

Basel III 2019 Pillar 3 Disclosures



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Introduction

This document comprises the Pillar 3 disclosures for Credit Suisse Asset Management (UK) Holding Limited ('CSAMH') as at 31 December 2019. It should be read in conjunction with CSAMH's 2019 Annual Report, which will be available from Companies House, Crown Way, Cardiff, Wales, CF14 3UZ.

These Pillar 3 disclosures are prepared to meet the regulatory requirements set out in Part Eight of the Capital Requirements Regulation ('CRR').

Pillar 3 aims to promote market discipline and transparency through the publication of key information on capital adequacy, risk management and remuneration.

Basis and Frequency of Disclosures

Where disclosures have been withheld, as permitted, on the basis of confidentiality, materiality, or being proprietary in nature, this is indicated. Pillar 3 disclosures are published annually and concurrently with the annual report. The annual report is prepared under International Financial Reporting Standards ('IFRS'), and accordingly, certain information in the Pillar 3 disclosures may not be directly comparable.

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

Basis of Consolidation

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

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

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

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

Restrictions on Transfer of Funds or Regulatory Capital within the Group

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

Remuneration

The remuneration disclosures required by CRR can be found in a separate document ('Pillar 3 – UK Remuneration Disclosures 2019') on the Credit Suisse website at: www.credit-suisse.com

Capital Management

Overview

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

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

Own Funds

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

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

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

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

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

Capital Composition (£000s)

| As at 31 December | Notes | 2019 | 2018 |
|---|-------|----------------|----------------|
| | | Own funds | Own funds |
| Tier 1 (and CET1) capital | | | |
| Ordinary shares | | 144,199 | 144,199 |
| Capital contribution reserve | | 115,455 | 115,455 |
| Share premium | | 23,198 | 23,198 |
| Retained earnings | | (77,378) | (97,139) |
| Accumulated other comprehensive income | | - | - |
| Tier 1 (and CET1) before regulatory deductions | | 205,473 | 185,712 |
| Regulatory deductions | | | |
| Prudential Valuation | (1) | (3,000) | (3,452) |
| Total capital ('own funds') | | 202,473 | 182,260 |

Notes:

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

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

Capital Ratios

| As at 31 December | 2019 | 2018 |
|----------------------|-------|-------|
| Common Equity Tier 1 | 42.2% | 41.3% |
| Tier 1 | 42.2% | 41.3% |
| Total Capital | 42.2% | 41.3% |

Risk-Weighted Asset and Capital Requirements

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

RWA and Capital Requirements (£000s)

| As at 31 December | 2019 | 2019 | 2018 | 2018 |
|--|----------------|----------------------|----------------|----------------------|
| | RWA | Capital Requirements | RWA | Capital Requirements |
| Credit risk | | | | |
| <i>Standardised Approach</i> | | | | |
| Institutions | 134,179 | 10,734 | 120,518 | 9,641 |
| Units or shares in collective investment undertakings | 300 | 24 | 562 | 45 |
| Other items | 14,268 | 1,141 | 13,955 | 1,116 |
| Securitisation positions | 322,448 | 25,796 | 305,082 | 24,407 |
| (i) Total credit risk | 471,194 | 37,696 | 440,117 | 35,209 |
| Market risk | | | | |
| <i>FCA Standard Rules</i> | | | | |
| Foreign exchange (Banking Book) | 9,009 | 721 | 1,180 | 94 |
| (ii) Total market risk | 9,009 | 721 | 1,180 | 94 |
| (iii) Total credit and market risk ((i) + (ii)) | 480,204 | 38,416 | 441,297 | 35,304 |
| Other risks | | | | |
| Fixed overhead requirement | 63,068 | 5,045 | 65,595 | 5,248 |
| (iv) Total other risks | 63,068 | 5,045 | 65,595 | 5,248 |
| Pillar 1 RWA and capital requirements (higher of (iii) or (iv)) | 480,204 | 38,416 | 441,297 | 35,304 |

Subsequent Events

The rapid spread of the COVID-19 virus inside China and across the world in January, February and March 2020 led to the introduction of tight government controls and travel bans, as well as the implementation of measures which quickly closed down activity in large parts of China's economy. Markets globally were negatively impacted, with the travel and tourism and the transportation sectors, as well as companies with close links to China's economy, being the worst affected. The medical emergency is expected to have a significant impact on China's economy in the first quarter of 2020 as well as negative effects on other countries globally, and may affect the Group's credit loss estimates in 2020 and going forward.

Risk Management

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

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

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

CSAML Board of Directors

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

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

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

Business Overview

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

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

- CIG manages and advises on diversified portfolios of non-investment grade credit strategies, including senior secured loans and high yield bonds. It also manages Collateralised Loan Obligations ('CLOs') and invests in those in accordance with the Capital Requirements Regulation ('CRR').
- PFG raises capital for private investment firms focused on a wide range of private equity investment activities. In addition, PFG has a dedicated Secondary Advisory team, offering customised liquidity solutions to investment firms and general partners holding portfolios of private funds or individual assets.
- The Distribution team delivers focused investment solutions to Credit Suisse institutional clients globally.
- The Real Estate team provides a broad range of real estate solutions, including direct real estate investments as well as private equity non-core real estate and real estate-related investments.

Key Risks - Board of Directors

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

CSAML's Overall Risk Profile associated with Business Strategy

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

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

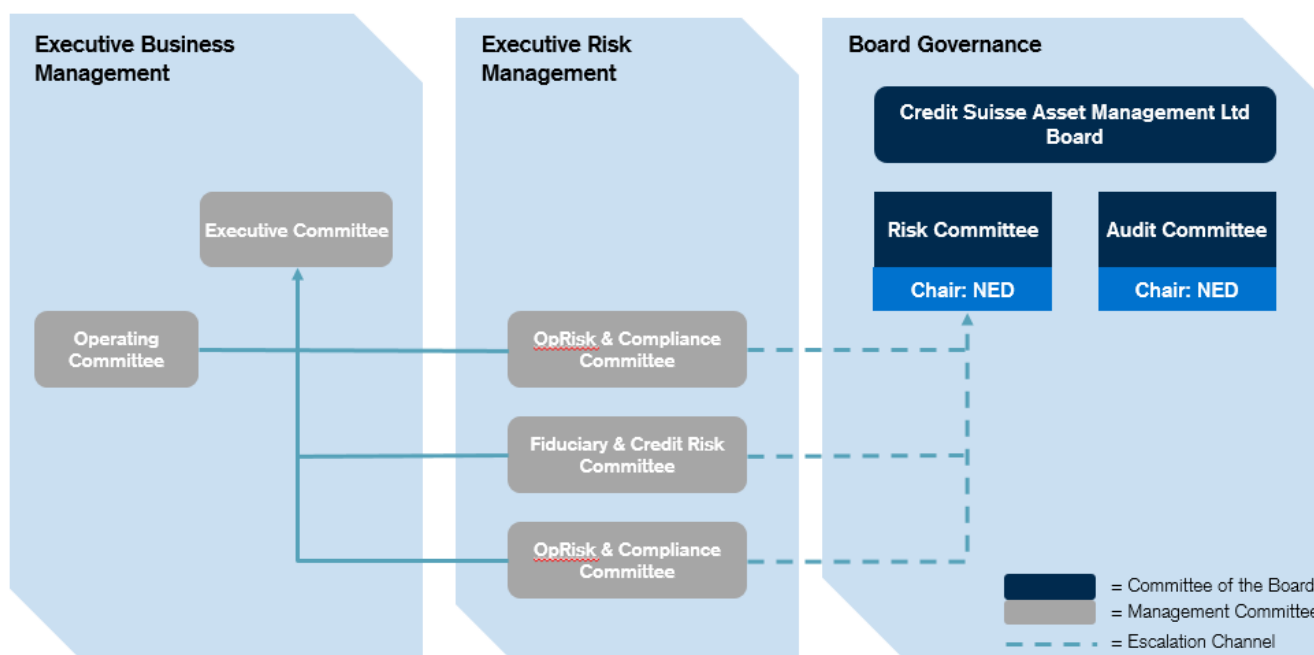
Risk Governance

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

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

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

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



Board Committees Overview

Certain responsibilities are delegated to Board Committees, which assist the Board in carrying out its functions and ensure that there is independent oversight of internal control and risk management. Each Board Committee has Terms of Reference, recording the scope of delegated authority and the committee's responsibilities. The Chair of each Board Committee reports to the Board on the matters discussed at Committee meetings.

- **Audit Committee:** reviews the Internal Audit Plan to ensure its adequacy, reports on systems of accounting, internal controls and risk management systems, and compliance with regulatory and legal requirements, including litigation. Additionally, the Audit Committee reviews accounting, valuation and tax policies, as well as the quality and accuracy of all financial reporting.
- **Risk Committee:** responsible for assisting the Board of Directors in fulfilling their oversight responsibilities by providing guidance regarding risk governance and the development of the risk profile and capital adequacy, including the regular review of major risk exposures and recommending approval by the Board of overall risk appetite thresholds. Additionally, the Risk Committee is responsible for ensuring there is an adequate independent risk management function.

Executive Risk Management Committees Overview

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

- CSAML Executive Committee ('ExCo')**: chaired by the CEO, the CSAML ExCo is ultimately responsible for the management of the CSAML business and the execution of the strategy set by the CSAML Board of Directors. As a decision-making forum, it may receive proposals escalated from other executive committees or from business unit managers.
- CSAML Operating Committee ('OPCO')**: chaired by the Chief Operating Officer, this committee is responsible for monitoring key projects within the business, including reviewing the impact of regulatory matters, business improvement initiatives, the performance of the Shared Services divisions, reviewing platform procedures and operational policies.
- Fiduciary and Credit Risk Committee ('FCRC')**: Oversees the assessment and management of all market, liquidity, fiduciary and credit risks taken by CSAML legal entity. The committee specifically discusses risks associated with the management of collateralized loan obligations (CLO) vehicles and other investment funds by the entity.
- Operational Risk and Compliance Committee ('ORCC')**: Primary function is to investigate risks relating to operational, compliance, financial crime, legal, personnel, conduct, reputational and regulatory, incorporating all outsourcing activities undertaken for the entity. Furthermore, the committee reviews the entity's annual Risk and Control Self-Assessment ('RCSA').
- Scenario Analysis Committee ('SAC')**: Oversees the scenario analysis framework, including oversight of scenarios relating to capital specific stresses that captures credit & counterparty, market and fiduciary risks. The committee also reviews stress testing documentation, such as SR11-7, which outlines model governance, assumptions, model parameters and weaknesses and results.

Risk Organisation

Risks arise in all of the CSAML's business activities and cannot be completely eliminated, but they are monitored and managed through its internal control environment. The CSAML's risk management organisation reflects the specific nature of the various risks in order to ensure that risks are taken within limits set in a transparent and timely manner.

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

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

- Fiduciary Risk Management ('FRM')** is responsible establishing the framework for treating clients with a prudent standard of care when acting in a fiduciary capacity as trustee, portfolio manager or investment advisor. FRM monitors investment performance, measures risks across discretionary client portfolios, and provides oversight on investment risk limits and collateral.
- Operational Risk Management ('ORM')** is responsible for establishing a framework for managing operational risks, including ensuring that operational risk policies are consistently implemented and helping to understand, assess, and mitigate operational risks.
- Enterprise Risk Management ('ERM')** is responsible for the identification, measurement and management of all risks within the entity. ERM further supports the entity by building and implementing stress test models.

Risk Management Framework

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

| | |
|---|--|
| First Line Risk Owner | Responsible for risk identification and management on a front-to-back basis, including design, operation and testing of controls required to comply with risk appetite and policies. |
| Second Line Independent Risk Control | Responsible for establishing risk management standards and providing advice and independent challenge of activities, processes and controls carried out by the first line. |

**Third Line
Independent
Assurance**

Responsible for providing independent assurance about the adequacy of the overall risk control framework directly to the Audit Committee.

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

First Line of Defence: Embedded Business Level Controls

Primary risk ownership resides with the business. The first line of defence is responsible for identification and management of risk, ensuring a strong control environment is in place, for the monitoring and reporting of risk profile and for ensuring compliance with established risk appetite and all associated policies, standards and guidelines. CSAML's management continually monitors and manages the levels of exposure to ensure that risk and return are balanced.

Management has designed and implemented an effective supervisory structure and related risk and control functions to mitigate risk at the first line of defence. A monthly ORCC has been established and a set of Risk Metrics are discussed at this meeting. The ORCC's responsibility is to provide information collation and advisory support for the governance and oversight structure of CSAML, to review and assess the control framework from both effectiveness as well as an efficiency perspective, and to assist in the preparation of the annual CSAML RCSA.

Second Line of Defence: Independent Risk and Compliance Functions

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

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

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

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

Third Line of Defence: Group Internal Audit Function

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

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

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

Credit Risk

Overview

The Group has adopted the Standardised Approach to risk weights for the purposes of calculating Pillar 1 credit risk capital requirements. Under this approach, ratings published by External Credit Assessment Institutions ('ECAIs') are mapped to Credit Quality Steps ('CQS') according to mapping tables laid down by the European Banking Authority ('EBA'). The CQS value is then mapped to a risk weight percentage.

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

Credit Exposures, RWA and Capital Requirements

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

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

As at 31 December 2019

| | Credit quality step | | | | | | Unrated | Uniform regulatory treatment | Total | Deduction from capital resources |
|---|---------------------|----------------|---------------|--------------|--------------|----------|---------------|------------------------------|----------------|----------------------------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | | | | |
| Standardised Approach - credit exposures | | | | | | | | | | |
| Central governments and central banks | 595 | - | - | - | - | - | - | - | 595 | - |
| Institutions | - | 221,041 | - | - | - | - | 23,658 | - | 244,699 | - |
| Securitisation positions | 123,757 | 11,064 | 19,321 | 9,949 | 4,273 | - | 13,771 | - | 182,135 | - |
| Units or shares in collective investment undertakings | - | - | - | - | - | - | 300 | - | 300 | - |
| Other items | - | - | - | - | - | - | 8,452 | - | 8,452 | - |
| Total | 124,352 | 232,106 | 19,321 | 9,949 | 4,273 | - | 46,180 | - | 436,181 | - |

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

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

As at 31 December 2019

| Credit exposures by regulatory approach: | Exposure at default | | RWA | | Capital requirements |
|---|---------------------|-------------------|------------------|----------------|----------------------|
| | Average for year | Year-end exposure | Average for year | Year-end | Year-end |
| <i>Standardised Approach</i> | | | | | |
| Central governments and central banks | 788 | 595 | - | - | - |
| Institutions | 232,152 | 244,699 | 127,700 | 134,179 | 10,734 |
| Securitisation positions | 168,419 | 182,135 | 311,275 | 322,448 | 25,796 |
| Units or shares in collective investment undertakings | 314 | 300 | 314 | 300 | 24 |
| Other items | 8,048 | 8,452 | 13,206 | 14,268 | 1,141 |
| Total Standardised Approach | 409,721 | 436,181 | 452,495 | 471,194 | 37,696 |
| Total | 409,721 | 436,181 | 452,495 | 471,194 | 37,696 |

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

| As at 31 December 2019 | | | | | |
|---|--------------|----------------|---------------|--------------|----------------|
| Credit exposures by regulatory approach: | UK | Other Europe | Americas | Asia Pacific | Total |
| <i>Standardised Approach</i> | | | | | |
| Central governments and central banks | 595 | - | - | - | 595 |
| Institutions | 552 | 223,549 | 20,215 | 383 | 244,699 |
| Securitisation positions | - | 182,135 | - | - | 182,135 |
| Units or shares in collective investment undertakings | - | - | 300 | - | 300 |
| Other items | 8,452 | - | - | - | 8,452 |
| Total Standardised Approach | 9,599 | 405,684 | 20,515 | 383 | 436,181 |
| Total | 9,599 | 405,684 | 20,515 | 383 | 436,181 |

Credit Exposures - Analysed by Industry (£000s)

| As at 31 December 2019 | | | | | |
|---|----------------|------------|----------|--------------------|----------------|
| Credit exposures by regulatory approach: | Financial | Commercial | Consumer | Public Authorities | Total |
| <i>Standardised Approach</i> | | | | | |
| Central governments and central banks | - | - | - | 595 | 595 |
| Institutions | 244,699 | - | - | - | 244,699 |
| Securitisation positions | 182,135 | - | - | - | 182,135 |
| Units or shares in collective investment undertakings | 300 | - | - | - | 300 |
| Other items | 8,452 | - | - | - | 8,452 |
| Total Standardised Approach | 435,586 | - | - | 595 | 436,181 |
| Total | 435,586 | - | - | 595 | 436,181 |

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

| As at 31 December 2019 | | | | | |
|---|-----------------|----------|----------------------|----------------|--|
| Credit exposures by regulatory approach: | Up to 12 months | 1 - 5yr | Greater than 5 years | Total | |
| <i>Standardised Approach</i> | | | | | |
| Central governments and central banks | 595 | - | - | 595 | |
| Institutions | 244,699 | - | - | 244,699 | |
| Securitisation positions | - | - | 182,135 | 182,135 | |
| Units or shares in collective investment undertakings | 300 | - | - | 300 | |
| Other items | 8,452 | - | - | 8,452 | |
| Total Standardised Approach | 254,046 | - | 182,135 | 436,181 | |

Impaired Loans, Charges and Write-offs

The Group had no impaired loans, charges or write-offs during the year. The Group's accounting policies relating to impairment described in the 'Significant Accounting Policies' Note of the CSAMH 2019 Annual Report.

Effect of a Credit Rating Downgrade

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

Securitisation

Overview

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

Objectives in Relation to Securitisation Activity and CSAMH's Role

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

Management of Credit Risk

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

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

Accounting Policies

The Group's accounting policy with respect to special purpose entities is described in the 'Significant Accounting Policies' Note of the CSAMH 2019 Annual Report. Further information on the interest in other entities is disclosed in the 'Disclosures of interest in other entities' Note.

The accounting policy with respect to valuation of securitisation positions is described in the Financial Instruments Note of the CSAMH 2019 Annual Report.

The policies for recognising liabilities on the balance sheet for arrangements that could require the institution to provide financial support for securitised assets follow the same policies as for other provisions and financial guarantees. These policies are described in the Significant Accounting Policies Note of the CSAMH 2019 Annual Report.

Banking Book Securitisation Positions

These positions are regulator-imposed investment manager retention requirements. The Group has no Trading Book securitisation positions. Exposure to securitisations increased versus 2018 in line with regulatory retention requirements for new CLO funds launched during 2019.

The following tables detail the amount of exposures securitised by the Group and which were outstanding at 31 December 2019 and securitisation positions held at that date:

Outstanding Exposures Securitised - Banking Book (£000s)

| | Sponsor | Other role | | Total |
|-----------------------------|----------------|-------------|-----------|----------------|
| | | Traditional | Synthetic | |
| Commercial mortgages | - | - | - | - |
| Loans to corporates or SMEs | 182,135 | - | - | 182,135 |
| Covered bonds | - | - | - | - |
| Total | 182,135 | - | - | 182,135 |

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

As at 31 December 2019

| | Banking Book | |
|-----------------------------|----------------|-----------|
| | Traditional | Synthetic |
| Residential mortgages | - | - |
| Commercial mortgages | - | - |
| Loans to corporates or SMEs | 182,135 | - |
| Consumer loans | - | - |
| Total | 182,135 | - |

Regulatory Approach – Banking Book

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

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

As at 31 December 2019

| | Securitisation exposure | | Re-securitisation exposure | | Total | |
|------------------------------------|---------------------------|----------------|----------------------------|----------|---------------------------|----------------|
| | EAD purchased or retained | RWA | EAD purchased or retained | RWA | EAD purchased or retained | RWA |
| Ratings-based approach (ERBA) | 22,103 | 51,570 | - | - | 22,103 | 51,570 |
| Supervisory formula approach (SFA) | - | - | - | - | - | - |
| Total IRB approaches | - | - | - | - | - | - |
| Standardised Approach | 160,032 | 270,878 | - | - | 160,032 | 270,878 |
| Total | 182,135 | 322,448 | - | - | 182,135 | 322,448 |

Certain securitisation positions, those with a CQS of 5 and those that are unrated, have been risk weighted at 1,250%. The total exposure value of these positions is equal to £ 18m with a total RWA of £ 226m.

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

As at 31 December 2019

| | Securitisation exposure | | Re-securitisation exposure | | Total | |
|-----------------------|-----------------------------|----------------------|----------------------------|----------------------|---------------------------|----------------------|
| | EAD - purchased or retained | Risk-weighted assets | EAD purchased or retained | Risk-weighted assets | EAD purchased or retained | Risk-weighted assets |
| AAA | 13,555 | 2,711 | - | - | 13,555 | 2,711 |
| AA | 2,149 | 2,330 | - | - | 2,149 | 2,330 |
| A | 1,489 | 2,501 | - | - | 1,489 | 2,501 |
| BBB | 1,325 | 5,235 | - | - | 1,325 | 5,235 |
| BB | 1,215 | 9,856 | - | - | 1,215 | 9,856 |
| B or lower or unrated | 2,371 | 28,937 | - | - | 2,371 | 28,937 |
| Total | 22,103 | 51,570 | - | - | 22,103 | 51,570 |

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

There were no losses related to securitisations during the period, nor were there any past due or impaired Banking Book assets at 31 December 2019.

Asset Encumbrance

Overview

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

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

As at 31 December 2019

| | Carrying amount of encumbered assets | Fair value of encumbered assets | Carrying amount of un-encumbered assets | Fair value of un-encumbered assets |
|--|--------------------------------------|---------------------------------|---|------------------------------------|
| Assets of the reporting institution | | | 407,948 | |
| Equity instruments | - | - | - | - |
| Debt securities | - | - | 169,163 | 169,163 |
| of which: covered bonds | - | - | - | - |
| of which: asset-backed securities | - | - | 169,163 | 169,163 |
| of which: issued by general governments | - | - | - | - |
| of which: issued by financial corporations | - | - | 169,163 | 169,163 |
| of which: issued by non-financial corporations | - | - | - | - |
| Other assets | - | - | 241,545 | - |
| of which: Cash and due from banks | - | - | 215,796 | - |

Appendix 1: Credit Suisse Asset Management Limited

Overview

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

Capital Resources and Capital Requirements

An analysis of 2019 'own funds' (as calculated under CRD IV) and total equity from CSAML's 2019 Statement of Financial Position is presented as follows:

Capital Composition (£000s)

| As at 31 December | 2019 | 2019 | | 2018 |
|---|----------------|---------------------------------|------------|----------------|
| | Own funds | Statement of Financial Position | Difference | Own funds |
| Tier 1 (and CET1) capital | | | | |
| Ordinary shares | 45,020 | 45,020 | - | 45,020 |
| Capital contribution reserve | 57,243 | 57,243 | - | 57,243 |
| Share premium | 20,989 | 20,989 | - | 20,989 |
| Retained earnings | 53,898 | 53,898 | - | 34,251 |
| Tier 1 (and CET1) before regulatory deductions | 177,150 | 177,150 | - | 157,503 |
| Regulatory deductions | | | | |
| Prudential Valuation | (3,000) | (3,000) | - | (3,452) |
| Total capital ('own funds') | 174,150 | 174,150 | - | 154,051 |

Capital Ratios

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

Capital Ratios

| As at 31 December | 2019 | 2018 |
|----------------------|-------|-------|
| Common Equity Tier 1 | 37.6% | 36.4% |
| Tier 1 | 37.6% | 36.4% |
| Total Capital | 37.6% | 36.4% |

Capital requirements and RWA are set out below:

RWA and Capital Requirements (£000s)

| As at 31 December | 2019 | 2019 | 2018 | 2018 |
|--|----------------|----------------------|----------------|----------------------|
| | RWA | Capital Requirements | RWA | Capital Requirements |
| Credit risk | | | | |
| <i>Standardised Approach</i> | | | | |
| Institutions | 119,797 | 9,584 | 106,293 | 8,503 |
| Units or shares in collective investment undertakings | - | - | - | - |
| Other items | 12,040 | 963 | 11,220 | 898 |
| Securitisation positions | 322,448 | 25,796 | 305,082 | 24,407 |
| (i) Total credit risk | 454,284 | 36,343 | 422,595 | 33,808 |
| Market risk | | | | |
| <i>FCA Standard Rules</i> | | | | |
| Foreign exchange (Banking Book) | 8,799 | 704 | 541 | 43 |
| (ii) Total market risk | 8,799 | 704 | 541 | 43 |
| (iii) Total credit and market risk ((i) + (ii)) | 463,083 | 37,047 | 423,136 | 33,851 |
| Other risks | | | | |
| Fixed overhead requirement | 61,712 | 4,937 | 63,999 | 5,120 |
| (iv) Total other risks | 61,712 | 4,937 | 63,999 | 5,120 |
| Pillar 1 RWA and capital requirements (higher of (iii) or (iv)) | 463,083 | 37,047 | 423,136 | 33,851 |

Appendix 2: Key Risks, Risk Mitigation and Core Metrics

As at 31 December 2019

| Key Risk | Risk Description | Risk Mitigation | Description of Key Risk Indicator (KRI) or Other Metric |
|--------------|---|---|---|
| Conduct Risk | <p>The risk that the conduct of Credit Suisse, its employees, associates or representatives gives rise to:</p> <ul style="list-style-type: none"> financial or non-financial detriment to clients, customers, or counterparties, whether dealt with directly or via third parties damage to the integrity of the financial markets ineffective competition in the markets in which Credit Suisse participates Non-compliance with the law or the requirements and expectations of regulators, shareholders or other relevant stakeholders (eg. Government bodies and tax authorities) | <ul style="list-style-type: none"> The Operational Risk and Compliance Committee considers the effectiveness of the conduct risk framework and challenges business leaders on the suitability and effectiveness of the measures and tools used in their businesses to identify, control and mitigate conduct risk. Conduct Risk mitigation is embedded in the daily activities including training, review of supervisory Management Information, consideration of conduct risk in risk and control self assessments and disciplinary procedures. Limit and control risk of adverse outcomes through policies, procedures and training. | <ul style="list-style-type: none"> Block leave breaches Personal Account Trading breaches Staff sanctions due to inappropriate communication Mandatory training not completed |

As at 31 December 2019

| Key Risk | Risk Description | Risk Mitigation | Description of Key Risk Indicator (KRI) or Other Metric |
|----------------|--|--|---|
| Credit Risk | Credit risk is the risk of default on a debt that may arise from a borrower failing to make required obligations. This can lead to risk of fallings in earnings, and potential solvency. | <ul style="list-style-type: none"> • Credit risk arises on fees receivable from third parties and other Credit Suisse group companies. Fees are accrued and billed in-line with the Investment Management Agreement. • CSAML invests in CLO funds for which the CSAML Credit Investments Group is the investment manager, in line with regulatory minimum risk retention requirements relating to securitisations. • Excess capital is invested with other Credit Suisse group companies. | <ul style="list-style-type: none"> • RWA/Capital • Aggregate Concentration by Issuer • Aggregate Concentration by Industry Sector • Credit ratings of the aggregate portfolio |
| Liquidity Risk | Risk to earnings, capital or the conduct of business arising from the inability to meet both expected and unexpected current and future cash flow and collateral needs without affecting either daily operations or the financial condition of the entity due to inability to access proper funding. | <ul style="list-style-type: none"> • Given CSAML does not maintain significant assets, market positions (other than risk retention CLOs) in any securities and does not have contractual obligations beyond fee receivables and normal costs of doing business for the entity, liquidity risk is minimised by ensuring that liquid assets and receivables are always greater than our payables over a 30 day period. | <ul style="list-style-type: none"> • Counterbalancing capacity • Net cash position |

As at 31 December 2019

| Key Risk | Risk Description | Risk Mitigation | Description of Key Risk Indicator (KRI) or Other Metric |
|-------------------|---|--|--|
| Operational Risk | Risk of loss resulting from inadequate or failed processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk. | <ul style="list-style-type: none"> • Business areas take responsibility for their operational risk management and are supported by operational risk teams who are responsible for the implementation of the CS group Operational Risk Management Framework, methodologies and reporting. • CS group-wide tools are employed including risk appetite statements, reporting of 'top' operational risks; utilizing operational risk registers; risk and control indicators; risk and control self-assessments; analysis of internal operational risk incident data; review of external loss events. • Internal Audit performs regular reviews and operates as an independent check on the effectiveness of internal controls. External auditors provide additional feedback on the control environment and the overall effectiveness of the operational risk management framework. | <ul style="list-style-type: none"> • Annual cumulative Operational Risk events • Expected and unexpected losses • Key man risks • IT risks • "Best execution" policy • Tasks past due • Outsourcing reviews • Breaches of third-party and outsourcing agreements |
| Reputational Risk | Risk of the possible loss of the organization's reputational capital, or risk of loss resulting from damages to an entity reputation, in lost revenue, increased operating, capital or regulatory costs | <ul style="list-style-type: none"> • Where the presence of factors gives rise to potential reputational risk for CS group, the relevant business proposal is required to be submitted to CS group's Reputational Risk Review Process. • Vetting of the proposal by senior business management, and its subsequent referral to one of CS group's Reputational Risk Approvers, each of whom is independent of the business divisions and has authority to approve, reject, or impose conditions on CS group's participation. | <ul style="list-style-type: none"> • New business risks and conditions |

As at 31 December 2019

| Key Risk | Risk Description | Risk Mitigation | Description of Key Risk Indicator (KRI) or Other Metric |
|--------------------------------|---|---|--|
| Market Risk | Risk on earnings or capital resulting from changes in market conditions, such as interest rates, currency fluctuations and market volatility. | <ul style="list-style-type: none"> Regulatory capital requirement thresholds in place to monitor market risk exposure. CS group continues to provide confirmation that it will ensure that the Company is able to meet its debt obligations and maintain a sound financial position. A Foreign Currency Exposure Management process. | <ul style="list-style-type: none"> FX risk regulatory capital requirements CS employee share plan volatility Monthly Valuation reporting Monthly price testing Aggregate mark-to-market on CLO book for CSAML |
| Tax, Legal and Regulatory Risk | Risk of a change in regulations and law that might affect an industry or a business. | <ul style="list-style-type: none"> Compliance standards are monitored and communicated with regular mandatory training completed by all staff on a range of compliance issues. The approval process for new business activity assesses proposed projects to ensure compliance with all applicable rules and regulations, requiring multi-level approval before a new product or business process is launched. Completion of 'know your client' and anti-money laundering checks and controls when onboarding a new client. Systems and controls to ensure that all employees adhere to local rules and regulations and the second line of defence monitors compliance with those rules, escalating breaches to senior management. | <ul style="list-style-type: none"> Internal or external audit findings Breaches of market abuse policy Breaches of cross-border policy Regulatory breaches or fines Client money breaches New business conditions overdue & Post Implementation Reviews Monitoring of metrics on annual compliance training requirements. Post-implementation reviews conducted for new business initiatives. Completion of annual compliance reviews |

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As at 31 December 2019

| Key Risk | Risk Description | Risk Mitigation | Description of Key Risk Indicator (KRI) or Other Metric |
|----------------|--|--|---|
| Fiduciary Risk | Fiduciary risk is the risk of financial loss arising when the entity 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 advice and management of our client's assets including from a product-related market, credit, liquidity and operational risk perspective. | <ul style="list-style-type: none"> • Fee structure: fees are designed to help align the interests of the investor and manager while discouraging excessive risk taking. • Limit and control risk of adverse outcomes through policies, procedures and training • Monitoring of adherence to investment guidelines and the Fiduciary & Credit Committee governance | <ul style="list-style-type: none"> • Investment guidelines • Par value test • Interest coverage test • Individual portfolio management performance |
| Strategic Risk | Risk defined as the uncertainties and unrealized opportunities embedded in an entity's strategic intent, and how well they are executed. Strategic risk may arise from making poor business decisions or from substandard execution of decisions, inadequate resources, or from changes in the business environment. | <ul style="list-style-type: none"> • Identifying, mitigating and systematically managing the risks to our strategic objectives in an integrated and comprehensive manner. • Avoiding risk does not advance the strategy; but, proactive risk management can reduce the barriers that would otherwise prevent achievement of strategic objectives. | <ul style="list-style-type: none"> • Earnings at risk • Assets at risk • Cost: Income ratio • Stress • CLO regulatory requirements for CSAML |

Pillar 3 Disclosures 2019

As at 31 December 2019

| Key Risk | Risk Description | Risk Mitigation | Description of Key Risk Indicator (KRI) or Other Metric |
|-----------------------------|--|--|--|
| Shared Service (Group) Risk | Risk that key support services for the entity which do not sit within its legal entity. This risk arises from the entity having no control over resourcing of the functions or the expertise of the individuals employed into the teams. | <ul style="list-style-type: none"> Minimize the residual risk using robust controls and processes, including formal service level agreements (SLAs). Where SLAs are not in place, we strive to implement them in a reasonable timeframe. | <ul style="list-style-type: none"> Number of material SLA breaches Frequent and regular supervisory meetings conducted by COO with each service provider irrespective of the presence of an SLA |
| Financial Crime Risk | Risk as economically motivated criminal actions defined against statutory rules & legislation. Types of financial crime include money laundering, terrorist financing, breach of economic sanctions, bribery and corruption. | <ul style="list-style-type: none"> Financial Crime control framework designed to implement a risk based approach wherein more resource and scrutiny is applied to higher risk business relationships and clients. The objective is to minimise the residual risk. There is a zero tolerance approach to knowingly breaching legal or regulatory requirements or financial crime related entity policies but it is expected that unforeseen and non-systemic breaches of regulatory requirements may occur. Aim to conduct business in accordance with the values and ethics that Credit Suisse group has adopted, and in compliance with applicable laws, rules and standards. | <ul style="list-style-type: none"> Investigations and surveillance: Sanctions, Suspicious Activity Report and Know Your Client reviews for high risk clients Financial crime breaches Cyber security breaches Anti-corruption: Gifts & Entertainment instances above policy thresholds Anti-fraud: Staff vetting and training |
| Pension Risk | Risk to an entity caused by its contractual or other liabilities to or with respect to a pension scheme, whether established for its employees or those of a related company, or otherwise. | <ul style="list-style-type: none"> Pension Risk is a contingent liability arising from a Defined Benefits scheme (now closed). As the scheme is closed, the residual risk obligations are managed by the trustees, and sponsored by CSSEL, who act on the behalf of the entity. However, as we continue to have a death in service risk which is insurable, but not for spouse and family members, we would be obliged to pay sums for death of all employees affected. | |

Appendix 3: Directorships

CSAMH's Board Members hold the following number of directorships as at 10 March 2020:

CSAMH Directorships

| Name | Gender | Independent | Appointment Date | Total Number of Directorships |
|---------------|--------|-------------|------------------|-------------------------------|
| T Bradshaw | M | - | 05/07/2018 | 1 |
| T Cherrington | F | - | 21/07/2014 | 1 |
| C Hughes | F | - | 10/03/2020 | 1 |
| S Foster | M | - | 25/06/2011 | 1 |

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

Note:

- Maura Sullivan resigned as Chief Finance Officer ('CFO') and Executive Director on 30 June 2019.
- Caron Hughes was appointed as CFO and Executive Director on 10 March 2020.

CSAML's Board Members hold the following number of directorships as at 10 March 2020:

CSAML Directorships

| Name | Gender | Independent | Appointment Date | Total Number of Directorships |
|---------------|--------|-------------|------------------|-------------------------------|
| T Cherrington | F | - | 11/08/2014 | 1 |
| S Foster | M | - | 12/04/2011 | 1 |
| A Henderson | F | Independent | 13/01/2016 | 2 |
| R Lister | M | Independent | 26/09/2012 | 4 |
| M Murphy | M | - | 13/01/2016 | 1 |

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

Note:

- Maura Sullivan resigned as Chief Finance Officer ('CFO') and Executive Director on 30 June 2019.

Appendix 4: List of Abbreviations and Glossary

| Term | Definition |
|--------------------------|---|
| A | |
| ALM | <i>Asset and liability management.</i> |
| AM | <i>Asset management.</i> |
| AT1 | <i>Additional Tier 1 capital: a form of capital eligible for inclusion in Tier 1, but outside the definition of CET1.</i> |
| ATS | <i>Audit tracking system.</i> |
| AuM | <i>Assets under management.</i> |
| B | |
| Banking Book | Classification of assets outside the definition of Trading Book (also referred to as the 'Non-Trading Book'). |
| C | |
| CCB | <i>Countercyclical capital buffer: prescribed under Basel III and CRDIV and aims to ensure that capital requirements mitigate potential future losses arising from excess credit growth and hence increased system-wide risk.</i> |
| CCR | <i>Counterparty credit risk.</i> |
| CET1 | <i>Common Equity Tier 1: the highest quality level of regulatory capital prescribed under Basel III (and by CRD IV in the EU).</i> |
| CET 1 ratio | CET1 expressed as a percentage of RWA. |
| CIG | <i>Credit Investment Group: a CSAML line of business.</i> |
| CLO | <i>Collateralised loan obligation.</i> |
| CQS | <i>Credit quality step: a supervisory credit quality assessment scale, based on the credit ratings of ECAIs, and used to assign risk weights under the Standardised Approach.</i> |
| CRD IV | EU legislative package implementing Basel III in the EU. |
| CRR | <i>Capital Requirements Regulation: EU legislation implementing Basel III in the EU</i> |
| E | |
| ECAI | <i>External Credit Assessment Institutions.</i> |
| F | |
| FCA | <i>Financial Conduct Authority.</i> |
| I | |
| ICAAP | <i>Internal capital adequacy assessment process: a risk-based assessment of the level of regulatory capital to be held by a bank or firm. This may exceed the Pillar 1 capital requirements.</i> |
| IFRS | <i>International Financial Reporting Standards.</i> |
| ILS | <i>Insurance-linked Strategies: a CSAML line of business.</i> |
| ISDA | <i>International Swaps and Derivatives Association.</i> |
| ISDA master agreement | Standardised contract developed by ISDA to facilitate bilateral derivatives trading. |
| M | |
| Master netting agreement | An agreement between two counterparties who have multiple contracts with each other that provides for the net settlement of all contracts in the event of default on, or termination of any one contract. |
| MICOS | An internal system used to track the progress of regular control activities that CSAML performs. |
| P | |
| PFG | <i>Private Fund Group: a CSAML line of business.</i> |
| Pillar 1 | Minimum regulatory capital requirements to be held by a bank or investment firm as prescribed by Basel III (and CRDIV). |
| Pillar 2 | Regulator imposed risk-based capital requirements to be held in excess of Pillar 1. |
| Pillar 3 | CRDIV prescribed capital, risk and remuneration disclosure requirements. |
| R | |
| RCSA | <i>Risk and control self-assessment.</i> |

Pillar 3 Disclosures 2019

| Term | Definition |
|----------------------|--|
| RWA | <i>Risk-weighted asset</i> : derived by assigning risk weights to an exposure value. |
| S | |
| SRB | <i>Systemic risk buffer</i> : a capital buffer under CRDIV deployed by EU member states to reduce build-up of macro-prudential risk. |
| T | |
| Tier 1 capital | A component of regulatory capital, comprising CET1 and AT1 capital. |
| Tier 1 capital ratio | The ratio of Tier 1 capital to total RWA. |
| Tier 2 capital | A lower quality of capital (with respect to 'loss absorbency') also known as 'gone concern' capital. |
| V | |
| VaR | <i>Value-at-risk</i> : loss estimate from adverse market movements over a specified time horizon and confidence level. |

Cautionary Statement regarding Forward-looking Information

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

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

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

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

- the ability to maintain sufficient liquidity and access capital markets;
- market and interest rate fluctuations and interest rate levels;
- the strength of the global economy in general and the strength of the economies of the countries in which Credit Suisse conducts operations, in particular the risk of continued slow economic recovery or downturn in the US or other developed countries, or in emerging markets, the economic disruptions caused by pandemic COVID-19 in 2020 and beyond;
- the direct and indirect impacts of deterioration or slow recovery in residential and commercial real estate markets;
- adverse rating actions by credit rating agencies in respect of sovereign issuers, structured credit products or other credit-related exposures;
- the ability to achieve strategic objectives, including improved performance, reduced risks, lower costs and more efficient use of capital;
- the ability of counterparties to meet their obligations to Credit Suisse;
- the effects of, and changes in, fiscal, monetary, trade and tax policies, and currency fluctuations; political and social developments, including war, civil unrest or terrorist activity;
- the possibility of foreign exchange controls, expropriation, nationalisation or confiscation of assets in countries in which Credit Suisse conducts operations;
- operational factors such as systems failure, human error, or the failure to implement procedures properly;
- actions taken by regulators with respect to business and practices in one or more of the countries in which Credit Suisse conducts operations;
- the effects of changes in laws, regulations or accounting policies or practices;
- competition in geographic and business areas in which Credit Suisse conducts operations;
- the ability to retain and recruit qualified personnel;
- the ability to maintain Credit Suisse’s reputation and promote its brand;
- the ability to increase market share and control expenses;
- technological changes;
- the timely development and acceptance of new products and services and the perceived overall value of these products and services by users;
- acquisitions, including the ability to integrate acquired businesses successfully, and divestitures, including the ability to sell non-core assets;
- the adverse resolution of litigation and other contingencies;
- the ability to achieve cost efficiency goals and cost targets; and
- Credit Suisse’s success at managing the risks involved in the foregoing.

The foregoing list of important factors is not exclusive.



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