million relating to agreements reached with tax authorities relating to an advanced pricing agreement and the closure of a tax audit, and CHF 20 million relating to a prior year adjustment. The remaining balance included various smaller items.

#### Deferred tax assets and liabilities

end of	2021	2020
<b>Deferred tax assets and liabilities (CHF million)</b>		
Compensation and benefits	832	916
Loans	319	342
Investment securities	1,257	1,347
Provisions	1,357	999
Leases	228	254
Derivatives	46	51
Real estate	250	168
Net operating loss carry-forwards	6,382	5,278
Goodwill and intangible assets	135	209
Other	151	107
<b>Gross deferred tax assets before valuation allowance</b>	<b>10,957</b>	<b>9,671</b>
Less valuation allowance	(5,338)	(4,323)
<b>Gross deferred tax assets net of valuation allowance</b>	<b>5,619</b>	<b>5,348</b>
Compensation and benefits	(355)	(304)
Loans	(131)	(60)
Investment securities	(722)	(523)
Provisions	(297)	(332)
Leases	(216)	(233)
Derivatives	(218)	(211)
Real estate	(38)	(36)
Other	(98)	(176)
<b>Gross deferred tax liabilities</b>	<b>(2,075)</b>	<b>(1,875)</b>
<b>Net deferred tax assets</b>	<b>3,544</b>	<b>3,473</b>
of which deferred tax assets	3,666	3,630
of which net operating losses	877	1,064
of which deductible temporary differences	2,789	2,566
of which deferred tax liabilities	(122)	(157)

Net deferred tax assets of CHF 3,544 million increased CHF 71 million from 2020 to 2021, primarily driven by the impact of the partial tax benefit of the loss related to Archegos attributable to non-UK operations, for which the Bank recognized a deferred tax asset, and the impact of foreign exchange translation gains, which are included within the currency translation adjustments recorded in OCI. These increases were partially offset by earnings.

The most significant net deferred tax assets arise in the US and these increased from CHF 3,040 million in 2020 to CHF 3,089 million in 2021. No valuation allowance was required on the US deferred tax assets as of the end of 2021.

The Bank recorded a valuation allowance against gross deferred tax assets in the amount of CHF 5.3 billion as of December 31, 2021, compared to CHF 4.3 billion as of December 31, 2020. This was due to the uncertainty concerning its ability to generate the necessary amount and mix of taxable income in future periods. It also reflected a CHF 0.9 billion increase due to the re-measurement of gross deferred tax assets in the UK due to changes to tax rates in 2021. Additionally, this was partially offset by a decrease due to changes in scope of consolidation.

#### Unrecognized deferred tax liabilities

As of December 31, 2021, the Bank had accumulated undistributed earnings from foreign subsidiaries of CHF 19.5 billion. No deferred tax liability was recorded in respect of those amounts as these earnings are considered indefinitely reinvested. The Bank would need to accrue and pay taxes on these undistributed earnings if such earnings were repatriated. It is not practicable to estimate the amount of unrecognized deferred tax liabilities for these undistributed foreign earnings.

#### Amounts and expiration dates of net operating loss carry-forwards

end of 2021	Total
<b>Net operating loss carry-forwards (CHF million)</b>	
Due to expire within 1 year	70
Due to expire within 2 to 5 years	4,085
Due to expire within 6 to 10 years	5,150
Due to expire within 11 to 20 years	6,154
<b>Amount due to expire</b>	<b>15,459</b>
Amount not due to expire	19,025
<b>Total net operating loss carry-forwards</b>	<b>34,484</b>

#### Movements in the valuation allowance

in	2021	2020	2019
<b>Movements (CHF million)</b>			
<b>Balance at beginning of period</b>	<b>4,323</b>	<b>4,067</b>	<b>3,957</b>
Net changes	1,015	256	110
<b>Balance at end of period</b>	<b>5,338</b>	<b>4,323</b>	<b>4,067</b>

### Tax benefits associated with share-based compensation

in	2021	2020	2019
<b>Tax benefits (CHF million)</b>			
Tax benefits recorded in the consolidated statements of operations <sup>1</sup>	227	252	256

<sup>1</sup> Calculated at the statutory tax rate before valuation allowance considerations.

→ Refer to "Note 29 – Employee deferred compensation" for further information on share-based compensation.

### Uncertain tax positions

#### Reconciliation of gross unrecognized tax benefits

in	2021	2020	2019
<b>Movements in gross unrecognized tax benefits (CHF million)</b>			
<b>Balance at beginning of period</b>	<b>382</b>	<b>595</b>	<b>574</b>
Increases in unrecognized tax benefits as a result of tax positions taken during a prior period	23	14	27
Decreases in unrecognized tax benefits as a result of tax positions taken during a prior period	(35)	(249)	(64)
Increases in unrecognized tax benefits as a result of tax positions taken during the current period	54	90	105
Decreases in unrecognized tax benefits relating to settlements with tax authorities	0	(3)	0
Reductions to unrecognized tax benefits as a result of a lapse of the applicable statute of limitations	(6)	(17)	(35)
Other (including foreign currency translation)	7	(48)	(12)
<b>Balance at end of period</b>	<b>425</b>	<b>382</b>	<b>595</b>
of which, if recognized, would affect the effective tax rate	425	382	595

### Interest and penalties

in	2021	2020	2019
<b>Interest and penalties (CHF million)</b>			
Interest and penalties recognized in the consolidated statements of operations	3	(16)	(10)
Interest and penalties recognized in the consolidated balance sheets	64	61	77

Interest and penalties are reported as tax expense. The Bank is currently subject to ongoing tax audits, inquiries and litigation with the tax authorities in a number of jurisdictions, including Brazil, the Netherlands, Switzerland, the UK and the US. Although the

timing of completion is uncertain, it is reasonably possible that some of these will be resolved within 12 months of the reporting date. It is reasonably possible that there will be a decrease of between zero and CHF 190 million in unrecognized tax benefits within 12 months of the reporting date.

The Bank remains open to examination from federal, state, provincial or similar local jurisdictions from the following years onward in these major countries: Switzerland – 2019 (federal and Zurich cantonal level); Brazil – 2016; the UK – 2012; Netherlands – 2011; and the US – 2010.

→ Refer to "Note 29 – Tax" in VI – Consolidated financial statements – Credit Suisse Group for further information.

## 29 Employee deferred compensation

The following tables show the compensation expense for deferred compensation awards granted in 2021 and prior years that was recognized in the consolidated statements of operations during 2021, 2020 and 2019, the total shares delivered, the estimated unrecognized compensation expense for deferred compensation awards granted in 2021 and prior years outstanding as of December 31, 2021 and the remaining requisite service period over which the estimated unrecognized compensation expense will be recognized. The recognition of compensation expense for the deferred compensation awards granted in February 2022 began in 2022 and thus had no impact on the 2021 consolidated financial statements.

→ Refer to "Note 30 – Employee deferred compensation" in VI – Consolidated financial statements – Credit Suisse Group for further information on our various awards programs.

### Deferred compensation expense

in	2021	2020	2019
<b>Deferred compensation expense (CHF million)</b>			
Share awards	466	555	573
Performance share awards	281	427	423
Contingent Capital Awards	194	245	298
Cash awards	370	378	378
Retention awards	123	43	22
<b>Total deferred compensation expense</b>	<b>1,434</b>	<b>1,648</b>	<b>1,694</b>
<b>Total shares delivered (million)</b>			
Total shares delivered	55.7	48.3	40.1

Contingent Capital share awards are included in the category Share awards, and Capital Opportunity Facility awards are included in the category Cash awards. Prior periods have been reclassified to conform to the current presentation.



## Estimated unrecognized deferred compensation

end of **2021**

### Estimated unrecognized compensation expense (CHF million)

Share awards	338
Performance share awards	139
Contingent Capital Awards	129
Cash awards	221
Retention awards	284
<b>Total</b>	<b>1,111</b>

### Aggregate remaining weighted-average requisite service period (years)

Aggregate remaining weighted-average requisite service period 1.4

Does not include the estimated unrecognized compensation expense relating to grants made in 2022 for 2021.

## Share awards

On February 11, 2022, the Bank granted 26.9 million share awards with a total value of CHF 210 million. The estimated unrecognized compensation expense of CHF 218 million was

determined based on the fair value of the awards on the grant date, includes the current estimated future forfeitures and will be recognized over the vesting period, subject to early retirement rules.

### Share awards granted for previous years

For compensation year	2021	2020	2019
Shares awarded (million)	26.9	43.5	55.9
Value of shares awarded (CHF million)	210	576	604

On February 11, 2022, the Bank granted 4.6 million blocked shares with a total value of CHF 38 million that vested immediately upon grant, have no future service requirements and were attributed to services performed in 2021.

### Blocked share awards granted for previous years

For compensation year	2021	2020	2019
Blocked shares awarded (million)	4.6	2.3	2.8
Value of shares awarded (CHF million)	38	31	32

## Share award activities

	2021		2020		2019	
	Number of share awards in million	Weighted-average grant-date fair value in CHF	Number of share awards in million	Weighted-average grant-date fair value in CHF	Number of share awards in million	Weighted-average grant-date fair value in CHF
<b>Share awards</b>						
<b>Balance at beginning of period</b>	<b>115.2</b>	<b>11.82</b>	<b>101.9</b>	<b>13.45</b>	<b>77.1</b>	<b>16.23</b>
Granted	85.7	11.19	64.0	10.65	65.0	11.69
Settled	(50.1)	12.44	(45.1)	13.83	(35.2)	16.20
Forfeited	(15.5)	11.52	(5.6)	11.74	(5.0)	13.93
<b>Balance at end of period</b>	<b>135.3</b>	<b>11.22</b>	<b>115.2</b>	<b>11.82</b>	<b>101.9</b>	<b>13.45</b>
of which vested	11.8	–	12.0	–	10.9	–
of which unvested	123.5	–	103.2	–	91.0	–

## Performance share awards

On February 11, 2022, the Bank granted 18.5 million performance share awards with a total value of CHF 154 million. The estimated unrecognized compensation expense of CHF 148 million was determined based on the fair value of the awards on the grant date, includes the current estimated outcome of the relevant performance criteria and estimated future forfeitures and

will be recognized over the vesting period, subject to early retirement rules.

### Performance share awards granted for previous years

For compensation year	2021	2020	2019
Performance shares awarded (million)	18.5	36.6	48.7
Value of performance shares awarded (CHF million)	154	478	531

## Performance share award activities

	2021		2020		2019	
	Number of performance share awards in million	Weighted-average grant-date fair value in CHF	Number of performance share awards in million	Weighted-average grant-date fair value in CHF	Number of performance share awards in million	Weighted-average grant-date fair value in CHF
<b>Performance share awards</b>						
<b>Balance at beginning of period</b>	<b>88.0</b>	<b>11.67</b>	<b>69.7</b>	<b>13.37</b>	<b>50.0</b>	<b>16.33</b>
Granted	27.4	12.71	48.8	10.63	43.9	11.60
Settled	(33.2)	12.50	(28.0)	14.12	(22.3)	16.51
Forfeited	(8.4)	11.78	(2.5)	11.64	(1.9)	13.58
<b>Balance at end of period</b>	<b>73.8</b>	<b>11.67</b>	<b>88.0</b>	<b>11.67</b>	<b>69.7</b>	<b>13.37</b>
of which vested	10.4	–	9.6	–	6.4	–
of which unvested	63.4	–	78.4	–	63.3	–

## Contingent Capital Awards

On February 11, 2022, the Bank awarded CHF 71 million of Contingent Capital Awards (CCA) that will be expensed over the vesting period. The estimated unrecognized compensation expense of CHF 68 million was determined based on the fair value of the awards on the grant date, including the current estimated outcome of the relevant performance criteria and estimated future forfeitures. This will be recognized over the vesting period, subject to early retirement rules.

### Contingent Capital Awards granted for previous years

For compensation year	2021	2020	2019
CCA awarded (CHF million)	71	245	257

## Cash awards

### Deferred fixed cash awards

The Bank granted deferred fixed cash compensation during 2021, 2020 and 2019 of CHF 259 million, CHF 120 million and CHF 108 million, respectively, to certain employees in the Americas. This compensation has been expensed in the Investment Bank and Asset Management divisions over a three-year vesting period from the grant date. Amortization of this compensation in 2021 totaled CHF 147 million, of which CHF 115 million was related to awards granted in 2021.

### Upfront cash awards

In February 2022, certain managing directors and directors were granted CHF 797 million of upfront cash awards as part of their 2021 variable compensation. During 2021 and 2020, the Bank granted upfront cash awards of CHF 59 million and CHF 146 million, respectively. These awards are subject to repayment (clawback) by the employee in the event of voluntary resignation,

termination for cause or in connection with other specified events or conditions within three years of the award grant. The amount subject to repayment is reduced in equal monthly installments during the three-year period following the grant date. The expense recognition will occur over the three-year vesting period, subject to service conditions. Amortization of this compensation in 2021 totaled CHF 80 million, of which CHF 31 million was related to awards granted in 2021.

## Retention awards

The Bank granted deferred cash and share retention awards during 2021 of CHF 395 million, mainly in the Investment Bank and International Wealth Management divisions. During 2020 and 2019, the Bank granted deferred cash and share retention awards of CHF 40 million and CHF 40 million, respectively. These awards are expensed over the applicable vesting period from the grant date. Amortization of these awards in 2021 totaled CHF 123 million, of which CHF 103 million was related to awards granted in 2021.

## Strategic Delivery Plan

In February 2022, the Bank granted 59.5 million Strategic Delivery Plan (SDP) deferred share-based awards with a total of CHF 473 million to most Managing Directors and Directors to incentivize the longer-term delivery of the Group's strategic plan. The SDP awards are subject to service conditions and performance-based metrics over the course of 2022-2024.

The fair value of each share award was CHF 8.61, the Group share price on the grant date. The estimated unrecognized compensation expense of CHF 480 million was determined based on the fair value of the awards on the grant date, includes the current estimated future forfeitures and will be recognized over the vesting period, subject to early retirement rules.

## 30 Related parties

The Group owns all of the Bank's outstanding voting registered shares. The Bank is involved in significant financing and other transactions with subsidiaries of the Group. The Bank generally enters into these transactions in the ordinary course of business and believes that these transactions are generally on market terms that could be obtained from unrelated third parties.

→ Refer to "Note 31 – Related parties" in VI – Consolidated financial statements – Credit Suisse Group for further information.

### Related party assets and liabilities

end of	2021	2020
<b>Assets (CHF million)</b>		
Net loans	8,683	8,444
Other assets	98	200
<b>Total assets</b>	<b>8,781</b>	<b>8,644</b>
<b>Liabilities (CHF million)</b>		
Due to banks/customer deposits	1,022	1,119
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	94	93
Short-term borrowings	5,944	440
Long-term debt	55,998	52,144
Other liabilities	1,051	1,098
<b>Total liabilities</b>	<b>64,109</b>	<b>54,894</b>

### Related party revenues and expenses

in	2021	2020	2019
<b>Revenues (CHF million)</b>			
Interest and dividend income	(56)	(39)	(5)
Interest expense	(1,673)	(1,618)	(1,307)
<b>Net interest income</b>	<b>(1,729)</b>	<b>(1,657)</b>	<b>(1,312)</b>
Commissions and fees	102	114	80
Other revenues	212	104	104
<b>Net revenues</b>	<b>(1,415)</b>	<b>(1,439)</b>	<b>(1,128)</b>
<b>Expenses (CHF million)</b>			
<b>Total operating expenses</b>	<b>2,089</b>	<b>1,967</b>	<b>1,867</b>

### Related party guarantees and commitments

end of	2021	2020
<b>Guarantees and commitments (CHF million)</b>		
Credit guarantees and similar instruments	4	4
Revocable loan commitments	87	88

→ Refer to "Note 23 – Leases" for information about related party leases.

### Executive Board and Board of Directors loans

	2021	2020	2019
<b>Executive Board loans (CHF million)</b>			
<b>Balance at beginning of period</b>	<b>13<sup>1</sup></b>	<b>32</b>	<b>33</b>
Additions	8	5	13
Reductions	(4)	(24)	(14)
<b>Balance at end of period</b>	<b>17<sup>1</sup></b>	<b>13</b>	<b>32</b>
<b>Board of Directors loans (CHF million)</b>			
<b>Balance at beginning of period</b>	<b>9<sup>2</sup></b>	<b>9</b>	<b>10</b>
Additions	2	0	3
Reductions	(4)	0	(4)
<b>Balance at end of period</b>	<b>7<sup>2</sup></b>	<b>9<sup>2</sup></b>	<b>9</b>

<sup>1</sup> The number of individuals with outstanding loans was four at the beginning of the year and seven at the end of the year.

<sup>2</sup> The number of individuals with outstanding loans was three at the beginning and the end of the year.

### Liabilities due to own pension plans

Liabilities due to the Bank's own defined benefit pension plans as of December 31, 2021 and 2020 of CHF 331 million and CHF 643 million, respectively, were reflected in various liability accounts in the Bank's consolidated balance sheets.

## 31 Pension and other post-retirement benefits

The Bank participates in a defined benefit pension plan sponsored by the Group and has defined contribution pension plans, single-employer defined benefit pension plans and other post-retirement defined benefit plans. The Bank's principal plans are located in Switzerland, the US and the UK.

→ Refer to "Note 32 – Pension and other post-retirement benefits" in VI – Consolidated financial statements – Credit Suisse Group for further information on pension and other post-retirement benefits.

### Defined contribution pension plans

The Bank contributes to various defined contribution pension plans primarily in Switzerland, the US and the UK as well as other countries throughout the world. During 2021, 2020 and 2019, the Bank contributed to these plans and recognized as expense CHF 235 million, CHF 240 million and CHF 150 million, respectively. This included expenses of CHF 89 million and CHF 96 million in 2021 and 2020, respectively, related to the Swiss defined contribution pension plan which took effect on January 1, 2020. Contributions to the Swiss defined contribution plan are made by employees and the Group. Assets from this plan are paid out as a lump sum on retirement.

### Defined benefit pension and other post-retirement benefit plans

#### Defined benefit pension plans

##### Group pension plan

The Bank covers pension requirements for its employees in Switzerland by participating in a defined benefit pension plan sponsored by the Group (Group plan), the Group's most significant defined benefit pension plan. The Group plan provides benefits in the event of retirement, death and disability. Various legal entities within the Group participate in the Group plan, which is set up as an independent trust domiciled in Zurich. Benefits in the Group plan are determined on the basis of the accumulated employer and employee contributions and accumulated interest credited. In accordance with US GAAP, the Group accounts for the Group plan as a single-employer defined benefit pension plan and uses the projected unit credit actuarial method to determine the net periodic benefit costs, the PBO and the accumulated benefit obligation (ABO). The Bank accounts for the defined benefit pension plan sponsored by the Group as a multi-employer pension plan because other legal entities within the Group also participate in the Group plan and the assets contributed by the Bank are not segregated into a separate account or restricted to provide benefits only to employees of the Bank. The assets contributed by the Bank are commingled with the assets contributed by the other legal entities of the Group and can be used to provide benefits to any employee of any participating legal entity. The Bank's

contributions to the Group plan comprise 84% of the total cash contributions contributed to the Group plan by all participating legal entities on an annual basis.

The Bank accounts for the Group plan on a defined contribution basis whereby it only recognizes the amounts required to be contributed to the Group plan during the period as net periodic pension expense and only recognizes a liability for any contributions due and unpaid. No other expenses or balance sheet amounts related to the Group plan were recognized by the Bank. In the savings section of the Group plan, the Bank's contribution varies between 7.5% and 25.0% of the pensionable salary depending on the employee's age.

During 2021, 2020 and 2019, the Bank contributed and recognized as expense CHF 248 million, CHF 249 million and CHF 338 million to the Group plan, respectively. The Bank expects to contribute CHF 216 million to the Group plan during 2022.

#### International pension plans

Various defined benefit pension plans cover the Bank's employees outside Switzerland. These plans provide benefits in the event of retirement, death, disability or termination of employment. Retirement benefits under the plans depend on age, contributions and salary. The Bank's principal defined benefit pension plans outside Switzerland are located in the US and in the UK. Both plans are funded, closed to new participants and have ceased accruing new benefits. Smaller defined benefit pension plans, both funded and unfunded, are operated in other locations.

#### Other post-retirement defined benefit plan

In the US, the Bank has a defined benefit plan that provides post-retirement benefits other than pension benefits that primarily focus on health and welfare benefits for certain retired employees. In exchange for the current services provided by the employee, the Bank promises to provide health and welfare benefits after the employee retires. The Bank's obligation for that compensation is incurred as employees render the services necessary to earn their post-retirement benefits.

#### Net periodic benefit costs of defined benefit plans

The net periodic benefit costs for defined benefit pension and other post-retirement defined benefit plans are the costs of the respective plan for a period during which an employee renders services. The actual amount to be recognized is determined using the standard actuarial methodology which considers, among other factors, current service cost, interest cost, expected return on plan assets and the amortization of both prior service costs/(credits) and actuarial losses/(gains) recognized in AOCI.

## Components of net periodic benefit costs

in	International single-employer defined benefit pension plans			Other post-retirement defined benefit plan		
	2021	2020	2019	2021	2020	2019
<b>Net periodic benefit costs (CHF million)</b>						
Service costs on benefit obligation	14	14	14	0	0	0
Interest costs on benefit obligation	49	68	90	2	4	6
Expected return on plan assets	(65)	(85)	(108)	0	0	0
Amortization of recognized prior service cost/(credit)	1	1	1	0	0	0
Amortization of recognized actuarial losses/(gains)	14	13	19	1	1	3
Settlement losses/(gains)	8	(1)	0	0	0	0
<b>Net periodic benefit costs/(credits)</b>	<b>21</b>	<b>10</b>	<b>16</b>	<b>3</b>	<b>5</b>	<b>9</b>

Service costs on benefit obligation are reflected in compensation and benefits. Other components of net periodic benefit costs are reflected in general and administrative expenses.

### Benefit obligation

The "Obligations and funded status of the plans" table shows the changes in the PBO, the ABO, the fair value of plan assets and the amounts recognized in the consolidated balance sheets for the international single-employer defined benefit pension plans and other post-retirement defined benefit plans.

## Obligations and funded status of the plans

in / end of	International single-employer defined benefit pension plans		Other post-retirement defined benefit plan	
	2021	2020	2021	2020
<b>PBO (CHF million) <sup>1</sup></b>				
<b>Beginning of the measurement period</b>	<b>3,475</b>	<b>3,325</b>	<b>156</b>	<b>164</b>
Service cost	14	14	0	0
Interest cost	49	68	2	4
Plan amendments	(4)	5	0	0
Settlements	(448)	(23)	0	0
Actuarial losses/(gains)	(100)	453	(14)	13
Business combinations and transfers	0	(3)	0	0
Benefit payments	(65)	(156)	(10)	(11)
Exchange rate losses/(gains)	101	(208)	6	(14)
<b>End of the measurement period</b>	<b>3,022</b>	<b>3,475</b>	<b>140</b>	<b>156</b>
<b>Fair value of plan assets (CHF million)</b>				
<b>Beginning of the measurement period</b>	<b>4,212</b>	<b>4,111</b>	<b>0</b>	<b>0</b>
Actual return on plan assets	(45)	476	0	0
Employer contributions	16	61	10	11
Settlements	(448)	(23)	0	0
Benefit payments	(65)	(156)	(10)	(11)
Exchange rate gains/(losses)	132	(257)	0	0
<b>End of the measurement period</b>	<b>3,802</b>	<b>4,212</b>	<b>0</b>	<b>0</b>
<b>Total funded status recognized (CHF million)</b>				
Funded status of the plan – over/(underfunded)	780	737	(140)	(156)
<b>Funded status recognized in the consolidated balance sheet as of December 31</b>	<b>780</b>	<b>737</b>	<b>(140)</b>	<b>(156)</b>
<b>Total amount recognized (CHF million)</b>				
Noncurrent assets	975	975	0	0
Current liabilities	(7)	(8)	(10)	(11)
Noncurrent liabilities	(188)	(230)	(130)	(145)
<b>Net amount recognized in the consolidated balance sheet as of December 31</b>	<b>780</b>	<b>737</b>	<b>(140)</b>	<b>(156)</b>
<b>ABO (CHF million) <sup>2</sup></b>				
<b>End of the measurement period</b>	<b>2,996</b>	<b>3,445</b>	<b>140</b>	<b>156</b>

<sup>1</sup> Including estimated future salary increases.

<sup>2</sup> Excluding estimated future salary increases.

The net amount recognized in the consolidated balance sheets as of December 31, 2021 and 2020 was an overfunding of CHF 640 million and CHF 581 million, respectively.

The settlements of CHF 448 million on the international plans recorded as of December 31, 2021 mainly related to settlements in the UK, reflecting an enhanced transfer value exercise, and settlements in the US, reflecting a partial sale of pension obligations sold to a third party insurer.

No special contributions were made in 2021. In 2020, there was a special cash contribution made to the defined benefit pension

plan in the US of CHF 43 million. In 2022, the Bank expects to contribute CHF 16 million to the international single-employer defined benefit pension plans and CHF 10 million to other post-retirement defined benefit plans.

### PBO or ABO in excess of plan assets

The following table shows the aggregate PBO and ABO, as well as the aggregate fair value of plan assets for those plans with PBO in excess of plan assets and those plans with ABO in excess of plan assets as of December 31, 2021 and 2020, respectively.

## Defined benefit pension plans in which PBO or ABO exceeded plan assets

December 31	PBO exceeds fair value of plan assets		ABO exceeds fair value of plan assets	
	2021	2020	2021	2020
<b>PBO/ABO exceeded plan assets (CHF million)</b>				
PBO	402	1,397	393	1,386
ABO	382	1,373	375	1,365
Fair value of plan assets	208	1,159	200	1,150

## Amounts recognized in AOCI and OCI

The following table shows the actuarial gains/(losses), the prior service credits/(costs) and the cumulative effect of accounting changes, which were recorded in AOCI and subsequently recognized as components of net periodic benefit costs.

## Amounts recognized in AOCI, net of tax

end of	International single-employer defined benefit pension plans		Other post-retirement defined benefit plan		Total	
	2021	2020	2021	2020	2021	2020
<b>Amounts recognized in AOCI (CHF million)</b>						
Actuarial gains/(losses)	(402)	(421)	(27)	(39)	(429)	(460)
Prior service credits/(costs)	(9)	(14)	3	3	(6)	(11)
<b>Total</b>	<b>(411)</b>	<b>(435)</b>	<b>(24)</b>	<b>(36)</b>	<b>(435)</b>	<b>(471)</b>

The following table shows the changes in other comprehensive income (OCI) due to actuarial gains/(losses), the prior service credits/(costs) recognized in AOCI during 2021 and 2020, the

amortization of the aforementioned items as components of net periodic benefit costs for these periods and the cumulative effect of accounting changes.

## Amounts recognized in OCI

in	International single-employer defined benefit pension plans			Other post-retirement defined benefit plan			Total net
	Gross	Tax	Net	Gross	Tax	Net	
<b>2021 (CHF million)</b>							
Actuarial gains/(losses)	(10)	12	2	14	(3)	11	13
Prior service credits/(costs)	4	(1)	3	0	0	0	3
Amortization of actuarial losses/(gains)	14	(3)	11	1	0	1	12
Amortization of prior service costs/(credits)	1	0	1	0	0	0	1
Immediate recognition due to curtailment/settlement	8	(1)	7	0	0	0	7
<b>Total</b>	<b>17</b>	<b>7</b>	<b>24</b>	<b>15</b>	<b>(3)</b>	<b>12</b>	<b>36</b>
<b>2020 (CHF million)</b>							
Actuarial gains/(losses)	(62)	17	(45)	(13)	3	(10)	(55)
Prior service credits/(costs)	(5)	1	(4)	0	0	0	(4)
Amortization of actuarial losses/(gains)	13	(1)	12	1	0	1	13
Amortization of prior service costs/(credits)	1	(1)	0	0	0	0	0
Immediate recognition due to curtailment/settlement	(1)	0	(1)	0	0	0	(1)
<b>Total</b>	<b>(54)</b>	<b>16</b>	<b>(38)</b>	<b>(12)</b>	<b>3</b>	<b>(9)</b>	<b>(47)</b>

## Assumptions

The measurement of both the net periodic benefit costs and the benefit obligation is determined using explicit assumptions, each of which individually represents the best estimate of a particular future event.

### Weighted-average assumptions used to determine net periodic benefit costs and benefit obligation

December 31	International single-employer defined benefit pension plans			Other post-retirement defined benefit plan		
	2021	2020	2019	2021	2020	2019
<b>Net periodic benefit cost (%)</b>						
Discount rate – service cost	2.64	2.62	3.28	–	–	4.38
Discount rate – interest cost	1.56	2.37	3.28	1.74	2.77	3.95
Salary increases	2.97	2.84	2.92	–	–	–
Expected long-term rate of return on plan assets	1.79	2.37	3.00	–	–	–
<b>Benefit obligation (%)</b>						
Discount rate	2.13	1.66	2.38	2.89	2.55	3.23
Salary increases	3.32	2.97	2.84	–	–	–

### Mortality tables and life expectancies for major plans

December 31		Life expectancy at age 65 for a male member currently				Life expectancy at age 65 for a female member currently			
		aged 65		aged 45		aged 65		aged 45	
		2021	2020	2021	2020	2021	2020	2021	2020
<b>Life expectancy (years)</b>									
UK	SAPS S3 light tables <sup>1</sup>	23.5	23.3	24.7	24.9	25.0	24.5	26.4	26.3
US	Pri-2012 mortality tables <sup>2</sup>	20.6	21.1	21.8	22.3	22.5	22.8	23.7	23.9

<sup>1</sup> 102% of Self-Administered Pension Scheme (SAPS) S3 light tables were used, which included final CMI projections, with a long-term rate of improvement of 1.25% per annum.

<sup>2</sup> The Private retirement plan 2012 (Pri-2012) mortality tables were used, with projections based on the Social Security Administration's intermediate improvement scale.

### Health care cost assumptions

The health care cost trend is used to determine the appropriate other post-retirement defined benefit costs. In determining those costs, an annual weighted-average rate is assumed in the cost of covered health care benefits.

The following table provides an overview of the assumed health care cost trend rates

### Health care cost trend rates

in / end of	2021	2020	2019
<b>Health care cost trend rate (%)</b>			
Annual weighted-average health care cost trend rate <sup>1</sup>	6.5	7.0	8.0

<sup>1</sup> The annual health care cost trend rate is assumed to decrease gradually to achieve the long-term health care cost trend rate of 4.5% by 2030.

The annual health care cost trend rate used to determine the net periodic defined benefit costs for 2022 is 6.5%.

### Plan assets and investment strategy

As of December 31, 2021 and 2020, no Group debt or equity securities were included in plan assets for the international single-employer defined benefit pension plans.



## Fair value of plan assets

The following table presents the plan assets measured at fair value on a recurring basis as of December 31, 2021 and 2020, for the Bank's defined benefit pension plans.

### Plan assets measured at fair value on a recurring basis

end of	2021					2020				
	Level 1	Level 2	Level 3	Assets measured at net asset value per share	Total	Level 1	Level 2	Level 3	Assets measured at net asset value per share	Total
<b>Plan assets at fair value (CHF million)</b>										
Cash and cash equivalents	9	101	0	0	110	17	247	0	0	264
Debt securities	2,328	769	0	434	3,531	2,169	1,222	0	422	3,813
of which governments	2,328	4	0	0	2,332	2,169	7	0	0	2,176
of which corporates	0	765	0	434	1,199	0	1,215 <sup>1</sup>	0	422	1,637
Equity securities	0	44	0	57	101	0	33 <sup>1</sup>	0	52	85
Real estate – indirect	0	0	0	0	0	0	0	0	20	20
Alternative investments	0	(27)	0	0	(27)	0	(47)	0	0	(47)
of which hedge funds	0	0	0	0	0	0	0	0	0	0
of which other	0	(27) <sup>2</sup>	0	0	(27)	0	(47) <sup>2</sup>	0	0	(47)
Other investments	0	87	0	0	87	0	77	0	0	77
<b>Total plan assets at fair value</b>	<b>2,337</b>	<b>974</b>	<b>0</b>	<b>491</b>	<b>3,802</b>	<b>2,186</b>	<b>1,532</b>	<b>0</b>	<b>494</b>	<b>4,212</b>

<sup>1</sup> Prior period has been revised to reclassify the leveling of certain plan assets.

<sup>2</sup> Primarily related to derivative instruments.

### Plan asset allocation

The following table shows the plan asset allocation as of the measurement date calculated based on the fair value at that date including the performance of each asset class.

#### Plan asset allocation

December 31	2021	2020
<b>Weighted-average (%)</b>		
Cash and cash equivalents	2.9	6.3
Debt securities	92.9	90.5
Equity securities	2.6	2.0
Real estate	0.0	0.5
Alternative investments	(0.7)	(1.1)
Insurance	2.3	1.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

The following table shows the target plan asset allocation for 2022 in accordance with the Bank's investment strategy. The target plan asset allocation is used to determine the expected return on plan assets to be considered in the net periodic benefit costs for 2022.

### 2022 target plan asset allocation

#### Weighted-average (%)

Cash and cash equivalents	0.3
Debt securities	93.4
Equity securities	2.2
Real estate	0.6
Alternative investments	1.2
Insurance	2.3
<b>Total</b>	<b>100.0</b>

### Estimated future benefit payments

The following table shows the estimated future benefit payments for defined benefit pension and other post-retirement defined benefit plans.

#### Estimated future benefit payments

	International single-employer defined benefit pension plans	Other post-retirement defined benefit plan
<b>Payments (CHF million)</b>		
2022	110	10
2023	102	10
2024	110	10
2025	111	9
2026	117	9
For five years thereafter	646	34

## 32 Derivatives and hedging activities

→ Refer to "Note 33 – Derivatives and hedging activities" in VI – Consolidated financial statements – Credit Suisse Group for further information.

flows for forecasted transactions, excluding those forecasted transactions related to the payment of variable interest on existing financial instruments, was 12 months.

### Hedge accounting

#### Cash flow hedges

As of the end of 2021, the maximum length of time over which the Bank hedged its exposure to the variability in future cash

### Fair value of derivative instruments

end of 2021	Trading			Hedging <sup>1</sup>		
	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)
<b>Derivative instruments (CHF billion)</b>						
Forwards and forward rate agreements	1,736.0	0.9	0.9	0.0	0.0	0.0
Swaps	8,818.8	36.9	33.0	127.5	0.4	0.2
Options bought and sold (OTC)	779.0	11.5	10.9	0.0	0.0	0.0
Futures	144.5	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	71.6	0.1	0.0	0.0	0.0	0.0
<b>Interest rate products</b>	<b>11,549.9</b>	<b>49.4</b>	<b>44.8</b>	<b>127.5</b>	<b>0.4</b>	<b>0.2</b>
Forwards	1,052.9	7.6	8.2	21.1	0.1	0.1
Swaps	345.3	11.3	12.4	0.0	0.0	0.0
Options bought and sold (OTC)	174.9	2.0	2.2	0.0	0.0	0.0
Futures	10.3	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	1.6	0.0	0.0	0.0	0.0	0.0
<b>Foreign exchange products</b>	<b>1,585.0</b>	<b>20.9</b>	<b>22.8</b>	<b>21.1</b>	<b>0.1</b>	<b>0.1</b>
Forwards	0.9	0.1	0.0	0.0	0.0	0.0
Swaps	94.7	1.4	2.6	0.0	0.0	0.0
Options bought and sold (OTC)	243.9	11.1	12.5	0.0	0.0	0.0
Futures	46.3	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	535.8	22.9	21.5	0.0	0.0	0.0
<b>Equity/index-related products</b>	<b>921.6</b>	<b>35.5</b>	<b>36.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Credit derivatives <sup>2</sup></b>	<b>506.8</b>	<b>5.0</b>	<b>6.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Forwards	9.9	0.2	0.1	0.0	0.0	0.0
Swaps	12.0	1.1	0.4	0.0	0.0	0.0
Options bought and sold (OTC)	11.1	0.2	0.1	0.0	0.0	0.0
Futures	11.1	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	9.2	0.1	0.1	0.0	0.0	0.0
<b>Other products <sup>3</sup></b>	<b>53.3</b>	<b>1.6</b>	<b>0.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total derivative instruments</b>	<b>14,616.6</b>	<b>112.4</b>	<b>111.2</b>	<b>148.6</b>	<b>0.5</b>	<b>0.3</b>

The notional amount, PRV and NRV (trading and hedging) was CHF 14,765.2 billion, CHF 112.9 billion and CHF 111.5 billion, respectively, as of December 31, 2021.

<sup>1</sup> Relates to derivative contracts that qualify for hedge accounting under US GAAP.

<sup>2</sup> Primarily credit default swaps.

<sup>3</sup> Primarily precious metals, commodity and energy products.

## Fair value of derivative instruments (continued)

end of 2020	Trading			Hedging <sup>1</sup>		
	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)
<b>Derivative instruments (CHF billion)</b>						
Forwards and forward rate agreements	5,221.5	2.7	2.8	0.0	0.0	0.0
Swaps	8,088.7	53.5	50.3	126.1	0.9	0.1
Options bought and sold (OTC)	968.6	18.2	18.0	0.0	0.0	0.0
Futures	186.5	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	90.9	0.5	0.6	0.0	0.0	0.0
<b>Interest rate products</b>	<b>14,556.2<sup>2</sup></b>	<b>74.9</b>	<b>71.7</b>	<b>126.1</b>	<b>0.9</b>	<b>0.1</b>
Forwards	928.4	10.1	11.8	13.9	0.1	0.1
Swaps	345.8	10.9	13.4	0.0	0.0	0.0
Options bought and sold (OTC)	185.9	3.4	3.7	0.0	0.0	0.0
Futures	8.8	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	1.0	0.0	0.0	0.0	0.0	0.0
<b>Foreign exchange products</b>	<b>1,469.9<sup>2</sup></b>	<b>24.4</b>	<b>28.9</b>	<b>13.9</b>	<b>0.1</b>	<b>0.1</b>
Forwards	1.0	0.0	0.3	0.0	0.0	0.0
Swaps	167.6	4.3	8.8	0.0	0.0	0.0
Options bought and sold (OTC)	218.3	14.9	10.0	0.0	0.0	0.0
Futures	23.5	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	454.0	20.0	20.7	0.0	0.0	0.0
<b>Equity/index-related products</b>	<b>864.4</b>	<b>39.2</b>	<b>39.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Credit derivatives<sup>3</sup></b>	<b>467.8</b>	<b>4.9</b>	<b>6.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Forwards	12.2	0.3	0.2	0.0	0.0	0.0
Swaps	9.8	1.1	0.5	0.0	0.0	0.0
Options bought and sold (OTC)	14.8	0.3	0.2	0.0	0.0	0.0
Futures	4.2	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	11.6	0.1	0.1	0.0	0.0	0.0
<b>Other products<sup>4</sup></b>	<b>52.6</b>	<b>1.8</b>	<b>1.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total derivative instruments</b>	<b>17,410.9<sup>2</sup></b>	<b>145.2</b>	<b>147.4</b>	<b>140.0</b>	<b>1.0</b>	<b>0.2</b>

The notional amount, PRV and NRV (trading and hedging) was CHF 17,550.9 billion, CHF 146.2 billion and CHF 147.6 billion, respectively, as of December 31, 2020.

<sup>1</sup> Relates to derivative contracts that qualify for hedge accounting under US GAAP.

<sup>2</sup> Prior period has been revised.

<sup>3</sup> Primarily credit default swaps.

<sup>4</sup> Primarily precious metals, commodity and energy products.

## Gains or (losses) on fair value hedges

in	2021	2020	2019
<b>Interest rate products (CHF million)</b>			
Hedged items <sup>1</sup>	1,523	(1,679)	(1,721)
Derivatives designated as hedging instruments <sup>1</sup>	(1,448)	1,564	1,550

The accrued interest on fair value hedges is recorded in net interest income and is excluded from this table.

<sup>1</sup> Included in net interest income.

## Hedged items in fair value hedges

end of	2021						2020		
	Hedged items			Hedged items					
	Carrying amount	Hedging adjustments <sup>1</sup>	Discontinued hedges <sup>2</sup>	Carrying amount	Hedging adjustments <sup>1</sup>	Discontinued hedges <sup>2</sup>			
<b>Assets (CHF billion)</b>									
Investment securities	0.8	0.0	0.0	0.4	0.0	0.0			
Net loans	16.6	(0.2)	0.2	20.5	0.2	0.5			
<b>Liabilities (CHF billion)</b>									
Long-term debt	65.6	(0.1)	0.8	65.8	1.9	0.8			

<sup>1</sup> Relates to the cumulative amount of fair value hedging adjustments included in the carrying amount.

<sup>2</sup> Relates to the cumulative amount of fair value hedging adjustments remaining for any hedged items for which hedge accounting has been discontinued.

## Cash flow hedges

in	2021	2020	2019
<b>Interest rate products (CHF million)</b>			
Gains/(losses) recognized in AOCI on derivatives	(314)	134	85
Gains/(losses) reclassified from AOCI into interest and dividend income	7	(70)	3
<b>Foreign exchange products (CHF million)</b>			
Gains/(losses) recognized in AOCI on derivatives	(9)	(33)	(5)
Trading revenues	0	(30)	(7)
Other revenues	0	0	0
Total other operating expenses	34	(2)	(16)
Gains/(losses) reclassified from AOCI into income	34	(32)	(23)
Gains/(losses) excluded from the assessment of effectiveness reported in trading revenues <sup>1</sup>	0	1	(20)

<sup>1</sup> Related to the forward points of a foreign currency forward.

The net loss associated with cash flow hedges expected to be reclassified from AOCI within the next 12 months was CHF 17 million.

## Net investment hedges

in	2021	2020	2019
<b>Foreign exchange products (CHF million)</b>			
Gains/(losses) recognized in the cumulative translation adjustments section of AOCI	51	451	(133)
Gains/(losses) reclassified from the cumulative translation adjustments section of AOCI into other revenues	0	10	0

The Bank includes all derivative instruments not included in hedge accounting relationships in its trading activities.

→ Refer to "Note 7 – Trading revenues" for gains and losses on trading activities by product type.

## Disclosures relating to contingent credit risk

The following table provides the Bank's current net exposure from contingent credit risk relating to derivative contracts with bilateral counterparties and special purpose entities (SPEs) that include credit support agreements, the related collateral posted and the additional collateral required in a one-notch, two-notch and a three-notch downgrade event, respectively. The table also includes derivative contracts with contingent credit risk features without credit support agreements that have accelerated termination event conditions. The current net exposure for derivative contracts with bilateral counterparties and contracts with accelerated termination event conditions is the aggregate fair value of derivative instruments that were in a net liability position. For SPEs, the current net exposure is the contractual amount that is used to determine the collateral payable in the event of a downgrade. The contractual amount could include both the negative replacement value and a percentage of the notional value of the derivative.

## Contingent credit risk

end of	2021						2020		
	Bilateral counterparties	Special purpose entities	Accelerated terminations	Total	Bilateral counterparties	Special purpose entities	Accelerated terminations	Total	
	<b>Contingent credit risk (CHF billion)</b>								
Current net exposure	2.3	0.0	0.3	<b>2.6</b>	3.0	0.0	0.4	<b>3.4</b>	
Collateral posted	1.9	0.0	–	<b>1.9</b>	2.4	0.0	–	<b>2.4</b>	
Impact of a one-notch downgrade event	0.1	0.0	0.0	<b>0.1</b>	0.0	0.0	0.0	<b>0.0</b>	
Impact of a two-notch downgrade event	0.2	0.0	0.0	<b>0.2</b>	0.0	0.0	0.0	<b>0.0</b>	
Impact of a three-notch downgrade event	0.7	0.0	0.1	<b>0.8</b>	0.5	0.0	0.2	<b>0.7</b>	

The impact of a downgrade event reflects the amount of additional collateral required for bilateral counterparties and special purpose entities and the amount of additional termination expenses for accelerated terminations, respectively.

## Credit derivatives

→ Refer to "Note 33 – Derivatives and hedging activities" in VI – Consolidated financial statements – Credit Suisse Group for further information.

### Credit protection sold/purchased

The following tables do not include all credit derivatives and differ from the credit derivatives in the "Fair value of derivative instruments" table. This is due to the exclusion of certain credit derivative instruments under US GAAP, which defines a credit derivative as a derivative instrument (a) in which one or more of its

underlyings are related to the credit risk of a specified entity (or a group of entities) or an index based on the credit risk of a group of entities and (b) that exposes the seller to potential loss from credit risk-related events specified in the contract.

Total return swaps (TRS) of CHF 12.0 billion and CHF 14.4 billion as of December 31, 2021 and 2020, respectively, were also excluded because a TRS does not expose the seller to potential loss from credit risk-related events specified in the contract. A TRS only provides protection against a loss in asset value and not against additional amounts as a result of specific credit events.

### Credit protection sold/purchased

end of	2021					2020				
	Credit protection sold	Credit protection purchased <sup>1</sup>	Net credit protection (sold)/ purchased	Other protection purchased	Fair value of credit protection sold	Credit protection sold	Credit protection purchased <sup>1</sup>	Net credit protection (sold)/ purchased	Other protection purchased	Fair value of credit protection sold
<b>Single-name instruments (CHF billion)</b>										
Investment grade <sup>2</sup>	(60.2)	55.6	(4.6)	10.1	0.6	(52.5)	47.8	(4.7)	13.0	0.5
Non-investment grade	(31.5)	28.9	(2.6)	7.9	0.4	(28.5)	26.5	(2.0)	11.8	0.4
<b>Total single-name instruments</b>	<b>(91.7)</b>	<b>84.5</b>	<b>(7.2)</b>	<b>18.0</b>	<b>1.0</b>	<b>(81.0)</b>	<b>74.3</b>	<b>(6.7)</b>	<b>24.8</b>	<b>0.9</b>
of which sovereign	(13.5)	12.2	(1.3)	4.0	(0.1)	(12.5)	11.6	(0.9)	5.3	0.0
of which non-sovereign	(78.2)	72.3	(5.9)	14.0	1.1	(68.5)	62.7	(5.8)	19.5	0.9
<b>Multi-name instruments (CHF billion)</b>										
Investment grade <sup>2</sup>	(102.9)	96.0	(6.9)	20.2	0.7	(99.5)	95.2	(4.3)	23.1	(0.7)
Non-investment grade	(35.7)	33.2	(2.5)	12.6 <sup>3</sup>	(0.5)	(24.3)	19.9	(4.4)	11.3 <sup>3</sup>	0.2
<b>Total multi-name instruments</b>	<b>(138.6)</b>	<b>129.2</b>	<b>(9.4)</b>	<b>32.8</b>	<b>0.2</b>	<b>(123.8)</b>	<b>115.1</b>	<b>(8.7)</b>	<b>34.4</b>	<b>(0.5)</b>
of which non-sovereign	(138.6)	129.2	(9.4)	32.8	0.2	(123.8)	115.1	(8.7)	34.4	(0.5)
<b>Total instruments (CHF billion)</b>										
Investment grade <sup>2</sup>	(163.1)	151.6	(11.5)	30.3	1.3	(152.0)	143.0	(9.0)	36.1	(0.2)
Non-investment grade	(67.2)	62.1	(5.1)	20.5	(0.1)	(62.8)	46.4	(6.4)	23.1	0.6
<b>Total instruments</b>	<b>(230.3)</b>	<b>213.7</b>	<b>(16.6)</b>	<b>50.8</b>	<b>1.2</b>	<b>(204.8)</b>	<b>189.4</b>	<b>(15.4)</b>	<b>59.2</b>	<b>0.4</b>
of which sovereign	(13.5)	12.2	(1.3)	4.0	(0.1)	(12.5)	11.6	(0.9)	5.3	0.0
of which non-sovereign	(216.8)	201.5	(15.3)	46.8	1.3	(192.3)	177.8	(14.5)	53.9	0.4

<sup>1</sup> Represents credit protection purchased with identical underlyings and recoveries.

<sup>2</sup> Based on internal ratings of BBB and above.

<sup>3</sup> Includes synthetic securitized loan portfolios.

The following table reconciles the notional amount of credit derivatives included in the table "Fair value of derivative instruments" to the table "Credit protection sold/purchased".

### Credit derivatives

end of	2021	2020
<b>Credit derivatives (CHF billion)</b>		
Credit protection sold	230.3	204.8
Credit protection purchased	213.7	189.4
Other protection purchased	50.8	59.2
Other instruments <sup>1</sup>	12.0	14.4
<b>Total credit derivatives</b>	<b>506.8</b>	<b>467.8</b>

<sup>1</sup> Consists of total return swaps and other derivative instruments.

### Maturity of credit protection sold

end of	Maturity less than 1 year	Maturity between 1 to 5 years	Maturity greater than 5 years	Total
<b>2021 (CHF billion)</b>				
Single-name instruments	14.4	73.6	3.7	91.7
Multi-name instruments	39.9	88.3	10.4	138.6
<b>Total instruments</b>	<b>54.3</b>	<b>161.9</b>	<b>14.1</b>	<b>230.3</b>
<b>2020 (CHF billion)</b>				
Single-name instruments	14.0	62.7	4.3	81.0
Multi-name instruments	29.6	82.6	11.6	123.8
<b>Total instruments</b>	<b>43.6</b>	<b>145.3</b>	<b>15.9</b>	<b>204.8</b>

## 33 Guarantees and commitments

### Guarantees

end of	Maturity less than 1 year	Maturity between 1 to 3 years	Maturity between 3 to 5 years	Maturity greater than 5 years	Total gross amount	Total net amount <sup>1</sup>	Carrying value	Collateral received
<b>2021 (CHF million)</b>								
Credit guarantees and similar instruments	2,124	1,049	197	561	3,931	3,874	25	2,014
Performance guarantees and similar instruments	3,982	2,253	555	528	7,318	6,299	40	3,605
Derivatives <sup>2</sup>	5,374	2,567	561	419	8,921	8,921	289	–
Other guarantees	4,012	1,040	307	1,151	6,510	6,469	71	3,789
<b>Total guarantees</b>	<b>15,492</b>	<b>6,909</b>	<b>1,620</b>	<b>2,659</b>	<b>26,680</b>	<b>25,563</b>	<b>425</b>	<b>9,408</b>
<b>2020 (CHF million)</b>								
Credit guarantees and similar instruments	1,645	653	203	582	3,083	3,020	27	1,637
Performance guarantees and similar instruments	3,607	1,885	526	514	6,532	5,601	30	2,535
Derivatives <sup>2,3</sup>	4,179	6,051	1,288	559	12,077	12,077	158	–
Other guarantees	3,555	996	421	1,171	6,143	6,130	85	3,725
<b>Total guarantees</b>	<b>12,986</b>	<b>9,585</b>	<b>2,438</b>	<b>2,826</b>	<b>27,835</b>	<b>26,828</b>	<b>300</b>	<b>7,897</b>

<sup>1</sup> Total net amount is computed as the gross amount less any participations.

<sup>2</sup> Excludes derivative contracts with certain active commercial and investment banks and certain other counterparties, as such contracts can be cash settled and the Bank had no basis to conclude it was probable that the counterparties held, at inception, the underlying instruments.

<sup>3</sup> Prior period has been revised.

→ Refer to "Note 34 – Guarantees and commitments" in VI – Consolidated financial statements – Credit Suisse Group for further information.

Deposit-taking banks and securities dealers in Switzerland and certain other European countries are required to ensure the payout of privileged deposits in case of specified restrictions or compulsory liquidation of a deposit-taking bank. In Switzerland, deposit-taking banks and securities dealers jointly guarantee an amount of up to CHF 6 billion. Upon occurrence of a payout event triggered by a specified restriction of business imposed by the Swiss Financial Market Supervisory Authority FINMA (FINMA) or by the compulsory liquidation of another deposit-taking bank, the Bank's contribution will be calculated based on its share

of privileged deposits in proportion to total privileged deposits. Based on FINMA's estimate for the Bank, the Bank's share in the deposit insurance guarantee program for the period July 1, 2021 to June 30, 2022 is CHF 0.5 billion. These deposit insurance guarantees were reflected in other guarantees.

### Representations and warranties on residential mortgage loans sold

In connection with the Investment Bank division's sale of US residential mortgage loans, the Bank has provided certain representations and warranties relating to the loans sold.

### Other commitments

end of	Maturity less than 1 year	Maturity between 1 to 3 years	Maturity between 3 to 5 years	Maturity greater than 5 years	Total gross amount	Total net amount <sup>1</sup>	Collateral received
<b>2021 (CHF million)</b>							
Irrevocable commitments under documentary credits	4,796	116	0	0	4,912	4,602	2,801
Irrevocable loan commitments	22,959	44,143	43,848	11,609	122,559 <sup>2</sup>	118,281	55,766
Forward reverse repurchase agreements	466	0	0	0	466	466	466
Other commitments	121	16	11	248	396	396	8
<b>Total other commitments</b>	<b>28,342</b>	<b>44,275</b>	<b>43,859</b>	<b>11,857</b>	<b>128,333</b>	<b>123,745</b>	<b>59,041</b>
<b>2020 (CHF million)</b>							
Irrevocable commitments under documentary credits	3,915	97	0	0	4,012	3,963	2,404
Irrevocable loan commitments	19,813	48,855	39,605	10,749	119,022 <sup>2</sup>	115,116	53,039
Forward reverse repurchase agreements	17	0	0	0	17	17	17
Other commitments	135	1,418	9	381	1,943	1,943	19
<b>Total other commitments</b>	<b>23,880</b>	<b>50,370</b>	<b>39,614</b>	<b>11,130</b>	<b>124,994</b>	<b>121,039</b>	<b>55,479</b>

<sup>1</sup> Total net amount is computed as the gross amount less any participations.

<sup>2</sup> Irrevocable loan commitments do not include a total gross amount of CHF 144,079 million and CHF 130,965 million of unused credit limits as of December 31, 2021 and 2020, respectively, which were revocable at the Bank's sole discretion upon notice to the client.

## 34 Transfers of financial assets and variable interest entities

### Transfers of financial assets

→ Refer to "Note 35 – Transfers of financial assets and variable interest entities" in VI – Credit Suisse Group – Consolidated financial statements for further information.

#### Securizations

The following table provides the gains or losses and proceeds from the transfer of assets relating to 2021, 2020 and 2019 securitizations of financial assets that qualify for sale accounting and subsequent derecognition, along with the cash flows between the Bank and the SPEs used in any securitizations in which the Bank still has continuing involvement, regardless of when the securitization occurred.

Securizations	2021	2020	2019
in			
<b>Gains/(losses) and cash flows (CHF million)</b>			
<b>CMBS</b>			
Net gain/(loss) <sup>1</sup>	(7)	85	10
Proceeds from transfer of assets	3,525	9,209	7,757
Cash received on interests that continue to be held	42	52	162
<b>RMBS</b>			
Net gain <sup>1</sup>	70	32	2
Proceeds from transfer of assets	37,048	23,358	21,566
Purchases of previously transferred financial assets or its underlying collateral	(1,604)	0	(1)
Servicing fees	2	2	2
Cash received on interests that continue to be held	1,088	864	312
<b>Other asset-backed financings</b>			
Net gain <sup>1</sup>	65	105	101
Proceeds from transfer of assets	12,129	9,564	11,702
Purchases of previously transferred financial assets or its underlying collateral	(1,323)	(1,606)	(763)
Fees <sup>2</sup>	165	148	151
Cash received on interests that continue to be held	14	17	6

<sup>1</sup> Includes underwriting revenues, deferred origination fees, gains or losses on the sale of collateral to the SPE and gains or losses on the sale of newly issued securities to third parties, but excludes net interest income on assets prior to the securitization. The gains or losses on the sale of the collateral is the difference between the fair value on the day prior to the securitization pricing date and the sale price of the loans.

<sup>2</sup> Represents management fees and performance fees earned for investment management services provided to managed CLOs.

#### Continuing involvement in transferred financial assets

The following table provides the outstanding principal balance of assets to which the Bank continued to be exposed after the transfer of the financial assets to any SPE and the total assets of the SPE as of December 31, 2021 and 2020, regardless of when the transfer of assets occurred.

#### Principal amounts outstanding and total assets of SPEs resulting from continuing involvement

end of	2021	2020
<b>CHF million</b>		
<b>CMBS</b>		
Principal amount outstanding	15,428	17,421
Total assets of SPE	23,205	24,455
<b>RMBS</b>		
Principal amount outstanding	56,990	47,324
Total assets of SPE	56,990	47,863
<b>Other asset-backed financings</b>		
Principal amount outstanding	24,856	24,968
Total assets of SPE	57,797	50,817

Principal amount outstanding relates to assets transferred from the Bank and does not include principal amounts for assets transferred from third parties.

#### Fair value of beneficial interests

The fair value measurement of beneficial interests held at the time of transfer and as of the reporting date that result from any continuing involvement is determined using fair value estimation techniques, such as the present value of estimated future cash flows that incorporate assumptions that market participants customarily use in these valuation techniques. The fair value of the assets or liabilities that result from any continuing involvement does not include any benefits from financial instruments that the Bank may utilize to hedge the inherent risks.

#### Key economic assumptions at the time of transfer

→ Refer to "Note 35 – Financial instruments" for further information on the fair value hierarchy.

### Key economic assumptions used in measuring fair value of beneficial interests at time of transfer

at time of transfer, in	2021		2020		2019	
	CMBS	RMBS	CMBS	RMBS	CMBS	RMBS
<b>CHF million, except where indicated</b>						
Fair value of beneficial interests	196	2,594	342	2,692	549	3,171
of which level 2	170	2,126	305	2,398	455	2,978
of which level 3	26	468	37	294	94	193
Weighted-average life, in years	5.2	5.3	6.4	3.8	5.5	5.5
Prepayment speed assumption (rate per annum), in % <sup>1</sup>	- <sup>2</sup>	3.0–37.7	- <sup>2</sup>	1.0–47.0	- <sup>2</sup>	2.0–37.3
Cash flow discount rate (rate per annum), in % <sup>3</sup>	1.8–5.0	1.0–33.4	1.4–20.9	0.2–40.8	2.5–8.3	1.5–15.7
Expected credit losses (rate per annum), in % <sup>4</sup>	0.9–4.3	0.1–32.5	1.9–8.6	1.6–22.9	1.3–1.9	1.5–7.6

Transfers of assets in which the Bank does not have beneficial interests are not included in this table.

<sup>1</sup> Prepayment speed assumption (PSA) is an industry standard prepayment speed metric used for projecting prepayments over the life of a residential mortgage loan. PSA utilizes the constant prepayment rate (CPR) assumptions. A 100% prepayment assumption assumes a prepayment rate of 0.2% per annum of the outstanding principal balance of mortgage loans in the first month. This increases by 0.2 percentage points thereafter during the term of the mortgage loan, leveling off to a CPR of 6% per annum beginning in the 30th month and each month thereafter during the term of the mortgage loan. 100 PSA equals 6 CPR.

<sup>2</sup> To deter prepayment, commercial mortgage loans typically have prepayment protection in the form of prepayment lockouts and yield maintenances.

<sup>3</sup> The rate was based on the weighted-average yield on the beneficial interests.

<sup>4</sup> The range of expected credit losses only reflects instruments with an expected credit loss greater than zero unless all of the instruments have an expected credit loss of zero.

### Key economic assumptions as of the reporting date

The following table provides the sensitivity analysis of key economic assumptions used in measuring the fair value of beneficial interests held in SPEs as of December 31, 2021 and 2020.

### Key economic assumptions used in measuring fair value of beneficial interests held in SPEs

end of	2021			2020		
	CMBS <sup>1</sup>	RMBS	Other asset-backed financing activities <sup>2</sup>	CMBS <sup>1</sup>	RMBS	Other asset-backed financing activities <sup>2</sup>
<b>CHF million, except where indicated</b>						
Fair value of beneficial interests	281	2,310	402	296	1,851	350
of which non-investment grade	55	370	27	36	631	23
Weighted-average life, in years	3.9	4.7	5.5	5.6	4.0	4.8
Prepayment speed assumption (rate per annum), in % <sup>3</sup>	-	5.1–41.9	-	-	4.0–50.1	-
Impact on fair value from 10% adverse change	-	(31.1)	-	-	(43.7)	-
Impact on fair value from 20% adverse change	-	(59.8)	-	-	(92.1)	-
Cash flow discount rate (rate per annum), in % <sup>4</sup>	1.7–50.7	0.7–35.5	0.3–14.7	0.6–38.2	0.3–39.7	0.7–27.7
Impact on fair value from 10% adverse change	(3.5)	(38.1)	(4.9)	(4.9)	(22.4)	(4.2)
Impact on fair value from 20% adverse change	(6.8)	(73.3)	(9.7)	(9.6)	(43.5)	(8.2)
Expected credit losses (rate per annum), in % <sup>5</sup>	0.6–8.4	0.4–34.2	0.7–13.3	0.4–14.7	0.6–39.6	0.7–26.8
Impact on fair value from 10% adverse change	(2.5)	(28.5)	(4.3)	(4.3)	(20.2)	(4.5)
Impact on fair value from 20% adverse change	(4.9)	(54.8)	(8.4)	(8.5)	(39.2)	(8.9)

<sup>1</sup> To deter prepayment, commercial mortgage loans typically have prepayment protection in the form of prepayment lockouts and yield maintenances.

<sup>2</sup> CDOs within this category are generally structured to be protected from prepayment risk.

<sup>3</sup> PSA is an industry standard prepayment speed metric used for projecting prepayments over the life of a residential mortgage loan. PSA utilizes the CPR assumptions. A 100% prepayment assumption assumes a prepayment rate of 0.2% per annum of the outstanding principal balance of mortgage loans in the first month. This increases by 0.2 percentage points thereafter during the term of the mortgage loan, leveling off to a CPR of 6% per annum beginning in the 30th month and each month thereafter during the term of the mortgage loan. 100 PSA equals 6 CPR.

<sup>4</sup> The rate was based on the weighted-average yield on the beneficial interests.

<sup>5</sup> The range of expected credit losses only reflects instruments with an expected credit loss greater than zero unless all of the instruments have an expected credit loss of zero.



### Transfers of financial assets where sale treatment was not achieved

The following table provides the carrying amounts of transferred financial assets and the related liabilities where sale treatment was not achieved as of December 31, 2021 and 2020.

Carrying amounts of transferred financial assets and liabilities where sale treatment was not achieved		
end of	2021	2020
<b>CHF million</b>		
<b>RMBS</b>		
Other assets	257	0
Liability to SPE, included in other liabilities	(257)	0
<b>Other asset-backed financings</b>		
Trading assets	557	496
Other assets	200	246
Liability to SPE, included in other liabilities	(757)	(742)

### Securities sold under repurchase agreements and securities lending transactions accounted for as secured borrowings

The following tables provide the gross obligation relating to securities sold under repurchase agreements, securities lending transactions and obligation to return securities received as collateral by the class of collateral pledged and by remaining contractual maturity as of December 31, 2021 and 2020.

### Securities sold under repurchase agreements, securities lending transactions and obligation to return securities received as collateral – by class of collateral pledged

end of	2021	2020
<b>CHF billion</b>		
Government debt securities	16.0	12.2
Corporate debt securities	9.6	7.7
Asset-backed securities	4.6	6.0
Equity securities	0.5	0.0
Other	5.6	1.8
<b>Securities sold under repurchase agreements</b>	<b>36.3</b>	<b>27.7</b>
Government debt securities	13.9	12.5
Corporate debt securities	0.3	0.1
Asset-backed securities	0.3	1.0
Equity securities	1.0	3.5
Other	0.2	0.1
<b>Securities lending transactions</b>	<b>15.7</b>	<b>17.2</b>
Government debt securities	3.6	5.8
Corporate debt securities	0.6	5.6
Equity securities	10.8	39.3
Other	0.0	0.1
<b>Obligation to return securities received as collateral, at fair value</b>	<b>15.0</b>	<b>50.8</b>
<b>Total</b>	<b>67.0</b>	<b>95.7</b>

### Securities sold under repurchase agreements, securities lending transactions and obligation to return securities received as collateral – by remaining contractual maturity

end of	Remaining contractual maturities				Total
	No stated maturity <sup>1</sup>	Up to 30 days <sup>2</sup>	31-90 days	More than 90 days	
<b>2021 (CHF billion)</b>					
Securities sold under repurchase agreements	5.3	15.8	6.0	9.2	36.3
Securities lending transactions	2.3	1.7	1.6	10.1	15.7
Obligation to return securities received as collateral, at fair value	15.0	0.0	0.0	0.0	15.0
<b>Total</b>	<b>22.6</b>	<b>17.5</b>	<b>7.6</b>	<b>19.3</b>	<b>67.0</b>
<b>2020 (CHF billion)</b>					
Securities sold under repurchase agreements	5.8	11.8	5.9	4.2	27.7
Securities lending transactions	4.2	3.4	9.6	0.0	17.2
Obligation to return securities received as collateral, at fair value	50.2	0.3	0.3	0.0	50.8
<b>Total</b>	<b>60.2</b>	<b>15.5</b>	<b>15.8</b>	<b>4.2</b>	<b>95.7</b>

<sup>1</sup> Includes contracts with no contractual maturity that may contain termination arrangements subject to a notice period.

<sup>2</sup> Includes overnight transactions.

→ Refer to "Note 27 – Offsetting of financial assets and financial liabilities" for further information on the gross amount of securities sold under repurchase agreements, securities lending transactions and obligation to return securities received as collateral and the net amounts disclosed in the consolidated balance sheets.

## Variable interest entities

→ Refer to "Note 35 – Transfers of financial assets and variable interest entities" in VI – Consolidated financial statements – Credit Suisse Group for further information.

### Commercial paper conduit

The Bank acts as the administrator and provider of liquidity and credit enhancement facilities for Alpine Securitization Ltd (Alpine), a multi-seller asset-backed commercial paper (CP) conduit used for client and Bank financing purposes. Alpine discloses to CP investors certain portfolio and asset data and submits its portfolio to rating agencies for public ratings on its CP. This CP conduit purchases assets such as loans and receivables or enters into reverse repurchase agreements and finances such activities through the issuance of CP backed by these assets. In addition to CP, Alpine may also issue term notes with maturities up to 30 months. The Bank (including Alpine) can enter into liquidity facilities with third-party entities pursuant to which it may be required to purchase assets from these entities to provide them with liquidity and credit support. The financing transactions are structured to provide credit support in the form of over-collateralization and other asset-specific enhancements. Alpine is a separate legal entity that is wholly owned by the Bank. However, its assets are available to satisfy only the claims of its creditors. In addition, the Bank, as administrator and liquidity facility provider, has significant exposure to and power over the activities of Alpine. Alpine is considered a VIE for accounting purposes and the Bank is deemed the primary beneficiary and consolidates this entity.

The overall average maturity of Alpine's outstanding CP was approximately 226 days as of December 31, 2021. Alpine's CP was rated A-1(sf) by Standard & Poor's and P-1(sf) by Moody's and had exposures mainly in reverse repurchase agreements with a Bank entity, consumer loans, solar loans and leases, aircraft loans and leases and loans collateralized by royalties.

The Bank's financial commitment to this CP conduit consists of obligations under liquidity agreements. The liquidity agreements are asset-specific arrangements, which require the Bank to provide short-term financing to the CP conduit or to purchase assets from the CP conduit in certain circumstances, including, but not limited to, a lack of liquidity in the CP market such that the CP conduit cannot refinance its obligations or a default of an underlying asset. The asset-specific credit enhancements provided by the client seller of the assets remain unchanged as a result of such a purchase. In entering into such agreements, the Bank reviews the credit risk associated with these transactions on the same basis that would apply to other extensions of credit.

The Bank enters into liquidity facilities with CP conduits administered and sponsored by third parties. These third-party CP conduits are considered to be VIEs for accounting purposes. The Bank is not the primary beneficiary and does not consolidate these third-party CP conduits. The Bank's financial commitment to these third-party CP conduits consists of obligations under liquidity agreements. The liquidity agreements are asset-specific arrangements, which require the Bank to provide short-term financing to the third-party CP conduits or to purchase assets from these CP conduits in certain circumstances, including, but not limited to, a lack of liquidity in the CP market such that the CP conduits cannot refinance their obligations or a default of an underlying asset. The asset-specific credit enhancements, if any, provided by the client seller of the assets remain unchanged as a result of such a purchase. In entering into such agreements, the Bank reviews the credit risk associated with these transactions on the same basis that would apply to other extensions of credit. In some situations, the Bank can enter into liquidity facilities with these third-party CP conduits through Alpine.

The Bank's economic risks associated with the Alpine CP conduit and the third-party CP conduits are included in the Bank's risk management framework including counterparty, economic risk capital and scenario analysis.

## Consolidated VIEs

The Bank has significant involvement with VIEs in its role as a financial intermediary on behalf of clients. The Bank consolidates all VIEs related to financial intermediation for which it is the primary beneficiary.

The consolidated VIEs table provides the carrying amounts and classifications of the assets and liabilities of consolidated VIEs as of December 31, 2021 and 2020.

### Consolidated VIEs in which the Bank was the primary beneficiary

end of	CP Conduit	Securi- tizations	Financial intermediation			Total
			Funds	Loans	Other	
<b>2021 (CHF million)</b>						
Cash and due from banks	1	42	25	27	13	108
Trading assets	0	1,158	54	610	0	1,822
Other investments	0	0	65	789	161	1,015
Net loans	1,022	317	0	28	33	1,400
Other assets	31	604	78	95	674	1,482
of which loans held-for-sale	0	50	23	0	1	74
of which premises and equipment	0	0	0	12	0	12
<b>Total assets of consolidated VIEs</b>	<b>1,054</b>	<b>2,121</b>	<b>222</b>	<b>1,549</b>	<b>881</b>	<b>5,827</b>
Trading liabilities	0	0	0	8	0	8
Short-term borrowings	4,337	0	15	0	0	4,352
Long-term debt	0	1,342	0	3	46	1,391
Other liabilities	67	1	20	61	84	233
<b>Total liabilities of consolidated VIEs</b>	<b>4,404</b>	<b>1,343</b>	<b>35</b>	<b>72</b>	<b>130</b>	<b>5,984</b>
<b>2020 (CHF million)</b>						
Cash and due from banks	0	23	22	37	8	90
Trading assets	0	1,255	50	840	19	2,164
Other investments	0	0	129	920	202	1,251
Net loans	653	0	51	29	167	900
Other assets	21	979	15	65	778	1,858
of which loans held-for-sale	0	462	10	0	0	472
of which premises and equipment	0	0	0	13	4	17
<b>Total assets of consolidated VIEs</b>	<b>674</b>	<b>2,257</b>	<b>267</b>	<b>1,891</b>	<b>1,174</b>	<b>6,263</b>
Customer deposits	0	0	0	0	1	1
Trading liabilities	0	0	0	10	0	10
Short-term borrowings	4,178	0	0	0	0	4,178
Long-term debt	0	1,701	0	10	35	1,746
Other liabilities	53	1	3	72	78	207
<b>Total liabilities of consolidated VIEs</b>	<b>4,231</b>	<b>1,702</b>	<b>3</b>	<b>92</b>	<b>114</b>	<b>6,142</b>

## Non-consolidated VIEs

The non-consolidated VIEs table provides the carrying amounts and classification of the assets of variable interests recorded in the Bank's consolidated balance sheets, maximum exposure to loss and total assets of the non-consolidated VIEs.

Certain VIEs have not been included in the following table, including VIEs structured by third parties in which the Bank's interest is in the form of securities held in the Bank's inventory, certain repurchase financings to funds and single-asset financing vehicles not sponsored by the Bank to which the Bank provides financing but has very little risk of loss due to over-collateralization and/or guarantees, failed sales where the Bank does not have any other holdings and other entities out of scope.

### Non-consolidated VIEs

end of	CDO/ CLO	CP Conduit <sup>1</sup>	Financial intermediation				Total
			Securi- tizations	Funds	Loans	Other	
<b>2021 (CHF million)</b>							
Trading assets	257	0	4,526	932	13	5,494	11,222
Net loans	268	1,005	940	2,403	8,774	1,986	15,376
Other assets	6	0	22	109	0	628	765
<b>Total variable interest assets</b>	<b>531</b>	<b>1,005</b>	<b>5,488</b>	<b>3,444</b>	<b>8,787</b>	<b>8,108</b>	<b>27,363</b>
<b>Maximum exposure to loss</b>	<b>774</b>	<b>7,625</b>	<b>8,036</b>	<b>3,444</b>	<b>13,068</b>	<b>8,637</b>	<b>41,584</b>
<b>Total assets of non-consolidated VIEs</b>	<b>10,266</b>	<b>14,948</b>	<b>108,942</b>	<b>102,820</b>	<b>36,428</b>	<b>19,804</b>	<b>293,208</b>
<b>2020 (CHF million)</b>							
Trading assets	250	0	4,500	1,113	66	8,617	14,546
Net loans	357	371	734	1,967	6,989	939	11,357
Other assets	2	0	3	110	0	344	459
<b>Total variable interest assets</b>	<b>609</b>	<b>371</b>	<b>5,237</b>	<b>3,190</b>	<b>7,055</b>	<b>9,900</b>	<b>26,362</b>
<b>Maximum exposure to loss</b>	<b>852</b>	<b>5,538</b>	<b>7,329</b>	<b>3,190</b>	<b>11,235</b>	<b>10,226</b>	<b>38,370</b>
<b>Total assets of non-consolidated VIEs</b>	<b>8,553</b>	<b>11,148</b>	<b>127,785</b>	<b>87,618</b>	<b>26,186</b>	<b>25,759</b>	<b>287,049</b>

<sup>1</sup> Includes liquidity facilities provided to third-party CP conduits through Alpine Securities Ltd.

## 35 Financial instruments

→ Refer to "Note 36 – Financial instruments" in VI – Consolidated financial statements – Credit Suisse Group for further information.

### Assets and liabilities measured at fair value on a recurring basis

end of 2021	Level 1	Level 2	Level 3	Netting impact <sup>1</sup>	Assets measured at net asset value per share <sup>2</sup>	Total
<b>Assets (CHF million)</b>						
Cash and due from banks	0	308	0	–	–	308
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	0	68,623	0	–	–	68,623
Securities received as collateral	13,848	1,155	14	–	–	15,017
Trading assets	54,145	146,768	4,503	(94,782)	665	111,299
of which debt securities	12,191	40,799	1,225	–	82	54,297
of which foreign government	11,996	11,377	35	–	–	23,408
of which corporates	72	9,057	478	–	82	9,689
of which RMBS	0	17,033	424	–	–	17,457
of which equity securities	34,342	1,486	195	–	583	36,606
of which derivatives	6,224	103,930	2,187	(94,782)	–	17,559
of which interest rate products	721	48,083	624	–	–	–
of which foreign exchange products	123	20,686	53	–	–	–
of which equity/index-related products	5,348	29,808	212	–	–	–
of which other derivatives	0	196	1,034	–	–	–
of which other trading assets	1,388	553	896	–	–	2,837
Investment securities	0	1,003	0	–	–	1,003
Other investments	0	23	3,666	–	404	4,093
of which other equity investments	0	23	2,863	–	351	3,237
of which life finance instruments	0	0	789	–	–	789
Loans	0	8,709	1,534	–	–	10,243
of which commercial and industrial loans	0	2,267	717	–	–	2,984
of which financial institutions	0	3,840	465	–	–	4,305
Other intangible assets (mortgage servicing rights)	0	57	167	–	–	224
Other assets	121	8,750	694	(381)	–	9,184
of which failed purchases	98	1,135	11	–	–	1,244
of which loans held-for-sale	0	6,818	562	–	–	7,380
<b>Total assets at fair value</b>	<b>68,114</b>	<b>235,396</b>	<b>10,578</b>	<b>(95,163)</b>	<b>1,069</b>	<b>219,994</b>

<sup>1</sup> Derivative contracts are reported on a gross basis by level. The impact of netting represents legally enforceable master netting agreements.

<sup>2</sup> In accordance with US GAAP, certain investments that are measured at fair value using the net asset value per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheet.

**Assets and liabilities measured at fair value on a recurring basis (continued)**

end of 2021	Level 1	Level 2	Level 3	Netting impact <sup>1</sup>	Liabilities measured at net asset value per share <sup>2</sup>	Total
<b>Liabilities (CHF million)</b>						
Due to banks	0	477	0	–	–	477
Customer deposits	0	3,306	394	–	–	3,700
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	0	13,307	0	–	–	13,307
Obligation to return securities received as collateral	13,848	1,155	14	–	–	15,017
Trading liabilities	19,423	105,865	2,809	(100,559)	1	27,539
of which short positions	11,693	4,974	25	–	1	16,693
of which debt securities	2,809	4,865	3	–	–	7,677
of which foreign government	2,667	968	0	–	–	3,635
of which corporates	113	3,839	3	–	–	3,955
of which equity securities	8,884	109	22	–	1	9,016
of which derivatives	7,730	100,891	2,784	(100,559)	–	10,846
of which interest rate products	776	44,039	26	–	–	–
of which foreign exchange products	133	22,646	57	–	–	–
of which equity/index-related products	6,812	27,919	1,787	–	–	–
Short-term borrowings	0	9,658	1,032	–	–	10,690
Long-term debt	0	58,112	9,676	–	–	67,788
of which structured notes over one year and up to two years	0	11,036	1,464	–	–	12,500
of which structured notes over two years	0	24,168	6,318	–	–	30,486
of which other debt instruments over two years	0	3,223	1,854	–	–	5,077
of which high-trigger instruments	0	10,708	0	–	–	10,708
of which other subordinated bonds	0	7,133	0	–	–	7,133
Other liabilities	348	2,008	517	(305)	–	2,568
<b>Total liabilities at fair value</b>	<b>33,619</b>	<b>193,888</b>	<b>14,442</b>	<b>(100,864)</b>	<b>1</b>	<b>141,086</b>

<sup>1</sup> Derivative contracts are reported on a gross basis by level. The impact of netting represents legally enforceable master netting agreements.

<sup>2</sup> In accordance with US GAAP, certain investments that are measured at fair value using the net asset value per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheet.

**Assets and liabilities measured at fair value on a recurring basis (continued)**

end of 2020	Level 1	Level 2	Level 3	Netting impact <sup>1</sup>	Assets measured at net asset value per share <sup>2</sup>	Total
<b>Assets (CHF million)</b>						
Cash and due from banks	0	525	0	–	–	525
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	0	57,994	0	–	–	57,994
Securities received as collateral	44,074	6,598	101	–	–	50,773
Trading assets	87,746	181,303	7,535	(119,731)	658	157,511
of which debt securities	16,321	45,903	2,253	–	55	64,532
of which foreign government	15,908	11,909	140	–	–	27,957
of which corporates	353	9,936	1,270	–	55	11,614
of which RMBS	0	20,882	557	–	–	21,439
of which equity securities	60,080	2,466	124	–	603	63,273
of which derivatives	9,297	132,054	3,911	(119,731)	–	25,531
of which interest rate products	3,036	71,043	733	–	–	–
of which foreign exchange products	42	24,259	143	–	–	–
of which equity/index-related products	6,150	31,945	1,186	–	–	–
of which other derivatives	22	110	1,079	–	–	–
of which other trading assets	2,048	880	1,247	–	–	4,175
Investment securities	1	604	0	–	–	605
Other investments	13	6	3,054	–	720	3,793
of which other equity investments	13	6	2,132	–	609	2,760
of which life finance instruments	0	0	920	–	–	920
Loans	0	7,739	3,669	–	–	11,408
of which commercial and industrial loans	0	2,187	1,347	–	–	3,534
of which financial institutions	0	3,506	1,082	–	–	4,588
Other intangible assets (mortgage servicing rights)	0	0	180	–	–	180
Other assets	137	7,315	1,825	(904)	–	8,373
of which failed purchases	109	1,229	51	–	–	1,389
of which loans held-for-sale	0	4,870	1,576	–	–	6,446
<b>Total assets at fair value</b>	<b>131,971</b>	<b>262,084</b>	<b>16,364</b>	<b>(120,635)</b>	<b>1,378</b>	<b>291,162</b>

<sup>1</sup> Derivative contracts are reported on a gross basis by level. The impact of netting represents legally enforceable master netting agreements.

<sup>2</sup> In accordance with US GAAP, certain investments that are measured at fair value using the net asset value per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheet.

**Assets and liabilities measured at fair value on a recurring basis (continued)**

end of 2020	Level 1	Level 2	Level 3	Netting impact <sup>1</sup>	Liabilities measured at net asset value per share <sup>2</sup>	Total
<b>Liabilities (CHF million)</b>						
Due to banks	0	413	0	–	–	413
Customer deposits	0	3,895	448	–	–	4,343
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	0	13,688	0	–	–	13,688
Obligation to return securities received as collateral	44,074	6,598	101	–	–	50,773
Trading liabilities	33,543	138,018	4,246	(129,937)	1	45,871
of which equity securities	20,527	111	55	–	1	20,694
of which derivatives	10,535	132,956	4,191	(129,937)	–	17,745
of which interest rate products	3,264	68,229	169	–	–	–
of which foreign exchange products	51	28,819	72	–	–	–
of which equity/index-related products	7,149	30,612	2,010	–	–	–
of which credit derivatives	0	4,663	1,335	–	–	–
Short-term borrowings	0	10,039	701	–	–	10,740
Long-term debt	0	62,957	7,286	–	–	70,243
of which structured notes over one year and up to two years	0	11,787	1,133	–	–	12,920
of which structured notes over two years	0	28,330	5,526	–	–	33,856
of which high-trigger instruments	0	10,627	0	–	–	10,627
Other liabilities	0	6,675	1,250	(169)	–	7,756
<b>Total liabilities at fair value</b>	<b>77,617</b>	<b>242,283</b>	<b>14,032</b>	<b>(130,106)</b>	<b>1</b>	<b>203,827</b>

<sup>1</sup> Derivative contracts are reported on a gross basis by level. The impact of netting represents legally enforceable master netting agreements.

<sup>2</sup> In accordance with US GAAP, certain investments that are measured at fair value using the net asset value per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheet.



### Assets and liabilities measured at fair value on a recurring basis for level 3

2021	Balance at beginning of period	Transfers in	Transfers out	Purchases	Sales	Issuances	Settlements
<b>Assets (CHF million)</b>							
Securities received as collateral	101	0	0	73	(164)	0	0
Trading assets	7,535	1,345	(3,413)	4,867	(5,685)	874	(1,629)
of which debt securities	2,253	878	(1,701)	3,668	(4,141)	0	0
of which corporates	1,270	471	(747)	2,753	(3,483)	0	0
of which RMBS	557	158	(615)	654	(385)	0	0
of which derivatives	3,911	314	(1,551)	0	0	874	(1,514)
of which interest rate products	733	58	(222)	0	0	175	(79)
of which other derivatives	1,079	1	0	0	0	311	(325)
of which other trading assets	1,247	31	(90)	1,035	(1,371)	0	(115)
Other investments	3,054	99	(758)	1,513	(658)	0	0
of which other equity investments	2,132	65	(757)	1,478	(443)	0	0
of which life finance instruments	920	0	0	33	(188)	0	0
Loans <sup>2</sup>	3,669	257	(1,315)	362	(194)	207	(1,620)
of which commercial and industrial loans <sup>2</sup>	1,347	213	(364)	10	(133)	162	(643)
of which financial institutions	1,082	43	(340)	0	(42)	34	(409)
Other intangible assets (mortgage servicing rights)	180	0	0	22	0	0	0
Other assets	1,825	370	(902)	3,447	(3,269)	120	(924)
of which loans held-for-sale	1,576	360	(855)	3,394	(3,222)	120	(921)
<b>Total assets at fair value</b>	<b>16,364</b>	<b>2,071</b>	<b>(6,388)</b>	<b>10,284</b>	<b>(9,970)</b>	<b>1,201</b>	<b>(4,173)</b>
<b>Liabilities (CHF million)</b>							
Customer deposits	448	0	0	0	0	0	0
Obligation to return securities received as collateral	101	0	0	73	(164)	0	0
Trading liabilities	4,246	1,007	(2,703)	45	(56)	1,135	(1,498)
of which derivatives	4,191	838	(2,553)	19	(8)	1,135	(1,498)
of which equity/index-related derivatives	2,010	562	(1,498)	0	0	581	(644)
Short-term borrowings	701	359	(550)	0	0	1,766	(1,363)
Long-term debt	7,286	4,767	(6,698)	0	0	11,323	(6,863)
of which structured notes over one year and up to two years	1,133	1,802	(1,979)	0	0	2,052	(1,663)
of which structured notes over two years	5,526	2,965	(4,314)	0	0	7,540	(5,038)
of which other debt instruments over two years	165	0	(2)	0	0	1,616	(36)
Other liabilities	1,250	21	(538)	51	(89)	116	(493)
<b>Total liabilities at fair value</b>	<b>14,032</b>	<b>6,154</b>	<b>(10,489)</b>	<b>169</b>	<b>(309)</b>	<b>14,340</b>	<b>(10,217)</b>
<b>Net assets/(liabilities) at fair value</b>	<b>2,332</b>	<b>(4,083)</b>	<b>4,101</b>	<b>10,115</b>	<b>(9,661)</b>	<b>(13,139)</b>	<b>6,044</b>

<sup>1</sup> Changes in unrealized gains/(losses) on total assets at fair value and changes in unrealized (gains)/losses on total liabilities at fair value relating to assets and liabilities held at period end are included in net revenues or accumulated other comprehensive income. As of 2021, changes in net unrealized gains/(losses) of CHF (841) million and CHF 82 million were recorded in trading revenues and other revenues, respectively, and changes in unrealized (gains)/losses of CHF 2 million were recorded in Gains/(losses) on liabilities relating to credit risk in Accumulated other comprehensive income/(loss).

Trading revenues		Other revenues		Accumulated other comprehensive income		Foreign currency translation impact	Balance at end of period	Changes in unrealized gains/losses <sup>1</sup>
On transfers out	On all other	On transfers out	On all other	On transfers out	On all other			
0	0	0	0	0	0	4	14	0
(133)	509	0	(1)	0	0	234	4,503	52
(331)	509	0	(1)	0	0	91	1,225	103
(321)	472	0	0	0	0	63	478	154
(25)	59	0	0	0	0	21	424	(15)
79	(16)	0	0	0	0	90	2,187	116
(8)	(14)	0	0	0	0	(19)	624	141
0	(73)	0	0	0	0	41	1,034	(81)
62	49	0	0	0	0	48	896	(96)
0	86	0	267	0	0	63	3,666	120
0	96	0	262	0	0	30	2,863	80
0	(10)	0	0	0	0	34	789	39
7	55	0	(3)	0	0	109	1,534	(59)
19	74	0	(3)	0	0	35	717	6
1	70	0	0	0	0	26	465	27
0	0	0	(42)	0	0	7	167	(42)
14	(41)	0	0	0	0	54	694	(137)
25	41	0	0	0	0	44	562	(104)
<b>(112)</b>	<b>609</b>	<b>0</b>	<b>221</b>	<b>0</b>	<b>0</b>	<b>471</b>	<b>10,578</b>	<b>(66)</b>
0	(18)	0	0	0	(14)	(22)	394	(29)
0	0	0	0	0	0	4	14	0
340	138	0	0	0	0	155	2,809	653
340	166	0	0	0	0	154	2,784	629
353	352	0	0	0	0	71	1,787	712
(35)	128	0	0	0	0	26	1,032	72
(36)	(324)	0	0	0	(49)	270	9,676	(31)
(26)	104	0	0	(1)	(1)	43	1,464	(2)
11	(528)	0	0	1	(47)	202	6,318	(312)
0	105	0	0	0	0	6	1,854	306
10	(28)	109	66	0	0	42	517	26
<b>279</b>	<b>(104)</b>	<b>109</b>	<b>66</b>	<b>0</b>	<b>(63)</b>	<b>475</b>	<b>14,442</b>	<b>691</b>
<b>(391)</b>	<b>713</b>	<b>(109)</b>	<b>155</b>	<b>0</b>	<b>63</b>	<b>(4)</b>	<b>(3,864)</b>	<b>(757)</b>

**Assets and liabilities measured at fair value on a recurring basis for level 3 (continued)**

2020	Balance at beginning of period	Transfers in	Transfers out	Purchases	Sales	Issuances	Settlements
<b>Assets (CHF million)</b>							
Securities received as collateral	1	0	0	213	(106)	0	0
Trading assets	7,885	3,255	(3,271)	6,304	(6,740)	2,064	(2,968)
of which debt securities	1,923	2,078	(1,775)	3,811	(3,493)	0	0
of which corporates	1,128	703	(809)	2,685	(2,464)	0	0
of which derivatives	3,534	995	(1,207)	0	0	2,064	(2,891)
of which equity/index-related products	1,040	255	(519)	0	0	507	(743)
of which other derivatives	909	0	0	0	0	303	(326)
of which other trading assets	2,231	119	(246)	2,420	(3,189)	0	(77)
Other investments	2,523	8	0	442	(194)	0	0
of which other equity investments	1,463	7	0	408	(22)	0	0
of which life finance instruments	1,052	0	0	34	(172)	0	0
Loans <sup>2</sup>	3,835	1,268	(549)	437	(640)	1,170	(1,435)
of which commercial and industrial loans <sup>2</sup>	1,402	446	(170)	184	(442)	610	(435)
of which financial institutions	1,201	238	(245)	0	(31)	499	(531)
Other intangible assets (mortgage servicing rights)	244	0	0	0	0	0	0
Other assets	1,846	1,440	(709)	4,553	(4,595)	547	(995)
of which loans held-for-sale	1,619	1,380	(665)	4,504	(4,567)	547	(994)
<b>Total assets at fair value</b>	<b>16,334</b>	<b>5,971</b>	<b>(4,529)</b>	<b>11,949</b>	<b>(12,275)</b>	<b>3,781</b>	<b>(5,398)</b>
<b>Liabilities (CHF million)</b>							
Customer deposits	474	0	0	0	0	0	(27)
Obligation to return securities received as collateral	1	0	0	213	(106)	0	0
Trading liabilities	3,854	848	(1,614)	471	(310)	2,146	(2,375)
of which derivatives	3,801	829	(1,611)	198	(8)	2,146	(2,375)
of which equity/index-related derivatives	1,921	248	(954)	0	0	776	(536)
of which credit derivatives	1,211	539	(562)	0	0	1,111	(1,425)
Short-term borrowings	997	37	(294)	0	0	1,307	(1,189)
Long-term debt	12,749	3,089	(7,478)	0	0	5,891	(5,622)
of which structured notes over one year and up to two years	891	689	(676)	0	0	1,022	(690)
of which structured notes over two years	11,458	1,614	(6,479)	0	0	4,766	(4,577)
Other liabilities	1,367	160	(183)	266	(277)	129	(390)
<b>Total liabilities at fair value</b>	<b>19,442</b>	<b>4,134</b>	<b>(9,569)</b>	<b>950</b>	<b>(693)</b>	<b>9,473</b>	<b>(9,603)</b>
<b>Net assets/(liabilities) at fair value</b>	<b>(3,108)</b>	<b>1,837</b>	<b>5,040</b>	<b>10,999</b>	<b>(11,582)</b>	<b>(5,692)</b>	<b>4,205</b>

<sup>1</sup> Changes in unrealized gains/(losses) on total assets at fair value and changes in unrealized (gains)/losses on total liabilities at fair value relating to assets and liabilities held at period end are included in net revenues or accumulated other comprehensive income. As of 2020, changes in net unrealized gains/(losses) of CHF (667) million and CHF 296 million were recorded in trading revenues and other revenues, respectively, and changes in unrealized (gains)/losses of CHF (98) million were recorded in Gains/(losses) on liabilities relating to credit risk in Accumulated other comprehensive income/(loss).

<sup>2</sup> Includes an adjustment of CHF 119 million reflecting the impact of applying the fair value option on certain loans (previously held at amortized cost) at the adoption of the ASU 2019-05.

→ Refer to "Note 36 – Financial instruments" in VI – Consolidated financial statements – Credit Suisse Group for qualitative information about level 3 assets and liabilities measured at fair value on a recurring basis.

Trading revenues		Other revenues		Accumulated other comprehensive income		Foreign currency translation impact	Balance at end of period	Changes in unrealized gains/losses <sup>1</sup>
On transfers out	On all other	On transfers out	On all other	On transfers out	On all other			
0	0	0	0	0	0	(7)	101	0
290	1,598	0	5	0	0	(887)	7,535	1,377
1	14	0	5	0	0	(311)	2,253	166
26	211	0	0	0	0	(210)	1,270	196
213	1,607	0	1	0	0	(405)	3,911	1,323
107	725	0	0	0	0	(186)	1,186	752
(1)	291	0	0	0	0	(97)	1,079	310
72	76	0	(1)	0	0	(158)	1,247	(87)
0	112	0	286	0	0	(123)	3,054	409
0	13	0	293	0	0	(30)	2,132	298
0	99	0	0	0	0	(93)	920	112
52	(164)	0	1	0	0	(306)	3,669	(97)
6	(150)	0	1	0	0	(105)	1,347	(183)
20	43	0	0	0	0	(112)	1,082	47
0	0	0	(44)	0	0	(20)	180	(44)
(17)	(14)	0	0	0	0	(231)	1,825	(48)
(41)	4	0	0	0	0	(211)	1,576	(73)
<b>325</b>	<b>1,532</b>	<b>0</b>	<b>248</b>	<b>0</b>	<b>0</b>	<b>(1,574)</b>	<b>16,364</b>	<b>1,597</b>
0	7	0	0	0	10	(16)	448	46
0	0	0	0	0	0	(7)	101	0
260	1,428	0	0	0	0	(462)	4,246	1,653
259	1,410	0	0	0	0	(458)	4,191	1,646
167	644	0	0	0	0	(256)	2,010	1,162
85	502	0	0	0	0	(126)	1,335	277
4	(62)	0	0	0	0	(99)	701	94
568	(690)	0	0	99	(82)	(1,238)	7,286	209
40	(38)	0	0	1	(1)	(105)	1,133	(19)
532	(683)	0	0	98	(92)	(1,111)	5,526	224
(33)	37	0	289	0	0	(115)	1,250	64
<b>799</b>	<b>720</b>	<b>0</b>	<b>289</b>	<b>99</b>	<b>(72)</b>	<b>(1,937)</b>	<b>14,032</b>	<b>2,066</b>
<b>(474)</b>	<b>812</b>	<b>0</b>	<b>(41)</b>	<b>(99)</b>	<b>72</b>	<b>363</b>	<b>2,332</b>	<b>(469)</b>

## Fair value, unfunded commitments and term of redemption conditions of investment funds measured at NAV per share

end of	2021				2020			
	Non-redeemable	Redeemable	Total fair value	Unfunded commitments	Non-redeemable	Redeemable	Total fair value	Unfunded commitments
<b>Fair value of investment funds and unfunded commitments (CHF million)</b>								
<b>Funds held in trading assets and trading liabilities</b>	<b>193</b>	<b>471</b>	<b>664</b>	<b>24</b>	<b>138</b>	<b>519</b>	<b>657</b>	<b>45</b>
Private equity funds	39	0	39	42	92	0	92	77
Hedge funds	12	2	14	1	12	7	19	0
Equity method investment funds	336	15	351	124	322	287	609	226
<b>Funds held in other investments</b>	<b>387</b>	<b>17</b>	<b>404</b>	<b>167</b>	<b>426</b>	<b>294</b>	<b>720</b>	<b>303</b>
<b>Fair value of investment funds and unfunded commitments</b>	<b>580<sup>1</sup></b>	<b>488<sup>2</sup></b>	<b>1,068</b>	<b>191</b>	<b>564<sup>3</sup></b>	<b>813<sup>4</sup></b>	<b>1,377</b>	<b>348</b>

<sup>1</sup> CHF 339 million of the underlying assets have known liquidation periods and for CHF 241 million, the timing of liquidation is unknown.

<sup>2</sup> CHF 304 million of the redeemable on demand with a notice period of primarily less than 30 days.

<sup>3</sup> CHF 190 million of the underlying assets have known liquidation periods and for CHF 374 million, the timing of liquidation is unknown.

<sup>4</sup> CHF 540 million of the redeemable on demand with a notice period of primarily less than 30 days. CHF 4 million of the investment funds had restrictions on redemptions, which have a redemption restriction of less than 1 year.

## Assets and liabilities measured at fair value on a nonrecurring basis

end of 2021	Level 1	Level 2	Level 3	Total
<b>Assets (CHF million)</b>				
Other investments	0	0	152	152
of which equity method investments	0	0	118	118
of which equity securities (without a readily determinable fair value)	0	0	21	21
Net loans	0	12	5	17
Other assets	0	29	110	139
of which loans held-for-sale	0	28	45	73
of which premises, equipment and right-of-use assets	0	1	60	61
<b>Total assets recorded at fair value on a nonrecurring basis</b>	<b>0</b>	<b>41</b>	<b>267</b>	<b>308</b>
<b>Liabilities (CHF million)</b>				
Other liabilities	0	0	21	21
of which commitments held-for-sale	0	0	21	21
<b>Total liabilities recorded at fair value on a nonrecurring basis</b>	<b>0</b>	<b>0</b>	<b>21</b>	<b>21</b>
end of 2020				
<b>Assets (CHF million)</b>				
Other investments	0	217	326	543
of which equity method investments	0	0	303	303
of which equity securities (without a readily determinable fair value)	0	217	10	227
Net loans	0	67	4	71
Other assets	0	104	97	201
of which loans held-for-sale	0	97	39	136
of which premises, equipment and right-of-use assets	0	4	54	58
<b>Total assets recorded at fair value on a nonrecurring basis</b>	<b>0</b>	<b>388</b>	<b>427</b>	<b>815</b>
<b>Liabilities (CHF million)</b>				
Other liabilities	0	0	14	14
of which commitments held-for-sale	0	0	14	14
<b>Total liabilities recorded at fair value on a nonrecurring basis</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>14</b>

→ Refer to "Note 36 – Financial instruments" in VI – Consolidated financial statements – Credit Suisse Group for quantitative information about level 3 assets and liabilities measured at fair value on a nonrecurring basis.

### Difference between the aggregate fair value and unpaid principal balances of fair value option-elected financial instruments

end of	2021			2020		
	Aggregate fair value	Aggregate unpaid principal	Difference	Aggregate fair value	Aggregate unpaid principal	Difference
<b>Financial instruments (CHF million)</b>						
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	68,623	68,565	58	57,994	57,895	99
Loans	10,243	11,035	(792)	11,408	12,079	(671)
Other assets <sup>1</sup>	8,624	10,777	(2,153)	7,834	10,090	(2,256)
Due to banks and customer deposits	(493)	(442)	(51)	(578)	(489)	(89)
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(13,307)	(13,306)	(1)	(13,688)	(13,672)	(16)
Short-term borrowings	(10,690)	(10,996)	306	(10,740)	(10,632)	(108)
Long-term debt <sup>2</sup>	(67,788)	(70,946)	3,158	(70,243)	(73,175)	2,932
Other liabilities	(1,170)	(1,403)	233	(616)	(1,569)	953
Non-performing and non-interest-earning loans <sup>3</sup>	843	2,657	(1,814)	543	3,364	(2,821)

<sup>1</sup> Primarily loans held-for-sale.

<sup>2</sup> Long-term debt includes both principal-protected and non-principal protected instruments. For non-principal-protected instruments, the original notional amount has been reported in the aggregate unpaid principal.

<sup>3</sup> Included in loans or other assets.

### Gains and losses on financial instruments

in	2021	2020	2019
	Net gains/(losses)	Net gains/(losses)	Net gains/(losses)
<b>Financial instruments (CHF million)</b>			
Interest-bearing deposits with banks	24 <sup>1</sup>	15 <sup>1</sup>	29 <sup>1</sup>
of which related to credit risk	2	0	11
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	638 <sup>1</sup>	1,198 <sup>1</sup>	2,696 <sup>1</sup>
Other investments	304 <sup>2</sup>	397 <sup>2</sup>	268 <sup>3</sup>
of which related to credit risk	2	1	2
Loans	443 <sup>1</sup>	510 <sup>1</sup>	908 <sup>1</sup>
of which related to credit risk	(13)	(181)	26
Other assets	519 <sup>1</sup>	489 <sup>1</sup>	892 <sup>1</sup>
of which related to credit risk	133	(106)	111
Due to banks and customer deposits	(22) <sup>3</sup>	(10) <sup>3</sup>	(29) <sup>3</sup>
of which related to credit risk	0	0	1
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(43) <sup>1</sup>	(58) <sup>1</sup>	(612) <sup>1</sup>
Short-term borrowings	98 <sup>3</sup>	(687) <sup>3</sup>	(50) <sup>3</sup>
of which related to credit risk	2	0	8
Long-term debt	(2,644) <sup>3</sup>	(2,349) <sup>3</sup>	(7,950) <sup>3</sup>
of which related to credit risk	0	11	(5)
Other liabilities	171 <sup>3</sup>	(20) <sup>3</sup>	92 <sup>2</sup>
of which related to credit risk	71	(15)	50

<sup>1</sup> Primarily recognized in net interest income.

<sup>2</sup> Primarily recognized in other revenues.

<sup>3</sup> Primarily recognized in trading revenues.

### Gains/(losses) attributable to changes in instrument-specific credit risk

in	Gains/(losses) recorded into AOCI <sup>1</sup>			Gains/(losses) recorded in AOCI transferred to net income <sup>1</sup>	
	2021	Cumulative	2020	2021	2020
<b>Financial instruments (CHF million)</b>					
Customer deposits	14	(62)	(9)	0	0
Short-term borrowings	19	(51)	(13)	0	1
Long-term debt	263	(2,087)	24	103	155
of which treasury debt over two years	(134)	(859)	188	0	0
of which structured notes over two years	361	(1,142)	(177)	103	155
<b>Total</b>	<b>296</b>	<b>(2,200)</b>	<b>2</b>	<b>103</b>	<b>156</b>

<sup>1</sup> Amounts are reflected gross of tax.

### Carrying value and fair value of financial instruments not carried at fair value

end of	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>2021 (CHF million)</b>					
<b>Financial assets</b>					
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	35,283	0	35,283	0	35,283
Loans	286,438	0	281,195	13,722	294,917
Other financial assets <sup>1</sup>	179,217	163,307	15,457	494	179,258
<b>Financial liabilities</b>					
Due to banks and customer deposits	408,624	244,155	164,475	0	408,630
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	22,061	0	22,061	0	22,061
Short-term borrowings	14,646	0	14,646	0	14,646
Long-term debt	92,908	0	93,597	1,702	95,299
Other financial liabilities <sup>2</sup>	12,542	0	12,105	441	12,546
<b>2020 (CHF million)</b>					
<b>Financial assets</b>					
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	34,282	0	34,282	0	34,282
Loans	285,570	0	281,097	14,534	295,631
Other financial assets <sup>1</sup>	154,441	137,763	16,399	302	154,464
<b>Financial liabilities</b>					
Due to banks and customer deposits	403,704	235,477	168,262	0	403,739
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	23,399	0	23,399	0	23,399
Short-term borrowings	10,568	0	10,569	0	10,569
Long-term debt	90,035	0	90,716	2,317	93,033
Other financial liabilities <sup>2</sup>	16,131	0	15,694	403	16,097

<sup>1</sup> Primarily includes cash and due from banks, interest-bearing deposits with banks, loans held-for-sale, cash collateral on derivative instruments, interest and fee receivables and non-marketable equity securities.

<sup>2</sup> Primarily includes cash collateral on derivative instruments and interest and fee payables.

## 36 Assets pledged and collateral

### Assets pledged

The Bank pledges assets mainly for repurchase agreements and other securities financing. Certain pledged assets may be encumbered, meaning they have the right to be sold or repledged. The encumbered assets are parenthetically disclosed on the consolidated balance sheet.

#### Assets pledged

end of	2021	2020 <sup>1</sup>
<b>CHF million</b>		
Total assets pledged or assigned as collateral	88,721	141,826
of which encumbered	39,105	80,428

<sup>1</sup> Prior period has been revised.

### Collateral

The Bank receives cash and securities in connection with resale agreements, securities borrowing and loans, derivative transactions and margined broker loans. A significant portion of the collateral and securities received by the Bank was sold or repledged in connection with repurchase agreements, securities sold not yet purchased, securities borrowings and loans, pledges to clearing organizations, segregation requirements under securities laws and regulations, derivative transactions and bank loans.

#### Collateral

end of	2021	2020 <sup>1</sup>
<b>CHF million</b>		
Fair value of collateral received with the right to sell or repledge	289,898	414,268
of which sold or repledged	144,747	215,601

<sup>1</sup> Prior period has been revised.

### Other information

end of	2021	2020
<b>CHF million</b>		
Swiss National Bank required minimum liquidity reserves	2,246	2,092
Other restricted cash, securities and receivables <sup>1</sup>	3,423	3,465 <sup>2</sup>

<sup>1</sup> Includes cash, securities and receivables recorded on the Group's consolidated balance sheets and restricted under Swiss or foreign regulations for financial institutions; excludes restricted cash, securities and receivables held on behalf of clients which are not recorded on the Group's consolidated balance sheet.

<sup>2</sup> Prior period has been revised.

→ Refer to "Note 37 – Assets pledged and collateral" in VI – Consolidated financial statements – Credit Suisse Group for further information.

## 37 Capital adequacy

The Bank is subject to the Basel framework, as implemented in Switzerland, as well as Swiss legislation and regulations for systemically important banks. The Bank, which is subject to regulation by FINMA, has based its capital adequacy calculations on US GAAP financial statements, as permitted by FINMA Circular 2013/1.

→ Refer to "Note 38 – Capital adequacy" in VI – Consolidated financial statements – Credit Suisse Group for further information.

As of December 31, 2021 and 2020, the Bank's capital position exceeded its capital requirements under the regulatory provisions outlined under Swiss Requirements.

### Broker-dealer operations

Certain of the Bank's broker-dealer subsidiaries are also subject to capital adequacy requirements. As of December 31, 2021 and 2020, the Bank and its subsidiaries complied with all applicable regulatory capital adequacy requirements.

### Dividend restrictions

Certain of the Bank's subsidiaries are subject to legal restrictions governing the amount of dividends they can pay (for example, pursuant to corporate law as defined by the Swiss Code of Obligations).

As of December 31, 2021 and 2020, Credit Suisse AG was not subject to restrictions on its ability to pay the proposed dividends.



## Swiss metrics

end of	2021	2020
<b>Swiss capital (CHF million)</b>		
Swiss CET1 capital	44,185	40,691
Going concern capital <sup>1</sup>	59,110	55,648
Gone concern capital	41,316	41,857
Total loss-absorbing capacity (TLAC)	100,426	97,505
<b>Swiss risk-weighted assets and leverage exposure (CHF million)</b>		
Swiss risk-weighted assets	267,558	276,157
Leverage exposure	895,810	806,005 <sup>2</sup>
<b>Swiss capital ratios (%)</b>		
Swiss CET1 ratio	16.5	14.7
Going concern capital ratio	22.1	20.2
Gone concern capital ratio	15.4	15.2
TLAC ratio	37.5	35.3
<b>Swiss leverage ratios (%)</b>		
Swiss CET1 leverage ratio	4.9	5.0
Going concern leverage ratio	6.6	6.9
Gone concern leverage ratio	4.6	5.2 <sup>3</sup>
TLAC leverage ratio	11.2	12.1
<b>Swiss capital ratio requirements (%)</b>		
Swiss CET1 ratio requirement	10.0	10.0
Going concern capital ratio requirement	14.3	14.3
Gone concern capital ratio requirement	14.3	14.3
TLAC ratio requirement	28.6	28.6
<b>Swiss leverage ratio requirements (%)</b>		
Swiss CET1 leverage ratio requirement	3.5	3.5
Going concern leverage ratio requirement	5.0	5.0
Gone concern leverage ratio requirement	5.0	5.0
TLAC leverage ratio requirement	10.0	10.0

<sup>1</sup> Amounts are shown on a look-through basis. Certain tier 2 instruments and their related tier 2 amortization components are subject to phase out through 2022. As of 2021 and 2020, gone concern capital was CHF 41,565 million and CHF 42,203 million, including CHF 249 million and CHF 346 million, respectively, of such instruments.

<sup>2</sup> Excludes CHF 124,218 million of cash held at central banks, after adjusting for the dividend paid in 2020.

<sup>3</sup> The gone concern ratio would have been 4.5%, if calculated using a leverage exposure of CHF 930,223 million, without the temporary exclusion of cash held at central banks, after adjusting for the dividend paid in 2020, of CHF 124,218 million.

## 38 Assets under management

The following disclosure provides information regarding client assets, assets under management and net new assets as regulated by FINMA.

→ Refer to "Note 39 – Assets under management" in VI – Consolidated financial statements – Credit Suisse Group for further information.

### Assets under management

end of	2021	2020
<b>CHF billion</b>		
Assets in collective investment instruments managed by Credit Suisse	228.9	210.7
Assets with discretionary mandates	294.8	267.3
Other assets under management	1,087.3	1,029.0
<b>Assets under management (including double counting)</b>	<b>1,611.0</b>	<b>1,507.0</b>
of which double counting	45.9	48.8

### Changes in assets under management

	2021	2020
<b>Assets under management (CHF billion)</b>		
<b>Balance at beginning of period <sup>1</sup></b>	<b>1,507.0</b>	<b>1,507.7</b>
Net new assets/(net asset outflows)	33.2	43.4
Market movements, interest, dividends and foreign exchange	92.4	(14.5)
of which market movements, interest and dividends <sup>2</sup>	80.7	53.2
of which foreign exchange	11.7	(67.7)
Other effects	(21.6)	(22.6)
<b>Balance at end of period</b>	<b>1,611.0</b>	<b>1,507.0</b>

<sup>1</sup> Including double counting.

<sup>2</sup> Net of commissions and other expenses and net of interest expenses charged.

## 39 Litigation

→ Refer to "Note 40 – Litigation" in VI – Consolidated financial statements – Credit Suisse Group for further information.

## 40 Significant subsidiaries and equity method investments

The entities presented in the table below generally include subsidiaries with total assets over CHF 100 million or net income attributable to shareholders over CHF 10 million. Also included

are entities which are deemed regionally significant or otherwise relevant from an operational perspective.

### Significant subsidiaries

Company name	Domicile	Currency	Nominal capital in million	Equity interest in %
<b>End of 2021</b>				
<b>Credit Suisse AG</b>				
Alpine Securitization LTD	George Town, Cayman Islands	USD	80.5	100
Banco Credit Suisse (Brasil) S.A.	São Paulo, Brazil	BRL	53.6	100
Banco Credit Suisse (Mexico), S.A.	Mexico City, Mexico	MXN	3,591.7	100
Banco de Investimentos Credit Suisse (Brasil) S.A.	São Paulo, Brazil	BRL	164.8	100
Bank-now AG	Horgen, Switzerland	CHF	30.0	100
Boston Re Ltd.	Hamilton, Bermuda	USD	2.0	100
Casa de Bolsa Credit Suisse (Mexico), S.A. de C.V.	Mexico City, Mexico	MXN	274.0	100
Column Financial, Inc.	Wilmington, United States	USD	0.0	100
Credit Suisse (Australia) Limited	Sydney, Australia	AUD	34.1	100
Credit Suisse (Brasil) S.A. Corretora de Titulos e Valores Mobiliarios	São Paulo, Brazil	BRL	98.4	100
Credit Suisse (Deutschland) Aktiengesellschaft	Frankfurt, Germany	EUR	130.0	100
Credit Suisse (Hong Kong) Limited	Hong Kong, China	HKD	8,192.9	100
Credit Suisse (Italy) S.p.A.	Milan, Italy	EUR	170.0	100
Credit Suisse (Luxembourg) S.A.	Luxembourg, Luxembourg	CHF	230.9	100
Credit Suisse (Qatar) LLC	Doha, Qatar	USD	29.0	100
Credit Suisse (Schweiz) AG	Zurich, Switzerland	CHF	100.0	100
Credit Suisse (Singapore) Limited	Singapore, Singapore	SGD	743.3	100
Credit Suisse (UK) Limited	London, United Kingdom	GBP	245.2	100
Credit Suisse (USA), Inc.	Wilmington, United States	USD	0.0	100
Credit Suisse Asset Management (Schweiz) AG	Zurich, Switzerland	CHF	0.2	100
Credit Suisse Asset Management (UK) Holding Limited	London, United Kingdom	GBP	144.2	100
Credit Suisse Asset Management International Holding Ltd	Zurich, Switzerland	CHF	20.0	100
Credit Suisse Asset Management Investments Ltd	Zurich, Switzerland	CHF	0.1	100
Credit Suisse Asset Management Limited	London, United Kingdom	GBP	45.0	100
Credit Suisse Asset Management Real Estate GmbH	Frankfurt, Germany	EUR	6.1	100
Credit Suisse Asset Management, LLC	Wilmington, United States	USD	1,115.9	100
Credit Suisse Atlas I Investments (Luxembourg) S.à.r.l.	Luxembourg, Luxembourg	USD	0.0	100
Credit Suisse Bank (Europe), S.A.	Spain, Madrid	EUR	18.0	100
Credit Suisse Brazil (Bahamas) Limited	Nassau, Bahamas	USD	70.0	100
Credit Suisse Business Analytics (India) Private Limited	Mumbai, India	INR	40.0	100
Credit Suisse Capital LLC	Wilmington, United States	USD	1,702.3	100
Credit Suisse Entrepreneur Capital AG	Zurich, Switzerland	CHF	15.0	100
Credit Suisse Equities (Australia) Limited	Sydney, Australia	AUD	62.5	100
Credit Suisse Finance (India) Private Limited	Mumbai, India	INR	1,050.1	100
Credit Suisse First Boston (Latam Holdings) LLC	George Town, Cayman Islands	USD	28.8	100
Credit Suisse First Boston Finance B.V.	Amsterdam, The Netherlands	EUR	0.0	100
Credit Suisse First Boston Mortgage Capital LLC	Wilmington, United States	USD	206.6	100
Credit Suisse First Boston Next Fund, Inc.	Wilmington, United States	USD	0.0	100
Credit Suisse Fund Management S.A.	Luxembourg, Luxembourg	CHF	0.3	100

## Significant subsidiaries (continued)

Company name	Domicile	Currency	Nominal capital in million	Equity interest in %
Credit Suisse Fund Services (Luxembourg) S.A.	Luxembourg, Luxembourg	CHF	1.5	100
Credit Suisse Funds AG	Zurich, Switzerland	CHF	7.0	100
Credit Suisse Hedging-Griffo Corretora de Valores S.A.	São Paulo, Brazil	BRL	29.6	100
Credit Suisse Holding Europe (Luxembourg) S.A.	Luxembourg, Luxembourg	CHF	32.6	100
Credit Suisse Holdings (Australia) Limited	Sydney, Australia	AUD	3.0	100
Credit Suisse Holdings (USA), Inc.	Wilmington, United States	USD	550.0	100
Credit Suisse Istanbul Menkul Degerler A.S.	Istanbul, Turkey	TRY	10.0	100
Credit Suisse Life (Bermuda) Ltd.	Hamilton, Bermuda	USD	0.5	100
Credit Suisse Loan Funding LLC	Wilmington, United States	USD	1.7	100
Credit Suisse Management LLC	Wilmington, United States	USD	891.4	100
Credit Suisse Prime Securities Services (USA) LLC	Wilmington, United States	USD	3.3	100
Credit Suisse Saudi Arabia	Riyadh, Saudi Arabia	SAR	737.5	100
Credit Suisse Securities (Canada), Inc.	Toronto, Canada	CAD	3.4	100
Credit Suisse Securities (Europe) Limited	London, United Kingdom	USD	3,859.3	100
Credit Suisse Securities (Hong Kong) Limited	Hong Kong, China	HKD	2,080.9	100
Credit Suisse Securities (India) Private Limited	Mumbai, India	INR	2,214.7	100
Credit Suisse Securities (Japan) Limited	Tokyo, Japan	JPY	78,100.0	100
Credit Suisse Securities (Johannesburg) Proprietary Limited – in liquidation	Johannesburg, South Africa	ZAR	0.0	100
Credit Suisse Securities (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia	MYR	100.0	100
Credit Suisse Securities (Singapore) Pte. Limited	Singapore, Singapore	SGD	30.0	100
Credit Suisse Securities (Thailand) Limited	Bangkok, Thailand	THB	500.0	100
Credit Suisse Securities (USA) LLC	Wilmington, United States	USD	2,200.7	100
Credit Suisse Services (India) Private Limited	Pune, India	INR	0.1	100
Credit Suisse Services (USA) LLC	Wilmington, United States	USD	15.4	100
CS Non-Traditional Products Ltd.	Nassau, Bahamas	USD	0.1	100
CSSEL Guernsey Bare Trust	St. Peter Port, Guernsey	USD	0.0	100
DLJ Mortgage Capital, Inc.	Wilmington, United States	USD	0.0	100
Fides Treasury Services AG	Zurich, Switzerland	CHF	2.0	100
JSC "Bank Credit Suisse (Moscow)"	Moscow, Russia	RUB	460.0	100
Lime Residential, Ltd.	Nassau, Bahamas	USD	0.0	100
LLC "Credit Suisse Securities (Moscow)"	Moscow, Russia	RUB	727.0	100
Merban Equity AG	Zug, Switzerland	CHF	0.1	100
Select Portfolio Servicing, Inc.	Utah, United States	USD	0.0	100
Solar Investco II Ltd.	George Town, Cayman Islands	USD	0.0	100
SP Holding Enterprises Corp.	Wilmington, United States	USD	0.0	100
SR Lease Co VI Ltd.	Cayman Islands	USD	0.0	100
PT Credit Suisse Sekuritas Indonesia	Jakarta, Indonesia	IDR	235,000.0	99
Credit Suisse Hypotheken AG	Zurich, Switzerland	CHF	0.1	98
Credit Suisse International	London, United Kingdom	USD	11,366.2	98 <sup>1</sup>
Credit Suisse Securities (China) Limited	Beijing, China	CNY	1,089.0	51

<sup>1</sup> Remaining 2% held directly by Credit Suisse Group AG. 98% of voting rights and 98% of equity interest held by Credit Suisse AG.

## Significant equity method investments

Company name	Domicile	Equity interest in %
<b>End of 2021</b>		
<b>Credit Suisse AG</b>		
Swisscard AECS GmbH	Horgen, Switzerland	50
Stockbrokers Holdings Pty Ltd.	Melbourne, Australia	23
ICBC Credit Suisse Asset Management Co., Ltd.	Beijing, China	20
York Capital Management Global Advisors, LLC	New York, United States	5 <sup>1</sup>
Holding Verde Empreendimentos e Participações S.A.	São Paulo, Brazil	0 <sup>1</sup>

<sup>1</sup> The Bank holds a significant noncontrolling interest.

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## 41 Significant valuation and income recognition differences between US GAAP and Swiss GAAP banking law (true and fair view)

→ Refer to "Note 43 – Significant valuation and income recognition differences between US GAAP and Swiss GAAP banking law (true and fair view)" in VI – Consolidated financial statements – Credit Suisse Group for further information.

## **APPENDIX 6 — LEGAL PROCEEDINGS INFORMATION EXTRACTED FROM CREDIT SUISSE ANNUAL REPORT 2021**

We are a wholly owned subsidiary of Credit Suisse Group AG. We have extracted the section headed “Litigation” (under Note 40 to the consolidated financial statements of Credit Suisse Group) from pages 413-425 of the Credit Suisse Annual Report 2021 in this appendix 6. References to page numbers in this appendix 6 are to the pages in the Credit Suisse Annual Report 2021 and not to the pages in this document.

Abbreviations and selected terms are explained in the List of abbreviations and the Glossary in the back of the Credit Suisse Annual Report 2021.

## 40 Litigation

The Group is involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising in connection with the conduct of its businesses, including those disclosed below. Some of these proceedings have been brought on behalf of various classes of claimants and seek damages of material and/or indeterminate amounts.

The Group accrues loss contingency litigation provisions and takes a charge to income in connection with certain proceedings when losses, additional losses or ranges of loss are probable and reasonably estimable. The Group also accrues litigation provisions for the estimated fees and expenses of external lawyers and other service providers in relation to such proceedings, including in cases for which it has not accrued a loss contingency provision. The Group accrues these fee and expense litigation provisions and takes a charge to income in connection therewith when such fees and expenses are probable and reasonably estimable. The Group reviews its legal proceedings each quarter to determine the adequacy of its litigation provisions and may increase or release provisions based on management's judgment and the advice of counsel. This review includes consideration of management's strategy for resolution of matters through settlement or trial, as well as changes in such strategy. The establishment of additional provisions or releases of litigation provisions may be necessary in the future as developments in such proceedings warrant.

The specific matters described below include (a) proceedings where the Group has accrued a loss contingency provision, given that it is probable that a loss may be incurred and such loss is reasonably estimable; and (b) proceedings where the Group has not accrued such a loss contingency provision for various reasons, including, but not limited to, the fact that any related losses are not reasonably estimable. The description of certain of the matters below includes a statement that the Group has established a loss contingency provision and discloses the amount of such provision; for the other matters no such statement is made. With respect to the matters for which no such statement is made, either (a) the Group has not established a loss contingency provision, in which case the matter is treated as a contingent liability under the applicable accounting standard, or (b) the Group has established such a provision but believes that disclosure of that fact would violate confidentiality obligations to which the Group is subject or otherwise compromise attorney-client privilege, work product protection or other protections against disclosure or compromise the Group's management of the matter. The future outflow of funds in respect of any matter for which the Group has

accrued loss contingency provisions cannot be determined with certainty based on currently available information, and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that is reflected on the Group's balance sheet.

It is inherently difficult to determine whether a loss is probable or even reasonably possible or to estimate the amount of any loss or loss range for many of the Group's legal proceedings. Estimates, by their nature, are based on judgment and currently available information and involve a variety of factors, including, but not limited to, the type and nature of the proceeding, the progress of the matter, the advice of counsel, the Group's defenses and its experience in similar matters, as well as its assessment of matters, including settlements, involving other defendants in similar or related cases or proceedings. Factual and legal determinations, many of which are complex, must be made before a loss, additional losses or ranges of loss can be reasonably estimated for any proceeding.

Most matters pending against the Group seek damages of an indeterminate amount. While certain matters specify the damages claimed, such claimed amount may not represent the Group's reasonably possible losses. For certain of the proceedings discussed below the Group has disclosed the amount of damages claimed and certain other quantifiable information that is publicly available.

The following table presents a roll forward of the Group's aggregate litigation provisions.

<b>Litigation provisions</b>		<b>2021</b>
<b>CHF million</b>		
<b>Balance at beginning of period</b>		<b>1,660</b>
Increase in litigation accruals		1,541
Decrease in litigation accruals		(68)
Decrease for settlements and other cash payments		(1,630)
Foreign exchange translation		36
<b>Balance at end of period</b>		<b>1,539</b>

The Group's aggregate litigation provisions include estimates of losses, additional losses or ranges of loss for proceedings for which such losses are probable and can be reasonably estimated. The Group does not believe that it can estimate an aggregate range of reasonably possible losses for certain of its proceedings because of their complexity, the novelty of some of the claims, the early

stage of the proceedings, the limited amount of discovery that has occurred and/or other factors. The Group's estimate of the aggregate range of reasonably possible losses that are not covered by existing provisions for the proceedings discussed below for which the Group believes an estimate is possible is zero to CHF 1.5 billion.

After taking into account its litigation provisions, the Group believes, based on currently available information and advice of counsel, that the results of its legal proceedings, in the aggregate, will not have a material adverse effect on the Group's financial condition. However, in light of the inherent uncertainties of such proceedings, including those brought by regulators or other governmental authorities, the ultimate cost to the Group of resolving such proceedings may exceed current litigation provisions and any excess may be material to its operating results for any particular period, depending, in part, upon the operating results for such period.

## **Mortgage-related matters**

### **Government and regulatory related matters**

Various financial institutions, including Credit Suisse Securities (USA) LLC (CSS LLC) and certain of its affiliates, have received requests for information from, and/or have been defending civil actions by, certain regulators and/or government entities, including the US Department of Justice (DOJ) and other members of the Residential Mortgage-Backed Securities (RMBS) Working Group of the US Financial Fraud Enforcement Task Force, regarding the origination, purchase, securitization, servicing and trading of subprime and non-subprime residential and commercial mortgages and related issues. CSS LLC and its affiliates are cooperating with such requests for information.

### **DOJ RMBS settlement**

As previously disclosed, on January 18, 2017, CSS LLC and its current and former US subsidiaries and US affiliates reached a settlement with the DOJ related to its legacy RMBS business, a business conducted through 2007. The settlement resolved potential civil claims by the DOJ related to certain of those Credit Suisse entities' packaging, marketing, structuring, arrangement, underwriting, issuance and sale of RMBS. Pursuant to the terms of the settlement a civil monetary penalty was paid to the DOJ in January 2017. The settlement also required the above-mentioned entities to provide certain levels of consumer relief measures, including affordable housing payments and loan forgiveness, and the DOJ and Credit Suisse agreed to the appointment of an independent monitor to oversee the completion of the consumer relief requirements of the settlement. Credit Suisse currently anticipates that it will take much longer than the five-year period provided in the settlement to satisfy in full its obligations in respect of these consumer relief measures and that it may only complete them by 2026 or later, subject to market conditions and the Group's risk appetite. In light of Credit Suisse's current plans as to how it will satisfy these obligations, Credit Suisse expects to incur additional costs beyond those previously anticipated in relation to satisfying those obligations. The amount of consumer

relief Credit Suisse must provide also increases after 2021 pursuant to the original settlement by 5% per annum of the outstanding amount due until these obligations are settled. The monitor publishes reports periodically on these consumer relief matters.

### **NJAG litigation**

On December 18, 2013, the New Jersey Attorney General (NJAG), on behalf of the State of New Jersey, filed a civil action in the Superior Court of New Jersey, Chancery Division, Mercer County (SCNJ), against CSS LLC and affiliated entities in their roles as issuer, sponsor, depositor and/or underwriter of RMBS transactions prior to 2008. The original complaint, which referenced 13 RMBS issued, sponsored, deposited and underwritten by CSS LLC and its affiliates in 2006 and 2007, alleges that CSS LLC and its affiliates misled investors and engaged in fraud or deceit in connection with the offer and sale of RMBS, and seeks an unspecified amount of damages. On August 21, 2014, the SCNJ dismissed without prejudice the action brought against CSS LLC and its affiliates by the NJAG. On September 4, 2014, the NJAG filed an amended complaint against CSS LLC and its affiliates, asserting additional allegations but not expanding the number of claims or RMBS referenced in the original complaint. On August 21, 2019, the NJAG filed a motion for partial summary judgment. On November 18, 2019, CSS LLC and its affiliates filed a cross-motion for partial summary judgment. On June 17, 2021, the SCNJ entered orders granting the motion for partial summary judgment filed by the NJAG and denying the cross-motion for partial summary judgment filed by CSS LLC and its affiliates. On September 8, 2021, the SCNJ scheduled trial in the action to begin in September 2022.

### **Civil litigation**

CSS LLC and/or certain of its affiliates have also been named as defendants in various civil litigation matters related to their roles as issuer, sponsor, depositor, underwriter and/or servicer of RMBS transactions. These cases include or have included class action lawsuits, actions by individual investors in RMBS, actions by monoline insurance companies that guaranteed payments of principal and interest for certain RMBS, and repurchase actions by RMBS trusts, trustees and/or investors. Although the allegations vary by lawsuit, plaintiffs in the class actions and individual investor actions generally allege that the offering documents of securities issued by various RMBS securitization trusts contained material misrepresentations and omissions, including statements regarding the underwriting standards pursuant to which the underlying mortgage loans were issued; monoline insurers generally allege that loans that collateralize RMBS they insured breached representations and warranties made with respect to the loans at the time of securitization and that they were fraudulently induced to enter into the transactions; and repurchase action plaintiffs generally allege breached representations and warranties in respect of mortgage loans and failure to repurchase such mortgage loans as required under the applicable agreements. The amounts disclosed below do not reflect actual realized plaintiff losses to date or anticipated future litigation exposure. Rather, unless otherwise stated, these amounts reflect

the original unpaid principal balance amounts as alleged in these actions and do not include any reduction in principal amounts since issuance. Further, unless otherwise stated, amounts attributable to an "operative pleading" for the individual investor actions are not altered for settlements, dismissals or other occurrences, if any, that may have caused the amounts to change subsequent to the operative pleading. In addition to the mortgage-related actions discussed below, a number of other entities have threatened to assert claims against CSS LLC and/or its affiliates in connection with various RMBS issuances.

#### **Individual investor actions**

CSS LLC as an RMBS issuer, underwriter and/or other participant, along with other defendants, has been named as a defendant in: an action brought by the Federal Deposit Insurance Corporation (FDIC), as receiver for Colonial Bank, in the US District Court for the Southern District of New York (SDNY), in which claims against CSS LLC relate to approximately USD 92 million of the RMBS at issue (approximately 23% of the USD 394 million at issue against all defendants in the operative pleading). This action is at an intermediate procedural stage.

CSS LLC and certain of its affiliates are the only defendants named in an action brought by IKB Deutsche Industriebank AG and affiliated entities in the Supreme Court for the State of New York, New York County (SCNY), in which claims against CSS LLC and its affiliates relate to approximately USD 97 million of RMBS at issue; this action is at an intermediate procedural stage.

In early March 2022, in an action brought by the FDIC, as receiver for Citizens National Bank and Strategic Capital Bank, in the SDNY, in which claims related to approximately USD 28 million of RMBS at issue, the parties executed an agreement to settle and dismiss all claims against CSS LLC and its affiliates.

#### **Monoline insurer disputes**

CSS LLC and certain of its affiliates were defendants in one monoline insurer action in the SCNY, commenced by MBIA Insurance Corp. (MBIA) as guarantor for payments of principal and interest related to approximately USD 770 million of RMBS issued in an offering sponsored by the Credit Suisse defendants. One theory of liability advanced by MBIA was that an affiliate of CSS LLC must repurchase certain mortgage loans from the trusts at issue. MBIA claimed that the vast majority of the underlying mortgage loans breach certain representations and warranties, and that the affiliate has failed to repurchase the allegedly defective loans. MBIA submitted repurchase demands for loans with an original principal balance of approximately USD 549 million. On August 2, 2019, the SCNY concluded a two-week bench trial. On November 30, 2020, the SCNY issued a post-trial order determining liability, and on January 25, 2021 entered an order setting damages in the amount of USD 604 million. On February 11, 2021, following a settlement in the amount of USD 600 million, for which Credit Suisse was fully reserved, the SCNY dismissed with prejudice all claims against CSS LLC and its affiliates.

#### **Repurchase litigations**

DLJ Mortgage Capital, Inc. (DLJ) is a defendant in: (i) one action brought by Asset Backed Securities Corporation Home Equity Loan Trust, Series 2006-HE7, in which plaintiff alleges damages of not less than USD 374 million, increased from not less than USD 341 million, in an amended complaint filed on August 19, 2019, which action is proceeding in the SCNY following the resolution of a previously pending appeal; on January 13, 2020, DLJ filed a motion to dismiss; (ii) one action brought by Home Equity Asset Trust, Series 2006-8, in which plaintiff alleges damages of not less than USD 436 million; (iii) one action brought by Home Equity Asset Trust 2007-1, in which plaintiff alleges damages of not less than USD 420 million; on December 27, 2018, the SCNY denied DLJ's motion for partial summary judgment in this action, and the Appellate Division First Department of the SCNY (First Department) affirmed the SCNY's summary judgment order on October 10, 2019; on January 30, 2020, DLJ obtained leave to further appeal to the New York State Court of Appeals; on May 6, 2021, following oral argument, the New York State Court of Appeals ordered re-argument of the appeal, which took place on February 8, 2022; on June 1, 2021, the SCNY postponed the commencement of the trial that had been scheduled to begin on October 11, 2021 until May 31, 2022; the commencement of the trial remains subject to the final resolution of DLJ's summary judgment appeal; (iv) one action brought by Home Equity Asset Trust 2007-2, in which plaintiff alleges damages of not less than USD 495 million; and (v) one action brought by CSMC Asset-Backed Trust 2007-NC1, in which no damages amount is alleged. These actions are brought in the SCNY and are at various procedural stages. DLJ is also a defendant in one action brought by Home Equity Asset Trust Series 2007-3, in which plaintiff alleges damages of not less than USD 206 million. On March 5, 2022, the parties executed an agreement to settle this action. The settlement remains subject to approval through a trust instruction proceeding to be brought in Minnesota state court by the trustee of the plaintiff trust. DLJ and its affiliate, Select Portfolio Servicing, Inc. (SPS), are defendants in two actions that have been consolidated for certain procedural purposes, including trial, in the SCNY: one action brought by Home Equity Mortgage Trust Series 2006-1, Home Equity Mortgage Trust Series 2006-3 and Home Equity Mortgage Trust Series 2006-4, in which plaintiffs allege damages of not less than USD 730 million, and allege that SPS obstructed the investigation into the full extent of the defects in the mortgage pools by refusing to afford the trustee reasonable access to certain origination files; and one action brought by Home Equity Mortgage Trust Series 2006-5, in which plaintiff alleges damages of not less than USD 500 million, and alleges that SPS likely discovered DLJ's alleged breaches of representations and warranties but did not notify the trustee of such breaches, in alleged violation of its contractual obligations. On January 10, 2019, the SCNY denied DLJ's motion for partial summary judgment in these actions, and the First Department affirmed the SCNY's summary judgment order on September 17, 2019. On December 12, 2019, DLJ obtained leave to further appeal to the New York State Court of Appeals. On April 19, 2021, the parties executed an agreement to settle both actions



for the aggregate amount of USD 500 million, for which Credit Suisse was fully reserved. The settlement remains subject to approval through a trust instruction proceeding to be brought in Minnesota state court by the trustee of the plaintiff trusts. Pursuant to the settlement, on April 23, 2021, DLJ's appeal to the New York State Court of Appeals from the denial of its partial summary judgment motion in these actions was withdrawn. On June 4, 2021, the SCNY vacated the trial in these actions that had been scheduled to begin on January 10, 2022.

As disclosed in Credit Suisse's fourth quarter Financial Report of 2013, the following repurchase actions were dismissed with prejudice in 2013: the three consolidated actions brought by Home Equity Asset Trust 2006-5, Home Equity Asset Trust 2006-6 and Home Equity Asset Trust 2006-7 against DLJ. Those dismissals were upheld by the New York State Court of Appeals on February 19, 2019. On July 8, 2019, the notice of appeal plaintiffs filed before the First Department from the SCNY's April 2017 denial of plaintiffs' request that its 2013 dismissal decision be modified to allow plaintiffs to assert new claims not previously included in plaintiffs' consolidated complaint was deemed dismissed when plaintiffs declined to further pursue their appeal by a court-ordered deadline. On August 15, 2019, the trustees for Home Equity Asset Trust 2006-5, Home Equity Asset Trust 2006-6 and Home Equity Asset Trust 2006-7 commenced a new repurchase action against DLJ in the SCNY, in which plaintiffs alleged damages of not less than USD 936 million, asserting substantially similar claims against DLJ as those alleged in the three consolidated repurchase actions that were dismissed with prejudice in 2013. On September 20, 2019, DLJ filed a motion to dismiss and on November 25, 2019, the SCNY entered an order dismissing this new action with prejudice. On December 20, 2019, the plaintiffs filed a notice of appeal to the First Department.

## Bank loan litigation

CSS LLC and certain of its affiliates are the subject of certain litigation relating to certain real estate developments including Yellowstone Club and Lake Las Vegas as well as other similar real estate developments. Credit Suisse defendants in these matters arranged, and acted as the agent bank for, syndicated loans provided to borrowers affiliated with such real estate developments, and who have since gone through bankruptcy or foreclosure. Such litigation includes two cases brought in Texas and New York state courts by entities related to Highland Capital Management LP (Highland). In the case in Texas state court, a jury trial was held in December 2014 on Highland's claim for fraudulent inducement by affirmative misrepresentation and omission. A verdict was issued for the plaintiff on its claim for fraudulent inducement by affirmative misrepresentation, but the jury rejected its claim that CSS LLC and an affiliate had committed fraudulent inducement by omission. The Texas judge held a bench trial on Highland's remaining claims in May and June 2015, and entered judgment in the amount of USD 287 million (including prejudgment interest) for the plaintiff on September 4, 2015. Both parties appealed and on February 21, 2018 the appeals court affirmed the lower court's decision. On July

18, 2018, the defendants filed a request for review by the Texas Supreme Court. On April 24, 2020, the Texas Supreme Court issued a ruling reversing a portion of the trial court's September 4, 2015 judgment related to the bench trial held in May and June 2015, thereby dismissing plaintiff's breach of contract, breach of the implied duty of good faith and fair dealing, aiding and abetting fraud, and civil conspiracy claims, including damages of approximately USD 212 million, exclusive of interest, but left standing the separate December 2014 jury verdict for plaintiff on its claims for fraudulent inducement by affirmative misrepresentation. On June 10, 2020, Highland filed a motion for rehearing in the Texas Supreme Court, which the court denied on October 2, 2020. The Texas Supreme Court subsequently remanded the case back to the trial court for further proceedings related to the calculation of damages and interest. On June 25, 2021, the trial court entered a new judgment, which awarded plaintiff a total of approximately USD 121 million. CSS LLC and its affiliates filed a notice of appeal from the judgment on July 23, 2021.

In the case in New York state court, the court granted in part and denied in part CSS LLC and certain of its affiliates' summary judgment motion. Both parties appealed that decision, but the appellate court affirmed the decision in full. The case is currently in discovery.

## Tax and securities law matters

On May 19, 2014, Credit Suisse AG entered into settlement agreements with several US regulators regarding its US cross-border matters. As part of the agreements, Credit Suisse AG, among other things, engaged an independent corporate monitor that reports to the New York State Department of Financial Services. As of July 31, 2018, the monitor concluded both his review and his assignment. Credit Suisse AG continues to report to and cooperate with US authorities in accordance with Credit Suisse AG's obligations under the agreements.

## Rates-related matters

### Regulatory matters

Regulatory authorities in a number of jurisdictions, including the US, UK, EU and Switzerland, have for an extended period of time been conducting investigations into the setting of LIBOR and other reference rates with respect to a number of currencies, as well as the pricing of certain related derivatives. These ongoing investigations have included information requests from regulators regarding LIBOR-setting practices and reviews of the activities of various financial institutions, including Credit Suisse Group AG, which is a member of three LIBOR rate-setting panels (US Dollar LIBOR, Swiss Franc LIBOR and Euro LIBOR). Credit Suisse is cooperating fully with these investigations. In particular, it has been reported that regulators are investigating whether financial institutions engaged in an effort to manipulate LIBOR, either individually or in concert with other institutions, in order to improve market perception of these institutions' financial health and/or to increase the value of their proprietary trading positions. In response to regulatory inquiries, Credit Suisse commissioned a review of these issues. To date, Credit Suisse has seen no

evidence to suggest that it is likely to have any material exposure in connection with these issues.

Regulatory authorities in a number of jurisdictions, including the Swiss Competition Commission (COMCO), the European Commission (Commission), the South African Competition Commission, and the Brazilian Competition Authority have been conducting investigations into the trading activities, information sharing and the setting of benchmark rates in the foreign exchange (including electronic trading) markets.

On March 31, 2014, COMCO announced its formal investigation of numerous Swiss and international financial institutions, including Credit Suisse Group AG, in relation to the setting of exchange rates in foreign exchange trading. Credit Suisse continues to cooperate with this ongoing investigation.

Credit Suisse Group AG, Credit Suisse AG, and Credit Suisse Securities (Europe) Limited received a Statement of Objections and a Supplemental Statement of Objections from the Commission on July 26, 2018 and March 19, 2021, respectively, which allege that Credit Suisse entities engaged in anticompetitive practices in connection with their foreign exchange trading business. On December 6, 2021, the Commission issued a formal decision imposing a fine of EUR 83.3 million. On February 15, 2022, Credit Suisse appealed this decision to the EU General Court.

The reference rates investigations have also included information requests from regulators concerning supranational, sub-sovereign and agency (SSA) bonds and commodities markets. Credit Suisse is cooperating fully with these investigations.

On December 20, 2018, Credit Suisse Group AG and Credit Suisse Securities (Europe) Limited received a Statement of Objections from the Commission, alleging that Credit Suisse entities engaged in anticompetitive practices in connection with their SSA bonds trading business. On April 28, 2021, the Commission issued a formal decision imposing a fine of EUR 11.9 million. On July 8, 2021, Credit Suisse appealed this decision to the EU General Court.

The investigations are ongoing and it is too soon to predict the final outcome of the investigations.

#### **Civil litigation**

##### **USD LIBOR litigation**

Beginning in 2011, certain Credit Suisse entities were named in various putative class and individual lawsuits filed in the US, alleging banks on the US dollar LIBOR panel manipulated US dollar LIBOR to benefit their reputation and increase profits. All remaining matters have been consolidated for pre-trial purposes into a multi-district litigation in the SDNY. The majority of the actions have been stayed since their outset, while a handful of individual actions and putative class actions have been proceeding.

In a series of rulings between 2013 and 2019 on motions to dismiss, the SDNY (i) narrowed the claims against the Credit

Suisse entities and the other defendants (dismissing antitrust, Racketeer Influenced and Corrupt Organizations Act (RICO), Commodity Exchange Act, and state law claims), (ii) narrowed the set of plaintiffs who may bring claims, and (iii) narrowed the set of defendants in the LIBOR actions (including the dismissal of several Credit Suisse entities from various cases on personal jurisdiction and statute of limitation grounds). In 2017, a number of putative class and individual plaintiffs appealed the dismissal of plaintiffs' antitrust claims to the United States Court of Appeals for the Second Circuit (Second Circuit). On December 30, 2021, the Second Circuit affirmed in part and reversed in part the district court's decision and remanded the case to district court. On September 21, 2021, in the non-stayed putative class action brought in the multi-district litigation in the SDNY by holders of bonds tied to LIBOR, the parties entered into an agreement to settle all claims. The settlement remains subject to court approval. Separately, on February 4, 2022, three actions brought by individual plaintiffs were dismissed against Credit Suisse.

On June 23, 2020, the plaintiffs in the non-stayed putative class action brought on behalf of those who lent at rates tied to LIBOR appealed the dismissal of their claims to the Second Circuit, challenging the district court's personal jurisdiction and statute of limitations rulings. On November 17, 2021, the parties entered into an agreement to settle all claims. The settlement remains subject to court approval.

Separately, on May 4, 2017, the plaintiffs in three non-stayed putative class actions moved for class certification. On February 28, 2018, the SDNY denied certification in two of the actions and granted certification over a single antitrust claim in an action brought by over-the-counter purchasers of LIBOR-linked derivatives. In the same decision, the court dismissed Credit Suisse AG, the only remaining Credit Suisse entity in the action, from the over-the-counter action. All parties moved for immediate appellate review of the class-certification decisions, and the Second Circuit denied their petitions for review.

##### **USD ICE LIBOR litigation**

In January 2019, members of the US dollar Intercontinental Exchange (ICE) LIBOR panel, including Credit Suisse Group AG and certain of its affiliates, were named in three civil putative class action lawsuits alleging that panel banks suppressed US dollar ICE LIBOR to benefit defendants' trading positions. These actions have been consolidated in the SDNY. On July 1, 2019, plaintiffs filed a consolidated complaint. On August 30, 2019, defendants filed a motion to dismiss. On March 26, 2020, the SDNY granted defendants' motion to dismiss. On April 24, 2020, plaintiffs filed a notice of appeal. On February 14, 2022, the Second Circuit dismissed the appeal.

On August 18, 2020, members of the ICE LIBOR panel, including Credit Suisse Group AG and certain of its affiliates, were named in a civil action in the US District Court for the Northern District of California, alleging that panel banks manipulated ICE LIBOR to profit from variable interest loans and credit cards. On November 10, 2020, plaintiffs filed a motion for preliminary

and permanent injunction that seeks to enjoin the panel banks from continuing to set LIBOR or that would automatically set the benchmark to zero every day. The motion was denied on December 23, 2021. On November 11, 2020, defendants filed a motion to transfer the case to the SDNY. On June 3, 2021, the court denied defendants' motion to transfer the case to the SDNY. On September 30, 2021, defendants filed motions to dismiss.

#### **CHF LIBOR litigation**

In February 2015, various banks that served on the Swiss franc LIBOR panel, including Credit Suisse Group AG, were named in a civil putative class action lawsuit filed in the SDNY, alleging manipulation of Swiss franc LIBOR to benefit defendants' trading positions. On September 25, 2017, the SDNY granted defendants' motion to dismiss all claims, but permitted the plaintiffs to file an amended complaint. Defendants filed motions to dismiss the amended complaint on February 7, 2018. On September 16, 2019, the SDNY granted defendants' motions to dismiss, finding that the court lacked subject matter jurisdiction over the case. On October 16, 2019, plaintiffs filed a notice of appeal. On September 21, 2021, the Second Circuit granted the parties' joint motion to remand the case to the SDNY.

#### **SIBOR/SOR litigation**

In July 2016, various banks that served on the Singapore Interbank Offered Rate (SIBOR) and Singapore Swap Offer Rate (SOR) panels, including Credit Suisse Group AG and affiliates, were named in a civil putative class action lawsuit filed in the SDNY, alleging manipulation of SIBOR and SOR to benefit defendants' trading positions. On August 18, 2017, the SDNY dismissed all claims against Credit Suisse Group AG and affiliates (and various other defendants) but granted the plaintiffs leave to amend their complaint. On October 4, 2018, the SDNY granted in part and denied in part defendants' motion to dismiss plaintiffs' second amended complaint, dismissing all but one plaintiff from the action. On October 25, 2018, the remaining plaintiff filed a third amended complaint. The remaining defendants moved to dismiss on November 15, 2018. On July 26, 2019, the SDNY granted defendants' motion to dismiss and denied plaintiff's motion for leave to amend, holding that the court lacked subject matter jurisdiction over the action. On August 26, 2019, plaintiff filed a notice of appeal. On March 17, 2021, the Second Circuit vacated the judgment from the SDNY dismissing the case for lack of subject matter jurisdiction and remanded the case to the SDNY for further proceedings. On April 14, 2021, defendants filed a petition for rehearing and rehearing en banc of the Second Circuit's decision. On May 6, 2021, the Second Circuit denied defendants' petition, and the case has been remanded to the SDNY for further proceedings.

#### **Foreign exchange litigation**

Credit Suisse Group AG and affiliates as well as other financial institutions are named in a number of pending civil lawsuits in the SDNY relating to the alleged manipulation of foreign exchange rates.

The first pending matter is a putative consolidated class action. On January 28, 2015, the court denied defendants' motion to dismiss the original consolidated complaint brought by US-based

investors and foreign plaintiffs who transacted in the US, but granted their motion to dismiss the claims of foreign-based investors for transactions outside of the US. In July 2015, plaintiffs filed a second consolidated amended complaint, adding additional defendants and asserting additional claims on behalf of a second putative class of exchange investors. On September 20, 2016, the SDNY granted in part and denied in part a motion to dismiss filed by the Group and affiliates, along with other financial institutions, which reduced the size of the putative class, but allowed the primary antitrust and Commodity Exchange Act claims to survive. On May 31, 2018, plaintiffs served a motion for class certification, which the Group and affiliates opposed on October 25, 2018. On September 3, 2019, the SDNY denied plaintiffs' motion for certification of a Rule 23(b)(3) damages class, ruling that proof of both injury and damages must proceed on an individual basis, but granted certification as to two threshold issues concerning the alleged conspiracy. The SDNY also denied plaintiffs' motion for certification of a second proposed class in its entirety. On January 29, 2021, Credit Suisse Group AG and affiliates moved for summary judgment. On March 5, 2021, plaintiffs moved for summary judgment. On February 1, 2022, the SDNY denied the parties' cross-motions for summary judgment.

The second matter names Credit Suisse Group AG and affiliates in a putative class action filed in the SDNY on July 12, 2017, alleging improper practices in connection with electronic foreign exchange trading. On April 12, 2018, the SDNY granted defendants' motion to compel arbitration. On August 6, 2021, plaintiffs voluntarily dismissed the lawsuit.

The third pending matter originally named Credit Suisse Group AG and affiliates, as well as other financial institutions, in a civil action filed in the SDNY on November 13, 2018. This action is based on the same alleged conduct as the consolidated class action. On March 1, 2019, plaintiffs filed an amended complaint. On April 1, 2019, defendants filed motions to dismiss. On April 23, 2019, plaintiffs sought leave to file a second amended complaint in lieu of responding to defendants' motions. On April 26, 2019, the SDNY ordered plaintiffs to file their second amended complaint subject to defendants' right to oppose the amendment and to renew their motions to dismiss, and on June 11, 2019, plaintiffs filed a second amended complaint. On June 28, 2019, plaintiffs voluntarily dismissed Credit Suisse Group AG. On July 25, 2019, defendants filed motions to dismiss the second amended complaint. On September 6, 2019, plaintiffs voluntarily dismissed Credit Suisse International (CSI). The claims against Credit Suisse AG and CSS LLC remain pending. On May 28, 2020, the court granted in part and denied in part defendants' motion to dismiss the second amended complaint. On July 28, 2020, plaintiffs filed a third amended complaint.

Credit Suisse Group AG and certain of its affiliates, together with other financial institutions, have also been named in two Canadian putative class actions proceeding in Ontario and Quebec, which make allegations similar to the consolidated class action. On April 14, 2020, in the matter proceeding in Ontario, the court granted in part and denied in part plaintiffs' motion for class certification,

certifying a class comprising all persons in Canada who, between 2003 and 2013, entered into an FX instrument transaction with a defendant or through an intermediary. The courts in Ontario and Quebec entered orders on September 23, 2021 and October 20, 2021, respectively, granting final approval to Credit Suisse's settlement agreement with the plaintiffs for CAD 5.56 million.

Credit Suisse AG, together with other financial institutions, has also been named in a consolidated putative class action in Israel, which makes allegations similar to the consolidated class action.

#### **Treasury markets litigation**

CSS LLC, along with over 20 other primary dealers of US treasury securities, has been named in a number of putative civil class action complaints in the US relating to the US treasury markets. These complaints generally allege that defendants colluded to manipulate US treasury auctions, as well as the pricing of US treasury securities in the when-issued market, with impacts upon related futures and options. These actions have been consolidated into a multi-district litigation in the SDNY. On August 23, 2017, the SDNY appointed lead counsel, and on August 25, 2017, three purported class representatives re-filed their complaints as a collective individual action. On November 15, 2017, plaintiffs filed a consolidated amended class action complaint naming CSS LLC, Credit Suisse Group AG, and CSI, along with a narrower group of other defendants. The consolidated complaint contains previously-asserted allegations as well as new allegations concerning a group boycott to prevent the emergence of anonymous, all-to-all trading in the secondary market for treasury securities. On February 23, 2018, defendants served motions to dismiss on plaintiffs and the SDNY entered a stipulation voluntarily dismissing Credit Suisse Group AG and other defendant holding companies. On March 26, 2018, the SDNY entered a stipulation voluntarily dismissing CSI for lack of personal jurisdiction. On March 31, 2021, the SDNY granted defendants' motions to dismiss. On May 14, 2021, plaintiffs filed an amended complaint against CSS LLC, CSI and other defendants. On July 20, 2021, the SDNY entered a stipulation voluntarily dismissing CSI. On August 4, 2021, defendants filed a motion to dismiss.

#### **SSA bonds litigation**

Credit Suisse Group AG and affiliates, along with other financial institutions and individuals, have been named in several putative class action complaints filed in the SDNY relating to SSA bonds. The complaints generally allege that defendants conspired to fix the prices of SSA bonds sold to and purchased from investors in the secondary market. These actions have been consolidated in the SDNY. On April 7, 2017, plaintiffs filed a consolidated class action complaint. Plaintiffs filed a consolidated amended class action complaint on November 3, 2017, which defendants moved to dismiss on December 12, 2017. On August 24, 2018, the SDNY granted defendants' motion to dismiss for failure to state a claim, but granted plaintiffs leave to amend. On November 6, 2018, plaintiffs filed a second consolidated amended class action complaint, which defendants moved to dismiss on December 21, 2018. On September 30, 2019, the SDNY granted the motion to dismiss for

lack of personal jurisdiction and improper venue made by Credit Suisse and certain other defendants and subsequently indicated that it would further address the motion to dismiss for failure to state a claim made by CSS LLC and certain other defendants. On March 18, 2020, the SDNY issued an additional opinion granting the motion to dismiss for failure to state a claim. On June 1, 2020, plaintiffs filed a notice of appeal. On July 19, 2021, the Second Circuit affirmed the SDNY's September 30, 2019 and March 18, 2020 decisions granting defendants' motions to dismiss. On August 2, 2021, the plaintiffs filed a petition for rehearing en banc and panel rehearing, which the Second Circuit denied on September 2, 2021.

Separately, on February 7, 2019, Credit Suisse AG and certain of its affiliates, together with other financial institutions and individuals, were named in a putative class action filed in the SDNY, which makes allegations similar to the consolidated class action, but seeks to represent a putative class of indirect purchasers of US dollar SSA bonds where the purchase was made in or connected to New York. On June 25, 2020, plaintiff voluntarily dismissed the lawsuit.

Credit Suisse Group AG and certain of its affiliates, together with other financial institutions, have also been named in two Canadian putative class actions, which make allegations similar to the consolidated class action.

#### **Bank Bill Swap litigation**

On August 16, 2016, Credit Suisse Group AG and Credit Suisse AG, along with other financial institutions, were named in a putative class action brought in the SDNY, alleging manipulation of the Australian Bank Bill Swap reference rate. Plaintiffs filed an amended complaint on December 16, 2016, which defendants moved to dismiss on February 24, 2017. On November 26, 2018, the SDNY granted in part and denied in part defendants' motions to dismiss, including dismissing the complaint in its entirety against Credit Suisse Group AG and Credit Suisse AG. On March 4, 2019, plaintiffs were granted leave to file a second amended complaint. On April 3, 2019, plaintiffs filed a second amended complaint. On May 20, 2019, defendants filed motions to dismiss. On February 13, 2020, the SDNY granted in part and denied in part defendants' motion to dismiss.

#### **Mexican government bonds litigation**

Credit Suisse AG and affiliates have been named in multiple putative class actions in US federal court alleging a conspiracy among Credit Suisse entities and other dealer banks to manipulate the Mexican government bond market. These actions have been consolidated in the SDNY and on July 18, 2018, plaintiffs filed their consolidated amended complaint. On September 17, 2018, defendants filed motions to dismiss the consolidated amended complaint. On September 30, 2019, the SDNY granted defendants' motion to dismiss. On December 9, 2019, plaintiffs filed a second consolidated amended complaint that does not name any Credit Suisse entity as a defendant.

### **Government-sponsored entity bonds litigation**

Since February 22, 2019, Credit Suisse AG and CSS LLC, together with other financial institutions, have been named in multiple putative class action complaints filed in the SDNY, alleging a conspiracy among the financial institutions to fix prices for unsecured bonds issued by Freddie Mac, Fannie Mae, the Federal Home Loan Banks and the Federal Farm Credit Banks.

On April 3, 2019, the SDNY consolidated the putative class action complaints. On May 23, 2019, class plaintiffs in the consolidated putative class action filed a consolidated amended complaint that removed Credit Suisse AG as a defendant. On June 13, 2019, defendants filed a motion to dismiss. On July 12, 2019, plaintiffs filed a second consolidated amended complaint. On August 29, 2019, the SDNY granted defendants' motion to dismiss, but granted plaintiffs leave to amend. On September 10, 2019, plaintiffs filed a third consolidated amended complaint. On September 17, 2019, defendants filed a motion to dismiss certain aspects of the complaint, which was denied on October 15, 2019. On December 6, 2019, the parties reached an agreement in principle to settle the putative class action in its entirety. Class plaintiffs filed a motion seeking preliminary approval of the global settlement on December 16, 2019, and the SDNY issued an order preliminarily approving the global settlement on February 3, 2020. On June 16, 2020, the court issued an order granting final approval to all settlements, including the global settlement to which CSS LLC is a party.

Credit Suisse AG and CSS LLC, along with other financial institutions, have been named in two civil actions in the US District Court for the Middle District of Louisiana, alleging a conspiracy among financial institutions to fix prices for unsecured bonds issued by certain government-sponsored entities: one action brought by the Louisiana Attorney General on behalf of the State of Louisiana on September 23, 2019, and one action brought by the City of Baton Rouge on October 21, 2019. On July 13, 2020, in the civil action filed on September 23, 2019, plaintiff filed an amended complaint. On July 24, 2020, Credit Suisse AG and CSS LLC filed an answer.

On April 1, 2020, Credit Suisse AG and CSS LLC, along with other financial institutions, were named in a civil action in the US District Court for the Eastern District of Louisiana, alleging a conspiracy among financial institutions to fix prices for unsecured bonds issued by certain government-sponsored entities. On June 26, 2020, CSS LLC and certain other defendants filed a partial motion to dismiss state law claims brought under the Louisiana Unfair Trade Practices Act. On July 17, 2020, the plaintiff filed a first amended complaint in response to the partial motion to dismiss. On July 31, 2020, CSS LLC and certain other defendants filed a partial motion to dismiss plaintiff's first amended complaint alleging state law claims brought under the Louisiana Unfair Trade Practices Act. On December 31, 2020, the court transferred the action to the US District Court for the Middle District of Louisiana for consolidation with the two earlier-filed Louisiana cases.

On September 21, 2020, Credit Suisse AG and CSS LLC, along with other financial institutions, were named in a civil action brought by the City of New Orleans, the New Orleans Municipal Employees Retirement System and the New Orleans Aviation Board in the US District Court for the Eastern District of Louisiana, which also alleges a conspiracy among financial institutions to fix prices for unsecured bonds issued by certain government-sponsored entities. On February 17, 2021, the court dismissed without prejudice the claims against Credit Suisse AG for lack of service. The claim against CSS LLC remains pending. On March 8, 2021, the court transferred the action to the US District Court for the Middle District of Louisiana for consolidation with the three earlier-filed Louisiana cases.

In April 2021, in the four civil actions brought in Louisiana federal court, the parties entered into an agreement to settle all claims. On June 9, 2021, plaintiffs voluntarily dismissed each action.

### **Credit default swap auction litigation**

On June 30, 2021, Credit Suisse Group AG and affiliates, along with other banks and entities, were named in a putative class action complaint filed in the US District Court for the District of New Mexico alleging manipulation of credit default swap final auction prices. On November 15, 2021, defendants filed motions to dismiss. On February 4, 2022, in lieu of responding to defendants' motion to dismiss, plaintiffs voluntarily dismissed their claims against Credit Suisse Group and certain non-Credit Suisse entities and filed an amended complaint naming Credit Suisse AG and affiliates, along with other banks and entities.

### **OTC trading cases**

Credit Suisse Group AG and affiliates, along with other financial institutions, have been named in one consolidated putative civil class action complaint and one consolidated complaint filed by individual plaintiffs relating to interest rate swaps, alleging that dealer defendants conspired with trading platforms to prevent the development of interest rate swap exchanges. The individual lawsuits were brought by TeraExchange LLC, a swap execution facility, and affiliates, and Javelin Capital Markets LLC, a swap execution facility, and an affiliate, which claim to have suffered lost profits as a result of defendants' alleged conspiracy. All interest rate swap actions have been consolidated in a multi-district litigation in the SDNY. Both class and individual plaintiffs filed second amended consolidated complaints on December 9, 2016, which defendants moved to dismiss on January 20, 2017. On July 28, 2017, the SDNY granted in part and denied in part defendants' motions to dismiss. On May 30, 2018, class plaintiffs filed a third amended consolidated class action complaint.

On June 14, 2018, a new direct action complaint was filed by swap execution facility trueEX LLC. On June 20, 2018, the trueEX LLC complaint was added to the existing multi-district litigation. On August 9, 2018, trueEX LLC filed an amended complaint against Credit Suisse Group AG and affiliates, along with other financial institutions, which defendants moved to dismiss on August 28, 2018. On November 20, 2018, the SDNY issued an

order granting in part and denying in part defendants' motion to dismiss the trueEX LLC amended complaint.

On February 20, 2019, class plaintiffs in the consolidated multi-district litigation filed a motion for class certification. On March 20, 2019, class plaintiffs filed a fourth amended consolidated class action complaint. On June 18, 2019, defendants filed their opposition to plaintiffs' motion for class certification. On January 21, 2022, the parties entered into an agreement to settle all class action claims. The settlement remains subject to court approval.

On June 8, 2017, Credit Suisse Group AG and affiliates, along with other financial institutions, were named in a civil action filed in the SDNY by Tera Group, Inc. and related entities (Tera), alleging violations of antitrust law in connection with the allegation that credit default swap (CDS) dealers conspired to block Tera's electronic CDS trading platform from successfully entering the market. On September 11, 2017, defendants filed a motion to dismiss. On July 30, 2019, the SDNY granted in part and denied in part defendants' motion to dismiss. On January 30, 2020, plaintiffs filed an amended complaint. On April 3, 2020, defendants filed a motion to dismiss.

Credit Suisse Group AG and certain of its affiliates, as well as other financial institutions, were originally named in a number of civil lawsuits in the SDNY, certain of which are brought by class action plaintiffs alleging that the defendants conspired to keep stock-loan trading in an over-the-counter market and collectively boycotted certain trading platforms that sought to enter the market, and certain of which are brought by trading platforms that sought to enter the market alleging that the defendants collectively boycotted the platforms. The SDNY denied defendants' motions to dismiss in the putative class action. On February 22, 2021, plaintiffs filed a motion for class certification in the putative class action. On June 29, 2021, defendants filed their opposition to plaintiffs' motion for class certification. On October 5, 2021, plaintiffs filed their reply to defendants' opposition to their motion for class certification. In each of the lawsuits, the court entered a stipulation voluntarily dismissing Credit Suisse Group AG and other defendant holding companies, although certain Credit Suisse Group AG affiliates remain part of the ongoing action. On January 20, 2022, the parties entered into an agreement to settle all class action claims. The settlement remains subject to court approval.

On August 6, 2019, in one of the civil actions filed in the SDNY by a purported successor in interest to a trading platform for stock loans that sought to enter the market, the SDNY granted defendants' motion to dismiss and entered judgment in favor of the defendants. On September 3, 2019, plaintiff filed a motion to amend the judgment to permit plaintiff to file an amended complaint or, in the alternative, to dismiss certain claims without prejudice. On September 10, 2019, the SDNY denied in part plaintiff's motion to amend the judgment but ordered additional briefing on whether certain claims should be dismissed without prejudice. On January 6, 2020, the SDNY denied plaintiff's motion to amend the judgment.

On October 1, 2021, in a consolidated civil litigation brought in the SDNY by entities that developed a trading platform for stock loans that sought to enter the market, alleging that the defendants collectively boycotted the platform, the court granted defendants' motion to dismiss. On October 25, 2021, plaintiffs filed a notice of appeal.

On April 21, 2020, CSS LLC and other financial institutions were named in a putative class action complaint filed in the SDNY, alleging a conspiracy among the financial institutions to boycott electronic trading platforms and fix prices in the secondary market for odd-lot corporate bonds. On July 14, 2020, plaintiff filed an amended complaint. On September 10, 2020, defendants filed a motion to dismiss. On October 25, 2021, the SDNY granted defendants' motion to dismiss. On November 23, 2021, plaintiffs filed a notice of appeal to the Second Circuit.

### **ATA litigation**

A lawsuit was filed on November 10, 2014 in the US District Court for the Eastern District of New York (EDNY) against a number of banks, including Credit Suisse AG, alleging claims under the United States Anti-Terrorism Act (ATA). The action alleges a conspiracy between Iran and various international financial institutions, including the defendants, in which they agreed to alter, falsify or omit information from payment messages that involved Iranian parties for the express purpose of concealing the Iranian parties' financial activities and transactions from detection by US authorities. The complaint, brought by approximately 200 plaintiffs, alleges that this conspiracy has made it possible for Iran to transfer funds to Hezbollah and other terrorist organizations actively engaged in harming US military personnel and civilians. On July 12, 2016, plaintiffs filed a second amended complaint in the EDNY against a number of banks, including Credit Suisse AG, alleging claims under the ATA. On September 14, 2016, Credit Suisse AG and the other defendants filed motions to dismiss the plaintiffs' second amended complaint in the EDNY. On September 16, 2019, the EDNY granted defendants' motion to dismiss. Plaintiffs moved for partial reconsideration of portions of the dismissal that do not relate to Credit Suisse, which the court denied on October 28, 2019. On November 26, 2019, plaintiffs filed a notice of appeal.

Another lawsuit was filed on November 9, 2017 in the SDNY against a number of banks, including Credit Suisse AG, alleging claims under the ATA. On March 2, 2018, Credit Suisse AG and other defendants filed motions to dismiss the plaintiffs' complaint. On March 28, 2019, the SDNY granted the motion to dismiss. On April 22, 2019, plaintiffs filed a motion for leave to amend their complaint, which defendants opposed on May 20, 2019. On February 25, 2020, the court denied plaintiffs' motion to amend their complaint and dismissed the case with prejudice as to Credit Suisse AG and the other moving bank defendants. On May 28, 2020, plaintiffs filed a motion to appeal the court's February 25, 2020 decision, which the moving defendants opposed on June 11, 2020. On June 29, 2021, the court denied the plaintiffs' motion to appeal the court's February 25, 2020 decision.

In December 2018, five additional lawsuits were filed in the EDNY or SDNY against a number of banks, including Credit Suisse AG and, in two instances, Credit Suisse AG, New York Branch alleging claims under the ATA and the Justice Against Sponsors of Terrorism Act. These actions similarly allege a conspiracy between Iran and various international financial institutions, including the defendants, in which they agreed to alter, falsify or omit information from payment messages that involved Iranian parties, and that this conspiracy made it possible for Iran to transfer funds to terrorist organizations actively engaged in harming US military personnel and civilians.

On April 11, 2019, another action alleging claims under the ATA was filed in the EDNY that is related to, and makes allegations materially similar to, the other ATA cases already pending in the EDNY. On January 6, 2020, defendants filed a motion to dismiss two of these cases, which were filed in December 2018 and April 2019 in the EDNY. On June 5, 2020, the EDNY granted defendants' motion to dismiss as to Credit Suisse AG and most of the other bank defendants.

All of the cases, except for the one in which plaintiffs have filed a notice of appeal, have been stayed pending the outcome of the decision on appeal.

### **Customer account matters**

Several clients have claimed that a former relationship manager in Switzerland had exceeded his investment authority in the management of their portfolios, resulting in excessive concentrations of certain exposures and investment losses. Credit Suisse AG is investigating the claims, as well as transactions among the clients. Credit Suisse AG filed a criminal complaint against the former relationship manager with the Geneva Prosecutor's Office upon which the prosecutor initiated a criminal investigation. Several clients of the former relationship manager also filed criminal complaints with the Geneva Prosecutor's Office. On February 9, 2018, the former relationship manager was sentenced to five years in prison by the Geneva criminal court for fraud, forgery and criminal mismanagement and ordered to pay damages of approximately USD 130 million. Several parties have appealed the judgement. On June 26, 2019, the Criminal Court of Appeals of Geneva ruled in the appeal of the judgment against the former relationship manager, upholding the main findings of the Geneva criminal court. Several parties have appealed the decision to the Swiss Federal Supreme Court. On February 19, 2020, the Swiss Federal Supreme Court rendered its judgment on the appeals, substantially confirming the findings of the Criminal Court of Appeals of Geneva.

Civil lawsuits were initiated between August 7, 2017 and August 25, 2017 in the High Court of Singapore and the Supreme Court of Bermuda against Credit Suisse AG and/or certain affiliates, based on the findings established in the criminal proceedings against the former relationship manager.

In Singapore, on August 31, 2018, the civil lawsuit was stayed by an Assistant Registrar of the High Court of Singapore and plaintiffs appealed the decision. On January 18, 2019, the Singapore High Court dismissed the plaintiffs' appeal and upheld the Assistant Registrar's decision to stay the civil proceedings in Singapore. On April 29, 2019, the plaintiffs appealed the decision of the Singapore High Court only with respect to their action against the Credit Suisse affiliate. On June 21, 2019, the plaintiffs discontinued their action against Credit Suisse AG. On July 3, 2020, the Singapore Court of Appeals granted the plaintiffs' appeal against the Credit Suisse affiliate and lifted the stay of the civil proceedings, allowing the plaintiffs' civil claim to proceed in the Singapore High Court. On July 10, 2020, plaintiffs filed an amended statement of claim in the Singapore High Court. On March 9, 2021 the Singapore High Court transferred the civil lawsuit to the Singapore International Commercial Court where trial is scheduled to begin in September 2022.

In Bermuda, in the civil lawsuit brought against a Credit Suisse affiliate, trial took place in the Supreme Court of Bermuda in November and December 2021.

### **FIFA-related matters**

In connection with investigations by US government authorities into the involvement of financial institutions in the alleged bribery and corruption surrounding the Fédération Internationale de Football Association (FIFA), Credit Suisse received inquiries regarding its banking relationships with certain individuals and entities associated with FIFA, including but not limited to certain persons and entities named and/or described in the May 20, 2015 indictment and the November 25, 2015 superseding indictment filed by the Eastern District of New York US Attorney's Office. The investigations encompassed whether multiple financial institutions, including Credit Suisse, permitted the processing of suspicious or otherwise improper transactions, or failed to observe anti-money laundering laws and regulations, with respect to the accounts of certain persons and entities associated with FIFA. Credit Suisse continues to cooperate with US authorities on this matter. As previously disclosed, the Swiss Financial Market Supervisory Authority FINMA (FINMA) announced the conclusion of its related investigation in 2018.

### **External asset manager matter**

Several clients have claimed that an external asset manager based in Geneva misappropriated funds, forged bank statements, transferred assets between client accounts at Credit Suisse AG as custodian to conceal losses and made investments without the authorization of those clients. The Geneva Prosecutor's Office initiated a criminal investigation against representatives of the external asset manager and two former Credit Suisse AG employees. This investigation was expanded in November 2018 to also include one former and one current Credit Suisse AG employee and Credit Suisse AG itself in order to assess the sufficiency of Credit Suisse AG's controls and supervision. In the third quarter of 2019, Credit Suisse AG entered into a two stage, conditional

settlement agreement with affected clients. With the cooperation of the Geneva Prosecutor's Office, the first stage of the settlement was completed in November 2019. On April 15, 2021, the Geneva Prosecutor's Office issued an order closing and discontinuing the criminal investigation against Credit Suisse AG and its employees. In May 2021, Credit Suisse completed the second and final stage of the settlement with affected clients.

### Israel Desk matters

Credit Suisse has received governmental and regulatory inquiries concerning cross-border services provided by Credit Suisse's Switzerland-based Israel Desk. Credit Suisse is conducting a review of these issues and has been cooperating with the authorities.

### Mozambique matter

Credit Suisse has been subject to investigations by regulatory and enforcement authorities, as well as civil litigation, regarding certain Credit Suisse entities' arrangement of loan financing to Mozambique state enterprises, Proindicus S.A. and Empresa Mocambiicana de Atum S.A. (EMATUM), a distribution to private investors of loan participation notes (LPN) related to the EMATUM financing in September 2013, and certain Credit Suisse entities' subsequent role in arranging the exchange of those LPNs for Eurobonds issued by the Republic of Mozambique. On January 3, 2019, the United States Attorney for the Eastern District of New York unsealed an indictment against several individuals in connection with the matter, including three former Credit Suisse employees. On May 20, 2019, July 19, 2019 and September 6, 2019, the three former employees pleaded guilty to accepting improper personal benefits in connection with financing transactions carried out with two Mozambique state enterprises.

On October 19, 2021, Credit Suisse reached settlements with the DOJ, the US Securities Exchange Commission (SEC), the UK Financial Conduct Authority (FCA) and FINMA to resolve inquiries by these agencies. Credit Suisse Group AG entered into a three-year Deferred Prosecution Agreement (DPA) with the DOJ in connection with the criminal information charging Credit Suisse Group AG with conspiracy to commit wire fraud and consented to the entry of a Cease and Desist Order by the SEC. Under the terms of the DPA, Credit Suisse Group AG will continue its compliance enhancement and remediation efforts, report to the DOJ on those efforts for three years and undertake additional measures as outlined in the DPA. Credit Suisse also agreed to pay a net penalty to the DOJ of approximately USD 175.5 million, which will be payable following the conclusion of the sentencing process. If Credit Suisse Group AG adheres to the DPA's conditions, the charges will be dismissed at the end of the DPA's three-year term. In addition, Credit Suisse Securities Europe Limited (CSSEL) has pleaded guilty to one count of conspiracy to violate the US federal wire fraud statute. CSSEL will be bound by the same compliance, remediation and reporting obligations as Credit Suisse Group AG under the DPA. Under the terms of the SEC Cease and Desist Order, Credit Suisse paid

a civil penalty of USD 65 million and approximately USD 34 million in disgorgement and pre-judgment interest in connection with violations of the US Securities Exchange Act of 1934 (Exchange Act) and the US Securities Act of 1933 (Securities Act) anti-fraud provisions (Exchange Act Section 10(b) and Rule 10b-5 thereunder and Securities Act Sections 17(a)(1), (2) and (3)) as well as the Exchange Act internal accounting controls and books and records provisions (Sections 13(b)(2)(A) and 13(b)(2)(B)). The total monetary sanctions to be paid to the DOJ and SEC, taking into account various credits and offsets, are approximately USD 275 million. Under the terms of the resolution with the DOJ, Credit Suisse will also be required to pay restitution to any eligible investors in the 2016 Eurobonds issued by the Republic of Mozambique. Investor eligibility and restitution amounts will be determined by the US District Court for the Eastern District of New York at a date currently expected to be in May 2022.

In the resolution with the FCA, CSSEL, CSI and Credit Suisse AG, London Branch agreed that, in respect of these transactions with Mozambique, its UK operations had failed to conduct business with due skill, care and diligence and to take reasonable care to organize and control its affairs responsibly and effectively, with adequate risk management systems. Credit Suisse paid a penalty of approximately USD 200 million and has also agreed with the FCA to forgive USD 200 million of debt owed to Credit Suisse by Mozambique.

FINMA also entered a decree announcing the conclusion of its enforcement proceeding and finding that Credit Suisse AG and Credit Suisse (Schweiz) AG violated the duty to file a suspicious activity report in Switzerland, and Credit Suisse Group AG did not adequately manage and address the risks arising from specific sovereign lending and related securities transactions. It has ordered the bank to remediate all deficiencies identified by June 30, 2022 and has appointed an independent third party to review the implementation and effectiveness of these measures. FINMA will also arrange for certain existing transactions to be reviewed by the same independent third party on the basis of specific risk criteria, and will require enhanced disclosure of certain sovereign transactions until all remedial measures have been satisfactorily implemented.

On February 27, 2019, certain Credit Suisse entities, the same three former employees, and several other unrelated entities were sued in the English High Court by the Republic of Mozambique. On January 21, 2020, the Credit Suisse entities filed their defense. On June 26, 2020 the Credit Suisse entities filed third party claims against the project contractor and several Mozambique officials. The Republic of Mozambique filed an updated Particulars of Claim on October 27, 2020, and the Credit Suisse entities filed their amended defense and counterclaim on January 15, 2021. Following the announcement of the global regulatory resolution on October 19, 2021, Credit Suisse filed a re-amended defense on December 24, 2021. The Republic of Mozambique seeks a declaration that the sovereign guarantee issued in connection with the Proindicus loan syndication arranged and funded, in part, by a Credit Suisse subsidiary is void and also



seeks unspecified damages alleged to have arisen in connection with the transactions involving ProIndicus and EMATUM, and a transaction in which Credit Suisse had no involvement with Mozambique Asset Management S.A. Also on January 15, 2021, the project contractor filed a cross claim against the Credit Suisse entities (as well as the three former Credit Suisse employees and various Mozambican officials) seeking an indemnity and/or contribution in the event that the contractor is found liable to the Republic of Mozambique. The English High Court has scheduled trial to begin in October 2023.

On April 27, 2020, Banco Internacional de Moçambique (BIM), a member of the ProIndicus syndicate, brought a claim against certain Credit Suisse entities seeking, contingent on the Republic of Mozambique's claim, a declaration that Credit Suisse is liable to compensate it for alleged losses suffered as a result of any invalidity of the sovereign guarantee. The Credit Suisse entities filed their defense to this claim on August 28, 2020, to which BIM replied on October 16, 2020. Credit Suisse filed an amended defense on December 15, 2021, and BIM filed its amended reply on January 5, 2022.

On December 17, 2020, two members of the ProIndicus syndicate, Beaugarde Holdings LLP and Orobica Holdings LLC (B&O), filed a claim against certain Credit Suisse entities in respect of their interests in the ProIndicus loan, seeking unspecified damages stemming from the alleged loss suffered due to their reliance on representations made by Credit Suisse to the syndicate lenders. Credit Suisse filed their defense to this claim on February 24, 2021. On February 4, 2022 B&O filed an amended claim, and Credit Suisse filed an amended defense on February 18, 2022.

On June 3, 2021, United Bank for Africa PLC (UBA), a member of the ProIndicus syndicate, brought a claim against certain Credit Suisse entities seeking, contingent on the Republic of Mozambique's claim, a declaration that Credit Suisse is liable to compensate it for alleged losses suffered as a result of any invalidity of the sovereign guarantee. The Credit Suisse entities filed their defense to this claim on July 1, 2021 and filed an amended defense on December 15, 2021, and UBA filed its amended reply on January 5, 2022.

### **Cross-border private banking matters**

Credit Suisse offices in various locations, including the UK, the Netherlands and France, have been contacted by regulatory and law enforcement authorities that are seeking records and information concerning investigations into our historical private banking services on a cross-border basis and in part through our local branches and banks. A similar inquiry has been opened in Belgium. Credit Suisse has conducted a review of these issues, the UK aspects of which have now been closed with no action being taken against the bank, and is continuing to cooperate with the authorities. Credit Suisse applies a strict zero tolerance policy on tax evasion.

### **ETN-related litigation**

Since March 14, 2018, three class action complaints were filed in the SDNY on behalf of a putative class of purchasers of VelocityShares Daily Inverse VIX Short Term Exchange Traded Notes linked to the S&P 500 VIX Short-Term Futures Index due December 4, 2030 (XIV ETNs). On August 20, 2018, plaintiffs filed a consolidated amended class action complaint, naming Credit Suisse Group AG and certain affiliates and executives, along with Janus Index & Calculation Services LLC and affiliates, which asserts claims for violations of Sections 9(a)(4), 9(f), 10(b) and 20(a) of the US Securities Exchange Act of 1934 and Rule 10b-5 thereunder and Sections 11 and 15 of the US Securities Act of 1933 and alleges that the defendants are responsible for losses to investors following a decline in the value of XIV ETNs on February 5, 2018. Defendants moved to dismiss the amended complaint on November 2, 2018. On September 25, 2019, the SDNY granted defendants' motion to dismiss and dismissed with prejudice all claims against the defendants. On October 18, 2019, plaintiffs filed a notice of appeal. On April 27, 2021, the Second Circuit issued an order affirming in part and vacating in part the SDNY's decision granting defendants' motion to dismiss. On June 3, 2019, Credit Suisse AG, an affiliate and executives were named in a separate individual action brought in the SDNY by a purchaser of XIV ETNs, which asserts claims similar to those brought in the consolidated class action complaint as well as additional claims under New York and Pennsylvania state law. On November 12, 2019, defendants filed a motion to dismiss. Plaintiffs responded to the motion to dismiss by filing an amended complaint in lieu of opposing the motion to dismiss. The action has been stayed pending a resolution of the appeal in the consolidated class action. On June 4, 2021, plaintiff filed an amended complaint. On July 19, 2021, Credit Suisse AG filed a motion to dismiss. On January 6, 2022, Credit Suisse AG was named in a class action complaint filed in the SDNY brought on behalf of a putative class of short sellers of VelocityShares 3x Inverse Natural Gas Exchange Traded Notes linked to the S&P GSCI Natural Gas Index ER due February 9, 2032 (DGAZ ETNs). The complaint asserts claims for violations of Section 10(b) of the US Securities Exchange Act of 1934 and Rule 10b-5 thereunder and alleges that Credit Suisse is responsible for losses suffered by short sellers following a June 2020 announcement that Credit Suisse would delist and suspend further issuances of the DGAZ ETNs.

### **TWINT**

On November 13, 2018, COMCO announced an investigation into several Swiss financial institutions, including UBS Switzerland AG, Credit Suisse (Schweiz) AG, Aduno Holding AG, PostFinance AG, and Swisscard AECS GmbH. According to COMCO, its investigation is focused on whether these institutions entered into an agreement to boycott mobile payment solutions of international providers, including Apple Pay and Samsung Pay, in order to protect TWINT, their own Swiss payment solution.

## **SWM**

CSI is the defendant in a lawsuit brought by the German public utility company Stadtwerke München GmbH (SWM) in a German court, in connection with a series of interest rate swaps entered into between 2008 and 2012. The claimant alleges breach of an advisory duty to provide both investor- and investment-specific advice, including in particular a duty to disclose the initial mark-to-market value of the trades at inception. On March 22, 2019, the trial court (the Regional Court of Frankfurt am Main) dismissed their entirety claims against CSI. On April 29, 2019, plaintiff filed a notice of appeal and an application for a supplementary judgment. On November 29, 2019, the court ruled on the supplementary judgment application, finding that SWM was entitled to a refund of negative interest from CSI. In March 2022, the parties reached a settlement, for which Credit Suisse is fully reserved, and will shortly apply to the court to have all proceedings discontinued against Credit Suisse.

## **Bulgarian former clients matter**

Credit Suisse AG has been responding to an investigation by the Swiss Office of the Attorney General (SOAG) concerning the diligence and controls applied to a historical relationship with Bulgarian former clients who are alleged to have laundered funds through Credit Suisse AG accounts. On December 17, 2020, the SOAG brought charges against Credit Suisse AG and other parties. Credit Suisse AG believes its diligence and controls complied with applicable legal requirements, and intends to defend itself vigorously. The trial in the Swiss Federal Criminal Court took place in the first quarter of 2022.

## **SCFF**

We have received requests for documents and information in connection with inquiries, investigations and/or actions relating to the supply chain finance funds (SCFF) matter by FINMA, the FCA and other regulatory and governmental agencies. Credit Suisse is cooperating with the authorities and is liaising closely with FINMA. In connection with FINMA's enforcement action, a third party appointed by it is conducting an investigation. The Luxembourg Commission de Surveillance du Secteur Financier is also

reviewing the matter through a third party. Certain civil actions have been filed by fund investors against Credit Suisse. As this matter develops, we may become subject to additional litigation and regulatory inquiries, investigations and actions.

## **Archehos**

We have received requests for documents and information in connection with inquiries, investigations and/or actions relating to Credit Suisse's relationship with Archehos Capital Management (Archehos), including from FINMA (assisted by a third party appointed by FINMA), the DOJ, the SEC, the US Federal Reserve, the US Commodity Futures Trading Commission, the US Senate Banking Committee, the Prudential Regulation Authority, the FCA, COMCO, the Hong Kong Competition Commission, and other regulatory and governmental agencies. Credit Suisse is cooperating with the authorities in these matters.

On April 16, 2021, Credit Suisse Group AG and certain current and former executives were named in a putative class action complaint filed in the SDNY by a holder of Credit Suisse American Depositary Receipts, asserting claims for violations of Sections 10(b) and 20(a) of the US Securities Exchange Act of 1934 and Rule 10b-5 thereunder, alleging that defendants violated US securities laws by making material misrepresentations and omissions regarding Credit Suisse's risk management practices, including with respect to the Archehos and SCFF matters. On November 11, 2021, plaintiffs filed an amended complaint which did not include allegations related to SCFF.

As this matter develops, we may become subject to additional litigation and regulatory inquiries, investigations, and actions.

## **Communications recordkeeping matter**

The SEC is conducting an investigation of CSS LLC concerning compliance with records preservation requirements relating to business communications sent over unapproved electronic messaging channels. CSS LLC is cooperating with the investigation. The SEC has stated that it is conducting similar investigations of record preservation practices at multiple financial institutions.

## APPENDIX 7 — A BRIEF GUIDE TO CREDIT RATINGS

Information set out in this appendix 7 is based on, extracted or reproduced from the website of S&P at <https://www.spglobal.com/ratings/en/> and the website of Moody's at <https://www.moody.com>, as at the day immediately preceding the date of this document. Information appearing on those websites does not form part of this document, and we accept no responsibility for the accuracy or completeness of the information appearing on those websites, except that we have accurately extracted and reproduced such information in this appendix 7 and take responsibility for such extraction and reproduction. We have not separately verified such information. There can be no assurance that such information will not be revised by the relevant rating agency in the future and we have no responsibility to notify you of such change. If you are unsure about any information provided in this appendix 7 and/or what a credit rating means, you should seek independent professional advice.

### **What is a credit rating?**

A credit rating is a forward looking opinion by a credit rating agency of a company's overall ability to meet its financial obligations. The focus is on the company's capacity to pay its debts as they become due. The rating does not necessarily apply to any specific obligation.

### **What do the credit ratings mean?**

Below are guidelines issued by S&P and Moody's on what each of their investment-grade ratings means, as at the day immediately preceding the date of this document.

#### **S&P long-term issuer credit ratings**

##### **AAA**

An obligor rated 'AAA' has extremely strong capacity to meet its financial commitments. 'AAA' is the highest issuer credit rating assigned by S&P.

##### **AA**

An obligor rated 'AA' has very strong capacity to meet its financial commitments. It differs from the highest-rated obligors only to a small degree.

##### **A**

An obligor rated 'A' has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.

##### **BBB**

An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments.

Plus (+) or minus (-)

The above ratings (except for 'AAA') may be modified by the addition of a plus or minus sign to show relative standing within the rating categories.

Please refer to [https://www.standardandpoors.com/en\\_US/web/guest/article/-/view/sourceId/504352](https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/504352) for further details.

## **Moody's long-term ratings definitions**

### **Aaa**

Obligations rated Aaa are judged to be of the highest quality with minimal risk.

### **Aa**

Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.

### **A**

Obligations rated A are considered upper-medium grade and are subject to low credit risk.

### **Baa**

Obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess speculative characteristics.

### **Modifiers "1", "2" and "3"**

Moody's appends numerical modifiers 1, 2 and 3 to each of the above generic rating classifications (except for Aaa). The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

Please refer to <https://ratings.moody's.io/ratings> for further details.

## **Rating Outlooks**

A rating outlook is an opinion regarding the likely rating direction over the medium term (for example, this is typically six months to two years for S&P). A rating outlook issued by S&P or Moody's will usually indicate whether the rating direction is likely to be "positive", "negative", "stable" or "developing". Please refer to the abovementioned websites of the relevant credit rating agencies for further details regarding rating outlooks published by the relevant credit rating agencies.

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