Pillar 3 Disclosures 2024

Credit Suisse (UK) Limited

Index

Introduction

This document comprises the Pillar 3 disclosures for Credit Suisse (UK) Limited as at 31 December 2024. It should be read in conjunction with CSUK's 2024 Annual Report which can be obtained from Companies House, Crown Way, Cardiff, Wales, CF14 3UZ.

Credit Suisse (UK) Limited (the 'Bank' and 'CSUK') is a private company limited by shares domiciled in the United Kingdom ('UK'). CSUK is authorised by the Prudential Regulation Authority ('PRA') and regulated by the Financial Conduct Authority ('FCA') and the PRA.

Details on CSUK strategy and operating environment can be found in CSUK's 2024 Annual Report. The ultimate parent of the Bank is UBS Group which is incorporated in Switzerland and prepares the financial statements under International Financial Reporting Standards ('IFRS'). The financial statements and Pillar 3 disclosures are publicly available and can be found at https://www.ubs.com/global/en/investor-relations.

CSUK Legal Entity Identifier ('LEI') code is 549300GUAMON5OX2OO54.

The Pillar 3 disclosures are prepared to meet the regulatory requirements of the Basel Capital Framework as set out in Part Eight of the Regulation 575/2013 ('CRR') as amended by EU Regulation 2019/876 ('CRR2') and implemented by the Prudential Regulatory Authority ('PRA') via the PRA Rulebook. 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. A reconciliation of regulatory 'own funds' with CSUK's 2024 Statement of Financial Position is presented in the Capital Management section.

This Pillar 3 document has been verified and approved in line with internal policy. It has not been audited by CSUK's external auditors. However, it includes information that is contained within the audited Financial Statements as reported in the 2024 Annual Report.

Basis of Consolidation

These Pillar 3 disclosures are prepared on a stand-alone basis, as are CSUK's IFRS Financial Statements.

Remuneration Disclosures

The remuneration disclosures required by CRR Article 450 can be found in a separate document ('Pillar 3 – UK Remuneration Disclosures 2024') on the website at https://www.ubs.com.

Economic and Regulatory Environment

CSUK is impacted by a range of political, macroeconomic, social, environmental, regulatory and accounting developments. The operating environment continues to evolve rapidly resulting in the need for CSUK to continue evaluating, assessing and adapting its strategy.

Basel 3 Reforms

On 30 November 2022, the PRA published consultation paper CP16/22 regarding the implementation of the Basel III Final standards in the UK. The PRA refers to them as 'the Basel 3.1 standards. Key aspects of the proposals include the removal of the use of internal models in some areas including operational risk and credit valuation adjustment ('CVA') risk; restrictions on the use of internal models in other areas such as exposures to large corporates and other financial institutions; a more risk-sensitive set of standardised approaches and the introduction of a new 'output floor' to be phased in over five years. On 12 September 2024, the PRA published policy statement PS9/24, which set out its near-final rules to implement Basel 3.1 in the PRA rulebook. The publication also delayed the implementation date to 1 January 2026 based on industry feedback and the PRA's ongoing monitoring of implementation timelines in other jurisdictions. On 17 January 2025, the PRA published a news release, further delaying the Basel 3.1 effective date in the UK until 1 January 2027 to allow more time for clarity to emerge about plans for its implementation in the United States.

Subsequent Events

Information on any subsequent events can be found in the CSUK 2024 Annual Report.

Risks and Uncertainties

CSUK has established a risk framework designed to manage the full range of risks inherent in its business strategy. Within that framework, two of the most material risks for the Bank are credit risk and operational (or non-financial) risk and they attract the majority of CSUK's regulatory capital requirements. The other material risks for CSUK include business risk, capital risk, group risk, market risk, model risk, reputational risk, sustainability (including climate risk) and treasury and liquidity risk and are described below. As part of the Risk Appetite framework, the Bank manages and monitors its risks though specific risk appetites.

RISK AREA	HOW RISKS ARE MANAGED
Business Risk The potential negative impact on earnings from lower than expected business volumes and/or margins, stemming from adverse moves in internal or external risk factors (such as client attrition, reduction in AUM value), or from costs being higher than expected.	Business risk is identified initially through the financial and capital planning process, where the Chief Financial Officer ('CFO') reviews and challenges the proposed business strategy and articulates the financial consequences of proposed business activities and volumes. As necessary, the bank's senior management identifies overlays to the outcome of financial planning to ensure a prudent result and to reflect the execution risk associated with the Bank's strategy. Business risk is managed by the CEO and the Executive Committee and monitored as part of regular financial reporting to the Audit Committee and Board. Such reporting includes a number of KPIs that measure the quality of earnings (through the presentation of normalised, underlying results and metrics), trends in performance and progress against budget. Certain strategic metrics are also monitored as part of regular reporting to the Risk Committee.
Capital Risk Capital risk is the risk that the Bank does not maintain adequate capital to support its activities while exceeding its regulatory requirements and meeting its internal capital goals. Including the risk of the mismatch between available resources and capital demand.	The UBS Group ('UBS') considers a strong and efficient capital position to be a priority. Consistent with this, CSUK closely monitors its capital position on a continuing basis to ensure ongoing stability and support of its business activities. This monitoring takes account of the requirements of the current regulatory regime and any forthcoming changes to the capital framework. Capital risk is measured and monitored through regular capital adequacy reporting produced by the PRA Capital Reporting ('PCR') team and provided to management to ensure the drivers of movements in capital adequacy are identified and understood. CSUK Asset Liability Committee ('ALCO') reviews the current capital adequacy position, as well as a forecast position, to identify any potential adverse movements in the ratio that could require management action. Annually, the Internal Capital Adequacy Assessment Process ('ICAAP') assesses the adequacy of capital in both benign and during a range of plausible, adverse stress scenarios. The ICAAP is used to support business decision-making and informs management of what reasonable management actions may be necessary to restore the capital position, if required, during times of economic stress. In light of the imminent transfer of business to other Group entities, capital risk is managed through two main levers: ongoing roll off of the lending book to reduce credit risk capital requirements; and if necessary, via capital injection requests to the shareholders to increase capital resources.

Credit Risk The risk of loss resulting from the failure of a client or counterparty to meet its contractual obligations toward the Bank.	Credit risk arises principally from the Bank's lending business, comprising residential and commercial mortgage products and loans secured against diversified portfolios of securities and lending. The Bank uses a credit risk management framework which provides for the consistent evaluation, measurement, and management of credit risk across the Bank. Credit risk is mitigated by conservative lending criteria, including strict affordability tests, low Loan-to-Value ('LTV') ratios and collateral held as security. As part of integration into UBS, CSUK has stopped offering its lending products as of Q3 2024.
Market Risk Potential financial losses arising from adverse changes in market factors such as equity, commodity, foreign exchange prices, interest rates, credit spreads, volatilities, correlations, cross market risks, basis and spreads risks or other relevant market factors (including concentration and illiquidity) on positions held.	CSUK's exposure to market risk typically arises from the following sources: Structural interest rate and structural FX risk arise primarily from the loan and deposit books (a core value proposition and service offering). CSUK manage this by avoiding carrying material open interest or FX rate positions. FX risk arising from trades undertaken on behalf of clients. CSUK manage this risk by ensure net FX risks are 'flat' or matched currency positions resulting in minimal net daily profit and loss. Exposure to settlement risk arising from trades executed on behalf of clients on a Delivery Versus Payment ('DVP') basis. CSUK's aggregate risk appetite for market risk arising from DVP services is subject to gross notional (one way) and VaR thresholds, which are quantified in the Risk Appetite and monitored when failed trade levels breach appetite. CSUK's DVP business was closed in June 2024.

Group Risk Under the PRA Rulebook a firm is required to have adequate, sound and appropriate risk management processes and internal control mechanisms for the purpose of assessing and managing its own exposure to group risk, including sound administrative and accounting procedures.	The main sources of 'Group' risk for the Bank are: Capital: CSUK is a 100% owned subsidiary of its parent entity (UBS AG) but is not reliant on parent for its capital requirements over the timeframe of its 3 year financial plan. The Board retains full discretion over any repayment of capital back to parent. Unsecured Funding: The parent entity provides funding typically in GBP on short to medium-terms to ensure that CSUK manages its interest rate risk exposure and maintains sufficient liquid assets. Intra-group unsecured funding is managed as part of a UBS Group-wide treasury governance framework. A CSUK ALCO meeting convenes on a quarterly basis to assess the ongoing adequacy of financial resources and to ensure that potential funding issues are assessed and escalated appropriately. Reputation: The Bank is now branded as a UBS legal entity and could be impacted by reputational issues affecting other UBS legal entities. Reputational issues could cause a decline in the customer base, litigation or revenue reductions. For example, a credit rating downgrade of the parent legal entity could result in a higher cost of funding as depositors could view CSUK as a less favourable bank with which to place deposits and CSUK may be required to pay higher deposit rates to retain deposits to fund its balance sheet. UBS has a global approach to identify, assess and manage reputational risks. Infrastructure: CSUK is dependent on a variety of UBS Group services (Corporate Functions) to carry out its core activities of financial advisory, management services and credit solutions. These include, but are not limited to IT, HR, Compliance, Finance and Risk. Corporate Functions are governed through appropriate service-level agreements ('SLAs') and have senior accountable executives directly responsible in respect of CSUK. Such functions may operate from other legal entities to ensure operational continuity. Failures of the people, processes and systems operating on behalf of CSUK within the Corporate Functions are considered as part of the Operational Risk assessment.

Non-Financial Risk NFR is the risk of undue monetary loss and/or non-monetary adverse consequences to the Bank, its clients or markets, resulting from Compliance, Financial Crime or Operational Risks. Including the risk that improper behaviour or judgement by our employees results in negative financial, non-financial, or reputational impact to our clients, employees, the Bank, and the integrity of the markets.	Effective management of Non-Financial risk requires a common framework that focuses on the early identification, recording, assessment, monitoring, prevention and mitigation of non-financial risks, as well as timely and meaningful management reporting. CSUK's Non-Financial Risk Framework ('NFRF') provides a structured approach to managing non-financial risks. It seeks to apply consistent standards and techniques for evaluating risks across the Bank while providing individual businesses with sufficient flexibility to tailor specific components to their own needs. Business areas take responsibility for their non-financial risk management and are supported by non-financial risk teams who are responsible for the implementation of the risk management framework, methodologies and reporting. CSUK has fully migrated to the UBS non-financial risk management framework. UBS group developed tools are employed, including risk appetite tolerance statements in the main areas of NFR (Rules & Regulations, People, Process, Cyber & Systems, Clients & Markets, Governance and Outsourcing), reporting of 'top' non-financial risks; utilising non-financial risk registers; risk and control indicators; integrated risk assessments ('IRAs'); compliance risk assessments ('CRA'), financial crime risk assessments ('FCRA'), analysis of internal non-financial risk incident data; review of external loss data; and non-financial risk scenario development.
Reputational Risk Reputational risk is the risk of unfavourable perception of the firm or decline of the Bank reputation from the point of view of clients, industries, shareholders, regulators, employees or the general public which may lead to potential financial losses and/or market share. Reputational risk may arise from any of the risks to which the Bank is exposed; therefore, it is considered a transversal outcome that is not assessed in silo but addressed and evaluated through the individual risk taxonomies.	CSUK values its reputation and is committed fully to protecting it through a prudent approach to risk-taking and a responsible approach to its business activities. Reputational risk arising from proposed business transactions and client activity is assessed in the Reputational Risk Review Process ('RRRP'). The Bank'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 RRRP. CSUK stopped onboarding new clients in Q4 2024 thus reputational risk is now significantly reduced.

Strategic Risk The risk that the financial position of a firm may be adversely affected by its relationships (financial or non-financial) with other entities in the same group or by risk which may affect the financial position of the whole group, including reputational contagion. These may manifest themselves as other Level 0 risks. Strategic risks include: Business model risk Employee attrition risk Regulatory change risk Merger & Acquisition risk Organizational structure	CSUK is exposed to key aspects of strategic risk as a result of the planned transfer of business to other UBS group entities later in 2025. The risk of employee attrition is managed by appropriate incentive schemes and active management communication and engagement with staff. The risk of loss of staff is further mitigated by the relatively short timeline until business transfer completes. The other two key strategic risks that the firm is exposed to are business model risk and mergers and acquisition risk, which go hand in hand given the intended migration of the business to UBS subsidiaries. CSUK mitigates the aspects of strategic risk via in depth planning for integration activities, active executive oversight and risk management of the process, and careful Board scrutiny of the integration program as a whole. Given the planned transfer of business out of CSUK in 2025 and because CSUK is no longer onboarding new clients, Regulatory Change Risk and Organisational structure risk are considered to be non-material.
Treasury Risk The risks associated with asset and liability management and our liquidity and funding positions, as well as structural exposures including pension risks.	CSUK transitioned to the UBS liquidity and funding framework, which includes modifications to intra-entity rebalancing policy, updates to risk appetite and changes to the liquidity crisis response process. The new framework continues to ensure compliance with UK local regulatory requirements. Such compliance requirements are measured as part of the PRA's Individual Liquidity Guidance ('ILG') resulting in requirements for CSUK to hold term-funding and a local liquidity asset buffer of qualifying high quality liquid assets ('HQLA') and cash. Interest rate risk exposures in the non-trading positions (synonymously used to the term "Banking Book") mainly arise from retail banking, and related funding activities, with the majority of interest rate risk managed by Treasury centrally on a portfolio basis within approved limits using appropriate hedging strategies. The risks associated with the non-trading interest rate-sensitive portfolios are measured using a range of tools, including the following key metrics: Interest rate sensitivity ('DV01') and Economic Value of Equity scenario analysis. CSUK aims to balance the exposure between current loans and deposits through maintaining a low level of interest rate mismatches. In cases where the mismatch is larger, it is offset through intercompany repurchase agreement transactions with Credit Suisse International ('CSi').

Risk Drivers

CSUK is closely monitoring the following key risks and global economic developments and the potential effects on our operations and business.

UBS specific drivers

Business integration program

The Bank is continuing to pursue an integration strategy with the UBS parent entity with tight timelines. As disclosed publicly in December 2024, the integration will be achieved by means of Part VII business transfer involving significant amounts of preparatory and execution work over the first half of 2025. The inherent complexity of the project increases risk to the firm in a number of areas, most notably:

- Legal risks associated with correctly specifying the Part VII transfer documents for sanctioning by the UK court and unambiguously agreeing the assets and liabilities to be transferred
- Sanctions risk from the need to secure relevant governmental licenses to permit the transfer of certain sanction positions to UBS
- Data leakage and integrity risk during the preparations for actual client and balance sheet transfer later this year
- Balance sheet management at point of business transfer, with the need to ensure liquidity, capital, large exposure and other key balance sheet metrics remain within limits as assets and liabilities are migrated

Each of these key areas are being addressed by dedicated workstreams within the broader integration program.

Safe and stable wind-down

Post the point of business transfer, the Bank will need to be wound up in an orderly fashion. A small volume of residual assets and business may remain in the Bank's books for a period of time after Part VII transfers have completed. Material delays to the program may have knock on consequences to the cost base and financial performance of the Bank.

Financial plans and associated ICAAP analysis factor in downside scenarios to this wind down process to ensure that solvency can be maintained up to the point of entity closure, in the event that business transfer does not go as planned.

People risk

The Bank’s employees are one of its most important resources. In 2024 the Bank saw staff attrition stabilise relative to the prior year, and with the legal transfer of the bulk of the business to UBS AG London Branch now only a matter of months away, the risk that employees will decide to leave is expected to remain muted. However, the high workload imposed by executing the integration program at the same time as running BAU activities elevates the risk of staff disengagement and potentially of burn-out. Management are supporting staff via regular all-hands management meetings, careful planning of integration activities to allow for time away from the office, and minimising unnecessary work.

Systemic drivers

Geopolitical risk

Russia / Ukraine War and European Security:

The sanctions in place on Russia's financial system, Russian government officials, and business leaders remain active and the main strategy to combat Russia's invasion of Ukraine. Prior to the invasion, sanctions had already been imposed by the US, EU and UK in 2021, in response to alleged Russian activities related to Syria, cybersecurity and electoral interference. Moreover, other restrictions were instructed following Russia's annexation of Crimea in 2014. The Russian government has also imposed certain countermeasures, which include restrictions relating to foreign currency accounts and financial securities transactions. Global governments continue to issue new restrictions on Russian individuals and interests, with a wave issued in late 2024 by the UK government targeting Russia's "shadow fleet" of tankers and foreign-based companies providing military supplies to Russia. In Q1 2025, the EU also expanded existing restrictions on Russian aluminium imports. With the recent re-election of President Trump in the US, fundamental assumptions with respect to the war narrative, wider European security, and strategic independence are being brought into question.

CSUK reviews the impact of new sanctions as they are issued, and continually assess the impact of existing sanctions, Russian government countermeasures and potential future escalations, both on our exposures and client relationships. Up until now the impact on CSUK has been immaterial, albeit the presence of some sanctioned client assets in CSUK, which will require licenses to permit their transfer within the UBS custody network.

Middle East Conflict

Middle East tensions remain high in 2024 following the Hamas terrorist attacks on Israel on 7 October 2023 and Israel's retaliatory invasion of the Gaza strip, military incursions into Lebanon and the West Bank, and strikes against Iran. There have now been numerous direct military confrontations between Iran and Israel, and multiple indirect attacks by proxy groups including the Houthis, Hezbollah, and Hamas, including against western targets. Likewise, the toppling of the Assad regime in Syria in late 2024 has brought about a further potential source of instability to the region. In addition, a Gaza ceasefire deal brokered by the Biden and Trump administrations at the start of 2025 appears to be on the verge of unravelling with renewed attacks against Hamas by Israel. With the new White House administration's hard stance against Iran and vocal support for Israel, the potential for further escalation in the Middle East is heightened, in particular, if a deal on Iran's nuclear program is not reached.

The overall situation has not thus far directly impacted CSUK, however clients in the region could be affected. This may have knock on consequences for client activity on the Bank's Middle East desk, and may impact the willingness or ability of clients to engage with the Bank.

Macroeconomic risk

After several years of high inflation rates across the major economies, inflation has subsided since its peak in early 2023, but remains persistently higher than in recent history. The Federal Reserve ('The Fed') and other major central banks have taken the initial steps towards a loosening cycle, but there is still considerable uncertainty around the likely future path of interest rates.

Although there has been a wave of interest rate cuts through the back end of 2024 and early 2025, a return to monetary tightening by central banks cannot be ruled out if inflation picks up, with sharp increases in interest rates carrying the risk of triggering a recession. Equally though, political pressure is building on the Fed for interest rate cuts to support the stock market and reduce household lending costs.

In addition to the uncertainty on core interest rates, a range of tariffs and counter-tariffs has been announced between the US and their major trading partners. The lack of clear strategic rationale for the tariffs so far announced, and the potential for them sparking a long running Global trade war, are creating significant recessionary pressures and have already severely impacted corporate earnings prospects as well as financial markets.

CSUK's clients are relatively immune to recessionary conditions given their asset and wealth profile but would be directly impacted by a significant downturn in markets. CSUK continues to monitor the business for potential impacts.

Climate and environmental risk

With a global average temperature more than 1.5°C above pre-industrial levels for 19 out of the last 20 months, and many other warming records recently broken, including January 2025 being the warmest on record, the risk posed by human-driven climate change is more apparent than ever. As a result, the incidence of devastating natural disasters has been increasing world-wide; from the catastrophic Los Angeles wildfires at the start of the year, to the higher intensity and frequency of hurricanes in the Gulf of Mexico, to the increased rainfall and flash flooding that many regions are now seeing, for example in Valencia last Autumn. The physical risks arising from climate and weather-related events could potentially result in material financial losses, impairing asset values and the creditworthiness of borrowers.

Climate change also poses significant transitional risk due to the potential disruptions of cost and business models from adjusting to a low carbon economy. These risks arise from changes in climate policy, infrastructure costs, technological developments, disruptive business models, and shifting investor and consumer sentiment. This would result in diverging financial performance across industrial sectors, with fossil fuel linked or energy intensive sectors likely to be adversely impacted.

CSUK's primary exposure to physical climate risk is through the property collateral for its portfolio of commercial and residential real estate loans. CSUK is exposed to climate transition risk through client portfolios on which we charge management and custody fees and, in some cases, against which we issue Lombard loans.

Given the proximity to Part VII business transfer, CSUK now has minimal exposure to emerging climate-related risks either on the mortgage book or on client assets. CSUK retains a climate linked risk appetite, leveraging internally developed metrics and analysis from the central Climate Risk team.

Technological risk

Cyber Security:

The financial services industry is highly dependent on its technology platforms, and as a result, faces dynamic cyber threats as new technology vulnerabilities are discovered and bad actors take advantage of them. UBS Group has a long-term commitment to investing in its information and cybersecurity programs, to strengthen its ability to anticipate, detect, defend against, and recover from cyber-attacks. CSUK benefits from cybersecurity improvements at Group level, but also regularly assesses the effectiveness of its key controls and conducts employee training and awareness activities, including for key management personnel, to enhance the resilience of our systems and to promote a strong cyber risk culture.

Artificial Intelligence (AI):

Artificial Intelligence systems are improving at an unprecedented rate. The progress seen in 2024 was particularly dramatic, with the release of several highly capable consumer-oriented platforms, as well as the integration of significantly useful AI agents to the business environment for the first time.

Rapid uptake of AI based solutions in the banking sector offers a significant initial opportunity for efficiency gains, but also a longer-term business strategy challenge around the role of bank staff vs that of the machines. Large scale adoption of AI presents major internal risks, such as lack of transparency on decision making, especially when AI agents start interacting with each other; and increased external threat, such as the potential for deep fake impersonation of clients during onboarding or account interactions.

The scope and use of AI is an active area of discussion at all levels throughout the Bank. CSUK benefits from Group-led programs to enable employees to understand how AI may affect banking activities and job responsibilities, and to ensure the risks and opportunities are understood by all.

Risk Management

Overview

The Bank's risk management framework is based on transparency, management accountability and independent oversight. Risk management plays an important role in the Bank's business planning process and is strongly supported by senior management and the Board. The primary objective of risk management is to protect the Bank's financial strength and reputation and the interests of clients, stakeholders and employees, while ensuring that capital and liquidity are well deployed to support business activities in a regulatory compliant manner and grow shareholder value.

Governance Arrangements

Board of Directors

The Board of Directors is responsible for reviewing the effectiveness of CSUK's risk management and systems of financial and internal control. These are designed to manage rather than eliminate the risks of not achieving business objectives, and, as such, offer reasonable but not absolute assurance against fraud, material misstatement and loss. The Board of Directors considers that adequate systems and controls are in place with regard to CSUK's risk profile and strategy, and an appropriate array of assurance mechanisms, properly resourced and skilled, is in place to avoid or minimise loss.

The Board is also responsible for ensuring the business is managed within the agreed Risk Appetite, which is normally reviewed and approved at least once a year by the Board. Key risks are also formally reviewed and assessed on a quarterly basis by the Board Risk Committee and the Board as required. In addition, key business risks are identified, evaluated and managed by executive management on an ongoing basis by means of policies and processes such as credit and market risk limits and other non-financial risk metrics, including authorisation limits, and segregation of duties. The Board receives regular reports on any risk matters that need to be brought to its attention. Significant risks identified in connection with the development of new activities are subject to consideration by the Board. There are well-established business planning procedures in place and reports are presented regularly to the Board detailing the performance of CSUK, variances against budget, prior year and other performance data.

Recruitment to CSUK's Board of Directors is governed by a nominations policy that is applied consistently to all subsidiaries within UBS group. At a local level, this policy is implemented by a Nominations Committee which evaluate the balance of skills, knowledge and experience of the Board of Directors by reference to the requirements of the Bank, and similarly to consider the skills, knowledge and experience of individual candidates for appointment to the Board. As the Bank 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. In addition, the Board has adopted a Diversity Policy, setting out the approach to diversity, including consideration of differences in skills, regional and industry experience, background, race, gender and other distinctions between Directors. The Board in 2024 exceeded its target of at least 25 per cent female representation on the Board and will continue to monitor the composition in 2025 through periodic reviews of structure, size and performance of the Board. Details of the number of directorships held by Board Members are shown in Appendix 2.

The Board supports the Whistleblowing Champion to review and assess the integrity, independence, effectiveness and autonomy of the Bank's policies and procedures on whistleblowing.

Risk Governance

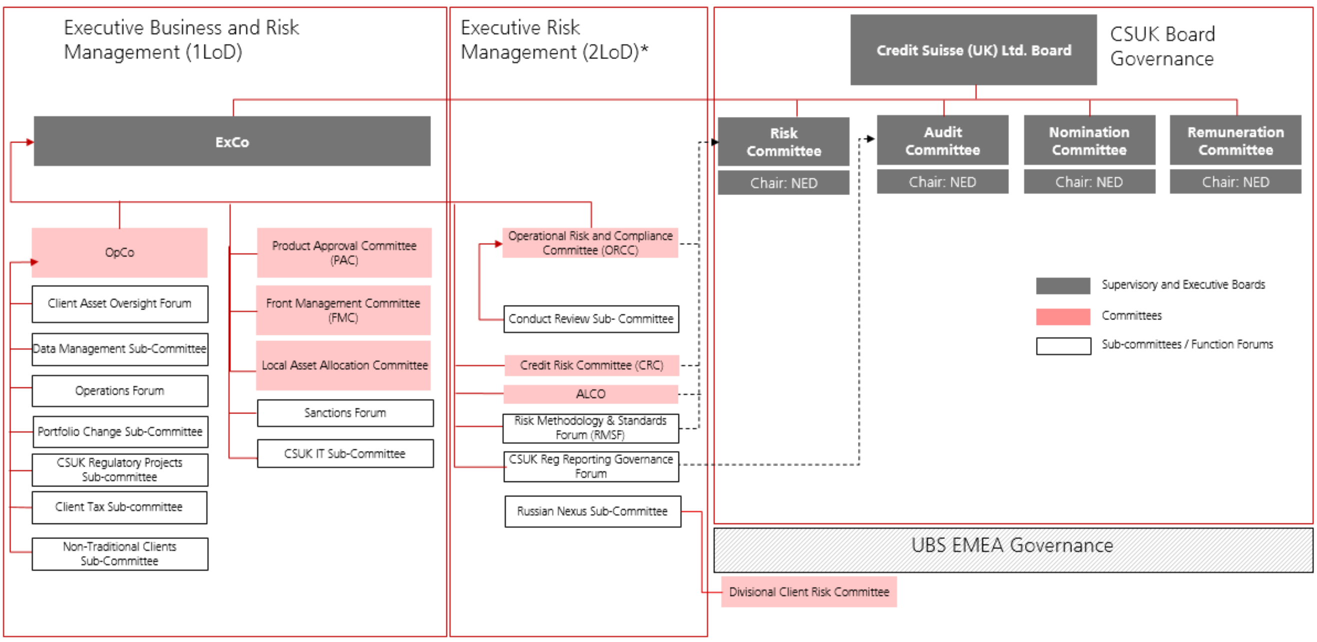
Effective risk governance sets a solid foundation for comprehensive risk management discipline. The Bank's risk governance framework is based on a "three lines of defence" governance model, where each line has a specific role with defined responsibilities and works in close collaboration to identify, assess and mitigate risks:

- The first line of defence is the front office and business units, who are responsible for pursuing suitable business opportunities within the strategic risk objectives and compliance requirements of CSUK. Its primary responsibilities are to ensure compliance with relevant legal and regulatory requirements, to maintain effective internal controls and to manage risk within the agreed risk appetites. First Line of Defence Support ('FLDS') reports to the CSUK

Chief Operating Officer ('COO'). Its objectives are to ensure that existing and emerging risks in CSUK's business are identified and that controls are established to effectively mitigate and manage these risks.

- The second line of defence includes functions such as Risk, Compliance and Financial Crime Prevention ('FCP'). It articulates standards and expectations for the effective management of risk and controls, including advising on applicable legal and regulatory requirements and publishing related policies, and monitoring and assessing compliance with regulatory and internal standards. The second line of defence is separate from the front office and its independent control functions are also responsible for reviewing, measuring and challenging front office activities and producing independent assessments and risk management reporting for senior management and regulatory authorities.
- The third line of defence is internal audit, which monitors the effectiveness of controls across various functions and operations, including risk management, compliance and governance practices.

The Board of Directors is responsible for the overall risk management framework and is advised by the CSUK Risk Committee, which is chaired by a non-Executive Director. The CSUK governance and management structure is outlined in the following chart:



*Additional Notes: Reputational Risk Review Panel (RRRP) takes place on an ad-hoc basis when needed
*The Conduct Review Sub- Committee is also referred to as the Conduct Review Panel
*Client Asset Oversight Forum has now replaced the PB CASS Sub Committee

The roles of the key CSUK's committees are outlined below.

Board Committees Overview

The Board has delegated certain powers to Board Committees, while retaining responsibility and accountability, which assist the Board in carrying out its functions and ensure that there is independent oversight. Each Board Committee has a Terms of Reference, recording the scope of delegated authority and the committee's responsibilities. The Chair of each Board Committee reports to the Board.

The Risk Committee assists the Board in fulfilling the Board's risk management by reviewing risk appetite, strategies and polices, the risk management function, the compliance function, the ICAAP and risk limits and reports. During 2024 the Risk Committee has taken decisions aligned with its duties and objectives, including the review of the Risk Appetite Statement and Limits, ICAAP, ILAAP, the Compliance Plan and the Financial Crime Compliance Plan.

The Audit Committee assists the Board in fulfilling the Board's oversight responsibilities by monitoring financial reporting and accounting, internal controls, internal audit, and external auditors. During 2024, the Audit Committee has taken decisions in line with its duties and objectives, including the review and approval of the Internal Audit Strategy and Plan, Non-Audit Services, and has recommended for Board approval the Audit Committee Objectives and Annual Financial

Statements and Pillar 3 Disclosures and Tax Strategy. The Audit Committee also receives regular reports including on Client Assets Sourcebook ('CASS') and General Counsel Litigation.

In 2024 the Advisory Remuneration Committee changed to a Board Remuneration Committee to align with UBS Corporate Governance. The Remuneration Committee, in line with its updated objectives, reviews Incentive Spend and Pay-for-Performance, Gender and Equal Pay Process, Individual Compensation Awards, and Regulatory Compensation Development and Reporting aligned with UBS' Total Reward Principles.

The Nominations Committee is responsible for the identification and recommendation for approval, candidates to fill vacancies on the Board of CSUK, making recommendations to the Board concerning the role of Chair and membership of the Board Committees, in consultation with the Chairs of those committees, and leading a Board evaluation process.

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 CSUK ExCo. Chaired by the CEO, it is ultimately responsible for the management of the CSUK business and the execution of the strategy set by the Board. As a decision making forum, it may receive proposals escalated from other executive committees or from business unit managers.

The CSUK ExCo has delegated a number of functions and responsibilities to the following management committees, including:

Executive Business Management Committees

Product Approval Committee ('PAC'): Chaired by the Head of Advisory & Sales ('A&S') UK, is responsible for the review and approval of relevant products and services (including service propositions) that are developed, offered for sale and/or made available by the Bank to clients or prospective clients. In addition, the PAC is responsible for monitoring compliance with all relevant market requirements.

Front Management Committee ('FMC'): Chaired by the Head of Front UK as delegated by the CEO, is responsible for reviewing front office activities, and escalating necessary actions and changes to the ExCo for final decision making. Activities include reviewing financial performance, reviewing the impact of regulatory changes, oversight of sales and client engagement activities and reviewing pricing.

Local Asset Allocation Committee ('LAAC'): Chaired by the Head of Investment Management UK, is responsible for oversight and management of the discretionary mandates in the UK. This includes the implementation of the strategic and tactical asset allocation and security selection for all discretionary mandates across each type of investment profile, offered by CSUK, in light of our capital market assumptions and prevailing market conditions.

Operating Committee ('OpCo'): Chaired by the COO, is responsible for monitoring delivery of key projects within the business, including reviewing the impact of regulatory change, business improvement initiatives, the performance of the Corporate Functions, 3rd party outsourcing assessment including service monitoring, reviewing platform procedures and operational policies. Sub-committees with delegated authority from OpCo include:

- Client Asset Oversight Forum: responsible for monitoring compliance with the CASS rules and sets the strategic direction for ongoing regulatory compliance within the CASS regime.

- Data Management Sub-Committee (Delegated responsibility from the Operating Committee): Chaired by the COO, this Sub-Committee is responsible for oversight and decisions over data management matters including, but not limited to, adequate ownership and control around front-to-back data, compliance with regulatory and data governance policies and visibility over data quality issues.

- The IT Sub-Committee (Delegated authority from the Operating Committee) oversees the technology agenda, initiatives, projects across local, divisional and UBS Group IT functions to ensure alignment, including decisions and prioritisation if required and in accordance with group minimum IT and regulatory standards.

- The Operations Forum is responsible for ensuring adequate oversight over Operational matters: adequate ownership and control around front-to-back data and processes. Issues and items requiring decisions are escalated via the OpCo.

- The Portfolio Change Sub-Committee (Delegated Authority from the Operating Committee) is responsible for setting the overall priority for the CSUK and UBS AG Guernsey Branch Project Portfolio. The committee ensures adequate project oversight is maintained and the allocation of key resources are aligned to the UK and Guernsey's key Regulatory, Critical Risk and Strategic initiatives.

- Regulatory Change Sub-Committee (Delegated Authority from the Operating Committee) is a governing body for regulatory change including strategic decisions on initiatives impacting CSUK, ensuring adequate project oversight, collective decision, and approval of regulatory solutions, and providing updates on the regulatory agenda.

- The Client Tax Sub-Committee (Delegated responsibility from the Operating Committee): Chaired by the COO, this Sub-Committee is responsible to oversee the operational and client tax reporting requirements applicable to CSUK. This includes reviewing the adequacy of the operational framework and infrastructure including processes and procedures applicable to each tax regime. Reviewing the impact of Tax authority change on processes and procedures, overseeing the annual reporting requirements, managing control attestations, and reporting approvals, and tracking successful submissions to the applicable tax authority.

Executive Risk Management Committees

The Credit Risk Committee is chaired by the CRO, supported by the Head of Credit Risk, and members consist of senior management. It meets to discuss issues and risks relating to the credit exposures arising from the Bank's business activities. The committee is responsible for approving, monitoring, and controlling all credit exposures of CSUK and managing the risks associated with the loan portfolio, including reviewing, and monitoring adherence to CSUK's Credit Policies and Credit Risk Appetite Framework.

Asset & Liability Management Committee ('ALCO'): The CSUK ALCO is chaired by the CSUK Chief Financial Officer ('CFO'). It is responsible for the management of Asset and Liability Management ('ALM') risks, including: the CSUK capital and liquidity position vs. internal and external limits; current, future and stressed liquidity and capital positions of CSUK; and the impact of current and future regulatory changes on the capital and liquidity position. ALCO advises the CSUK Board Risk Committee in respect of capital and liquidity stress testing, capital and liquidity buffers and the setting of risk thresholds, and has oversight of the ICAAP and ILAAP processes. In addition, the Liquidity Crisis Taskforce is formed on activation of crisis management plans and is responsible for ensuring that the CSUK adopts an appropriate response to significant liquidity and funding issues impacting the UK entities during periods of stress.

Risk Methodology Standard Forum ('RMSF'): The purpose of RMSF, chaired by the CRO, is to review and approve stress testing model design, scenarios, methodology and results as per the entity's stress testing model. The Forum also reviews independent model validations for CSUK stress testing.

CSUK Regulatory Reporting Governance Forum ('RRGF'): The Forum is responsible for the governance and oversight of CSUK's regulatory reporting. The function of the Forum is to enable senior management oversight of CSUK's regulatory reporting under the SMCR of the Financial Conduct Authority in the UK.

The Russian Nexus Committee assesses the reputational risk of the following: 1) Onboarding of Russian nexus clients in scope of EU/CH deposit restrictions (particularly those who are transferring assets from EU/CH jurisdictions); 2) Assess the reputational risk of asset transfers of Russian nexus clients in scope of EU/CH deposit restrictions (particularly from EU/CH jurisdictions). Approval to proceed from this Committee is required in order to continue with the onboarding process/asset transfer under review.

Operational Risk and Compliance Committee: Co-chaired by the CCO and the MLRO is responsible for maintaining sound and robust operational risk management across CSUK by acting as a central business governance committee to discuss, understand, measure, and access key operational and compliance risks to the Bank.

- The Conduct Review Sub-committee (Delegated responsibility from the ORCC) is responsible for maintaining sound and robust oversight of the employee conduct related matters to provide decisions on potential conduct breaches escalated for review.

- The Financial Crime Prevention (FCP) Governance Forum is responsible for effectively managing the financial crime risks to which CSUK is exposed by providing a forum to enable active discussion of key financial crime MI and emerging financial crime issues and trends. The Forum does not take collective decisions, the purpose of the forum is discussion and information sharing. The Forum tracks breaches or near breaches of financial crime risk limits that will then be escalated to the CSUK Operational Risk Management Committee (ORCC).

- The Russian Sanction Forum (Delegated authority from the ORCC) assesses restrictions and manages delivery of processes and controls required to manage them (e.g. Accounts blocks, Euroclear segregation, Trust restrictions, EU/Swiss residence permit tracking process), including, where relevant, internal and external client communications.

- The MLRO Periodic Review Forum provides active discussion and focus on Periodic Review KYC cases that are overdue by >120 days, and affords the MLRO and FCC team the opportunity to (a) raise any FC-related concerns they have, (b) request the 1LOD to further control or to close accounts depending on the circumstances and progress of each case.

- The Non-Traditional Clients Sub-Committee (Delegated authority from the ORCC): Assess and make decisions on a potential the on-boarding offering from a Relationship Manager for the commercial, regulatory licensing, and operational viability of the onboarding.

Risk Culture

The Bank bases its business operations on 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 our stakeholders. Our risk culture is supported by the following principles:

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

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

The Bank seeks to promote responsible behaviour through the UBS Group's Code of Conduct, which provides a clear statement on the conduct standards and ethical values that we expect of our employees and members of the Board, so that we maintain and strengthen our reputation for integrity, fair dealing and measured risk-taking. In addition, our seven conduct and ethics standards are a key part of our effort to embed our core ethical values into our business strategy and the fabric of our organisation.

The conduct and ethics standards are designed to encourage employees to act with responsibility, respect, honesty and compliance to secure the trust of our stakeholders. Initiatives in this area have provided employees with practical guidance on careful and considered behaviour and the importance of acting ethically and learning from mistakes and promoting positive culture. Our employee performance assessment and compensation processes are linked to the conduct and ethics standards and the UBS Group's Code of Conduct.

Risk Management Framework

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

Risk Appetite

CSUK's risk appetite establishes a direct link between its strategy and performance management, its risk management and its capital structure. This approach ensures that CSUK incorporates risk factors in decision making, so that actions are compatible with an agreed appetite for risk.

- Risk thresholds are identified for all key risks identified by the risk management process. This will determine the specific maximum or residual risk, as appropriate, that CSUK is willing to accept for each risk category;
- Risk thresholds may be established to monitor the actual risk against limits or guidelines, with any breaches triggering appropriate review and corrective actions, if required.

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

CSUK defines its appetite for risk through its risk appetite process. Risk constraints are established by key risk category and reported to the CSUK BRC and to the Board of Directors. These risk categories are constantly reviewed as part of CSUK's ongoing risk assessment process.

Risk Organisation

The prudent taking of risk in line with the Bank's strategic priorities is fundamental to its business as part of a leading global banking group. To meet the challenges in a fast changing industry with new market players and innovative and complex products, the Bank seeks to continuously strengthen the risk function, which is independent of but closely interacts with the businesses.

Risk Functions

The Bank's second line of defence is led by the Chief Risk Officer ('CRO') and the Chief Compliance Officer ('CCO'), who report to the Bank's CEO and, respectively, to the CS EMEA Chief Risk Officer ('CS EMEA CRO') and to UBS Wealth Management Compliance and Operational Risk Control ('WM CORC') management. The CS EMEA CRO reports into the UBS EMEA CRO. Both the CRO and the CCO also have a reporting line into the CSUK Board Risk Committee Chair.

The CRO is responsible for overseeing the Bank's risk profile across financial risks, including credit risk, treasury risk and capital risk, plus certain other risks such as reputational risk and climate risk.

The CCO is responsible for the non-financial risks ('NFR') of the firm, including monitoring and setting risk appetite for conduct risks and compliance risks. In addition the CCO has responsibility for financial crime risk via the Money Laundering Reporting Officer ('MLRO') and operational risks from the NFR taxonomy.

<u>Chief Risk Officer</u>

To manage the material risks, the CRO function comprises of:

- <u>Credit Risk Management</u> is responsible for approving credit limits, monitoring, and managing individual exposures, and assessing and managing the quality of credit portfolios;
- <u>Market Risk Management</u> is responsible for managing FX and interest rate exposures to specific risk thresholds;
- <u>Reputational Risk Management</u> is key to identifying both internal and external incidents which may result in damage to the Bank's reputation; and
- <u>Treasury Risk Control</u> is responsible for assessing and monitoring the non-traded market and liquidity risk profiles of the Bank and recommending corrective action, where necessary.

These areas form part of a matrix management structure with reporting lines into both the CRO and the relevant departmental Risk Heads.

Furthermore, an Enterprise Risk Management ('ERM') function is responsible for covering cross-business and cross-functional approaches towards identifying and measuring risks as well as defining and managing risk appetite levels. The ERM function is also responsible for coverage of material risks without a dedicated risk management function such as Business Risk, Capital Risk and Climate Risk.

The CRO, on behalf of the Board, is responsible for providing risk management oversight and establishing an organisational basis to manage all risk management matters through its primary risk functions. In addition, the Bank's CRO Function leverages support from central Group Risk functions to assist with the management of model risk (relating primarily to the use of models in the ICAAP, ILAAP and the estimation of Expected Credit Loss).

Chief Compliance Officer

The Bank's Compliance function, headed by the CSUK CCO, is responsible for providing compliance advice, monitoring and support in respect of all activities of CSUK and for providing effective and robust challenge as it assists senior management in effectively managing regulatory compliance and conduct risks. It advises on Compliance rules and regulations, including informing management and employees of relevant developments to enable them to comply with their regulatory obligations.

The CSUK Compliance function fulfils its responsibilities by establishing relevant policies and procedures, delivering training and education programmes, providing day to day compliance advice, overseeing the implementation of monitoring, surveillance and testing programmes, and escalating potential compliance and/or control issues to the CSUK Executive Committee and the CSUK Board Risk Committee. The Compliance coverage team provides advice and support to senior management in managing and mitigating compliance related risks faced by CSUK.

Compliance responsibility encompasses, amongst other items, the following:

- Conduct matters including: i) investor protection (suitability and appropriateness); ii) markets rules (i.e. Market Abuse, Inside information, best execution and conflicts of interest) and iii) Employee compliance matters (outside interests, personal account trading)
- Cross-border Business Conduct
- Regulatory Compliance in relation to Markets in Financial Instruments Directive ('MiFID'); Conduct of Business Rules ('CBOs'), Mortgage Conduct Rules ('MCOBs'), Consumer Duty rules amongst others
- Marketing materials and financial promotions
- Fraud and data theft

In relation to its responsibilities to oversee and report on conduct risks, the CCO function chairs the Conduct Review Panel, attended by representatives from CEO, NFR, FLDS and Human Resources ('HR'). The Conduct Review Panel adheres to the UBS Group Policy on Conduct Risk Management.

The CSUK Compliance function is supported by other Compliance functions including monitoring, testing, trade surveillance, anti-fraud, and operational risk.

Money Laundering Reporting Officer ("MLRO")

The Money Laundering Reporting Officer's responsibilities include (but are not limited to) oversight of the implementation of UK legislation with regards to financial crime, Proceeds of Crime Act ('POCA'), UK Bribery Act, etc, researching and providing advice in relation to high risk client types including Politically Exposed Persons ('PEP') relationships and those with heightened financial crime and related reputational risks.

Financial Crime Prevention fulfils its responsibilities by ensuring there are appropriate and proportionate risk management systems and controls in place to counter the risk that the entity might be used to further financial crime, overseeing the implementation of an adequate monitoring, surveillance and testing programme, specific to Anti-Money Laundering (‘AML’) , Sanctions, and Anti-Bribery and Corruption (‘ABC’), and providing guidance and training to CSUK employees in relation to financial crime matters. FCP receives disclosures under the UK legislation with regards to suspicions and assesses the need for onward reporting to the appropriate external authorities.

Operational Risk

Operational Risk Management is responsible for the identification, assessment and monitoring of operational risks in the NFR taxonomy, relating to systems, people and processes and external events.

During 2024, the NFR function was changed to roll up under Compliance & Operational Risk Control ('C&ORC') within Group Compliance, Regulatory & Governance ('GCRG') in line with the UBS Group governance model.

Capital Risk

Overview

Capital Risk is the risk that the Bank does not maintain adequate capital to support its activities and maintain the minimum capital requirements, including the risk of the mismatch between available resources and capital demand. UBS Group considers a strong and efficient capital position to be a priority. Consistent with this, Capital Risk is measured and monitored by CSUK through regular capital adequacy reporting produced by the UK Capital Reporting Team. Internal Capital Reports are distributed to management including period-on-period variance analysis to ensure the drivers of movements in capital adequacy are identified and understood. This monitoring takes account of the requirements of the current regulatory regime and any forthcoming changes to the capital framework.

Multi-year business forecasts and capital plans are prepared by CSUK, taking into account the business strategy and the impact of known regulatory changes. These plans are subjected to various stress tests reflecting both macroeconomic and specific risk scenarios as part of the ICAAP. Within these stress tests, potential management actions are identified. The results of these stress tests and associated management actions are updated regularly, as part of the ICAAP, with results documented and reviewed by the Board of Directors. The ICAAP then forms an input into the Supervisory Review and Evaluation Process ('SREP') conducted by the PRA when assessing the Bank's minimum level of regulatory capital.

Each quarter, the ALCO reviews the current capital adequacy position as well as a forecast position to identify any potential adverse movements in the CET1 and Total Capital ratios that could require management action. The CRO has established a risk appetite for capital risk and this is monitored quarterly by the ALCO and Risk Committee. Annually, the ICAAP assesses the adequacy of capital in both benign and during a range of plausible, adverse stress scenarios. The ICAAP informs management of what reasonable actions may be necessary to restore the capital position, if required, during times of economic stress.

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

Capital risk exposures are managed through two main levers: prudent capital buffers to adequately mitigate the strategic uncertainty inherent in the planned business transfer; and via capital injection requests to the shareholders to increase capital resources. Regulatory capital buffers were recalibrated in 2025 via the PRA Capital SREP process and subsequent Individual Capital Requirement ('ICR'), and are considered prudent by Bank management and the Board. Capital injections would follow the UBS Group policy on the Capitalisation of Branches and Subsidiaries and would require a business plan, a strong rationale for the injection and an assessment of the required types of capital.

Capital Resources

Article 437 of the CRR requires disclosure of the main features of any Common Equity Tier 1 ('CET1'), Additional Tier 1 ('AT1') and Tier 2 instruments that make up an institution's regulatory own funds (or capital resources).

CSUK's CET1 capital comprises ordinary shares. These shares carry voting rights and the right to receive dividends. CSUK has not issued any AT1 instruments and details of its Tier 2 subordinated loan capital can be found in Appendix 1. CSUK's capital composition and principal capital ratios are presented in the following tables, together with a reconciliation to CSUK's 2024 IFRS Statement of Financial Position.

Article 447 of CRR2 requires disclosure of key prudential regulatory information and ratios for current and previous. These include own funds, risk weighted assets ('RWA'), capital ratios, capital buffer requirements, leverage ratio, liquidity coverage ratio and net stable funding ratio. CSUK's key regulatory metrics and ratios are presented in the table below.

KM1 - Key metrics

Amounts in GBP '000

end of		2024	2023
	Available own funds (amounts)		
1	Common Equity Tier 1 (CET1) capital	299,412	291,388
2	Tier 1 capital	299,412	291,388
3	Total capital	346,842	344,861
	Risk-weighted exposure amounts		
4	Total risk-weighted exposure amount	671,676	999,597
	Capital ratios (as a percentage of risk-weighted exposure amount)		
5	Common Equity Tier 1 ratio (%)	44.58%	29.15%
6	Tier 1 ratio (%)	44.58%	29.15%
7	Total capital ratio (%)	51.64%	34.50%
	Additional own funds requirements based on Supervisory Review and Evaluation Process ('SREP') (as a percentage of risk-weighted exposure amount)		
UK 7a	Additional CET1 SREP requirements (%)	3.32%	1.77%
UK 7b	Additional AT1 SREP requirements (%)(1)	1.11%	0.59%
UK 7c	Additional T2 SREP requirements (%)	1.48%	0.79%
UK 7d	Total SREP own funds requirements (%)	13.91%	11.15%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)		
8	Capital conservation buffer (%)	2.50%	2.50%
9	Institution specific countercyclical capital buffer (%)	0.81%	0.80%
11	Combined buffer requirement (%)	3.31%	3.30%
UK 11a	Overall capital requirements (%)	17.22%	14.45%
12	CET1 available after meeting the total SREP own funds requirements (%)	36.75%	22.88%
	Leverage ratio		
13	Leverage ratio total exposure measure excluding claims on central banks(2)	1,808,065	2,409,588
14	Leverage ratio excluding claims on central banks (%)	16.56%	12.09%
	Liquidity Coverage Ratio(2)		
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	530,822	494,954
UK 16a	Cash outflows - Total weighted value	225,651	241,742
UK 16b	Cash inflows - Total weighted value	121,416	174,440
16	Total net cash outflows (adjusted value)	104,235	83,862
17	Liquidity coverage ratio (%)(3)	539.19%	729.77%
	Net Stable Funding Ratio(4)		
18	Total available stable funding	1,249,395	1,398,068
19	Total required stable funding	762,813	1,076,052
20	NSFR ratio (%)	167.13%	129.96%

Notes:

(1) CSUK has no AT1 capital. The additional SREP requirement of 5.91% is entirely satisfied by CSUK's CET1 capital.

(2) Leverage ratio total exposure measure for CSUK includes total balance sheet assets, off-balance sheet credit equivalent post credit conversion factor ('CCF') and potential future exposure on derivatives. CSUK not being a LREQ firm, is not subject to minimum leverage ratio capital requirement.

(3) Liquidity coverage ratio computed as an average of 12 month-end observations to the reporting date. LCR decreased year on year due to an increase in net cash outflows driven by lower cash inflows from retail clients offset by higher cash outflows from non-financial counterparties. HQLA increased over the period.

(4) Net Stable Funding Ratio is computed as an average of the last four spot quarter end positions.

Own Funds

Article 437 of the CRR2 requires disclosure of the main features of Common Equity Tier 1 ('CET1'), Additional Tier 1 ('AT1') and Tier 2 instruments. CSUK's CET1 comprises permanent share capital of ordinary shares and reserves. The ordinary shares carry voting rights and the right to receive dividends. CSUK has no AT1 capital.

CSUK's capital composition and principal capital ratios are presented in the tables below. No amount shown in 'own funds' is subject to CRR transitional provisions. CSUK did not apply IFRS9 transitional arrangements specified in Article 473a.

CC1 - Composition of regulatory own funds

Amounts in GBP '000

end of 2024		Amounts	Source based on reference numbers of the balance sheet under the regulatory scope of consolidation[1]
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	256,430	Note 21
	of which: Share Capital	*245,230*	*Note 21*
	of which: Share Premium	*11,200*	*Note 21*
2	Retained earnings	43,010	
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	299,440	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)[2]	(28)	
8	Intangible assets (net of related tax liability) (negative amount)[3]	—	Note 15
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)[4]	—	Note 14
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	(28)	
29	**Common Equity Tier 1 (CET1) capital**	299,412	
45	**Tier 1 capital (T1)**	299,412	
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	55,000	Note 20
51	Tier 2 (T2) capital before regulatory adjustments	55,000	Note 20
56b	Other regulatory adjustments to T2 capital	(7,570)	
58	**Tier 2 (T2) capital**	47,430	Note 20
59	**Total capital (TC = T1 + T2)**	346,842	
60	**Total risk exposure amount**	671,676	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	44.58%	
62	Tier 1 (as a percentage of total risk exposure amount)	44.58%	
63	Total capital (as a percentage of total risk exposure amount)	51.64%	

64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	11.13%
65	*of which: capital conservation buffer requirement*	*2.50%*
66	*of which: countercyclical buffer requirement*	*0.81%*
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	36.75%
Applicable caps on the inclusion of provisions in Tier 2		
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	6,001

Notes:

(1) 2024 Statement of Financial Position for (i) Total Equity and (ii) Subordinated Debt values are prepared under IFRS.

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

(3) Intangible assets do not qualify as capital for regulatory purposes under CRD V [CRR Article(s) 36(1)(b), 37]. No deductions as DTA reduced to zero as at year-end 2024.

(4) Deferred tax assets ('DTA') that rely on future profitability and do not arise from temporary differences net of associated tax liabilities are deducted from regulatory capital under Articles 36(1) point (c) and 38 of CRR. No deductions as DTA reduced to zero as at year-end 2024.

Own Funds Requirement

The Pillar 1 capital requirements of the CSUK are summarised below, along with the relevant RWA values. Credit risk capital requirements and RWA are further broken down by risk-weight methodology.

OV1 – Overview of risk weighted exposure amounts

Amounts in GBP '000

		Risk weighted exposure amounts		**Total own funds requirements**
end of		**2024**	**2023**	**2024**
1	Credit risk (excluding CCR)(1)	449,009	750,436	35,921
2	*of which the standardised approach*	*449,009*	*750,436*	*35,921*
6	Counterparty credit risk - CCR	33,553	30,969	2,684
7	*of which the standardised approach*	*29,232*	*28,100*	*2,339*
UK 8b	*of which credit valuation adjustment - CVA*	*2,521*	*2,869*	*202*
UK 8b	of which other CCR	1,800	—	144
20	Position, foreign exchange and commodities risks (Market risk)(2)	—	15,933	—
21	*Of which the standardised approach*	—	*15,933*	—
23	Operational risk(3)	189,114	202,259	15,129
UK 23a	*of which basic indicator approach*	*189,114*	*202,259*	*15,129*
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	—	—	—
29	**Total**	**671,676**	**999,597**	**53,734**

Notes:

(1) Credit risk RWA decreased due to repayments in mortgage exposures, Lombard credit and overdrafts.

(2) There is no market risk RWA for year-end 2024 as the total non-GBP FX exposures does not exceed 2% of total capital resources.

(3) Operational risk RWA calculated using the Basic Indicator Approach ('BIA') considers the average of last three years (2022, 2023 and 2024) audited revenues. The decrease is due to lower audited revenues in 2024.

The CSUK Total Capital Requirement (the sum of Pillar 1 and Pillar 2A) is 13.91% as set out in PRA notification relating to Policy Statement PS15/20 Pillar 2A: Reconciling capital requirements and macro-prudential buffers ('PS15/20').

Scope of application of the Regulatory Framework

Article 437(a) requires a disclosure on reconciliation of regulatory own funds to the balance sheet in annual financial statement. The table below highlights the difference in the basis of consolidation for accounting and prudential purposes as it compares the carrying values as reported under annual financial statements with the carrying values under the scope of the regulatory consolidation. References in the last column of the table provide the mapping of regulatory balance sheet items used to calculate regulatory capital. The reference columns presented below reconcile to the references columns as presented in the Table CC1.

CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements

Amounts in GBP '000

		Balance sheet as in published financial statements	**Note reference**
end of		**Dec-2024**	
Assets - Breakdown by asset class according to the balance sheet in the published financial statements			
1	Cash and due from banks	341,768	
2	Interest-bearing deposits with banks	25,335	
3	Securities purchased under resale agreements	565,944	10
4	Trading financial assets mandatorily at fair value through profit or loss	13,944	
	of which positive market value from derivative instruments	*13,944*	
5	Loans and advances	818,949	11
6	Current tax assets	3,057	
7	Other assets	32,158	13
8	Deferred tax assets	—	14
9	Intangible assets	—	15
	Total assets	**1,801,155**	

Liabilities - Breakdown by liability class according to the balance sheet in the published financial statements			
1	Deposits	548,119	16
2	Trading financial liabilities mandatorily at fair value through profit or loss	13,849	
	of which negative market value from derivative instruments	*13,849*	
3	Current income tax liability	—	
4	Other liabilities	26,128	17
5	Provisions	1,388	18
6	Short-term borrowings	857,231	19
7	Long term debt	55,000	20
	of which : Subordinated debt	*55,000*	
	Total liabilities	**1,501,715**	

Shareholders' Equity			
1	Share capital	245,230	21

2	Share premium	11,200	21
3	Capital contribution	27,500	21
4	Retained earnings	15,510	
	Total shareholders' equity	**299,440**	
	Total liabilities and shareholders' equity	**1,801,155**	

As at 31 December 2024 there is no difference between the carrying values reported in financial statements and those under the scope of regulatory consolidation. For this reason, only balances under financial statements are disclosed.

Countercyclical Capital Buffer ('CCyB')

The Financial Policy Committee ('FPC') of the Bank of England is responsible for setting the UK Countercyclical Capital Buffer ('CCyB') rate, i.e. the CCyB rate that applies to the UK exposures of banks, building societies and large investment firms incorporated in the UK. In setting the CCyB, the FPC considers a number of core indicators such as credit to GDP ratios and enables FPC to adjust the resilience of the UK banking system to the changing risks it faces over time. CRD IV, as implemented in the UK, includes a transitional period, during which the FPC is responsible for deciding whether CCyB rates set by EEA States should be recognised and for taking certain decisions about third country rates, including whether a higher rate should be set for the purposes of UK institutions calculating their CCyBs. CCyBs can be applied at a UBS group, sub-consolidated or legal entity basis.

No disclosures are made on the following CCyB tables on the basis of materiality:

- CCyB1 - Geographical distribution of the credit exposures relevant for the calculation of the countercyclical buffer

Leverage Ratio

In conjunction with other regulatory and capital metrics such as RWA levels, leverage ratios are actively monitored and managed within CSUK's capital and risk management governance processes. Similar to UBS Group level, internal targets (including the setting of internal management buffers where required) are developed and monitored and this process is flexible, reflecting changing regulatory expectations.

Longer-term strategies will consider the leveraging or deleveraging impacts resulting from both business development and the impact of future regulatory change to ensure CSUK continues to meet external and internal expectations. CSUK's stress testing framework will consider the impact on leverage ratios of both internal and regulator-prescribed stress tests.

Credit Risk

Overview

Credit Risk refers to potential financial loss as a result of a borrower or counterparty failing to meet its financial obligations or as a result of a deterioration in the credit quality of the borrower or counterparty.

In the event of a default, a bank generally incurs a loss equal to the amount owed by the debtor, less any recoveries resulting from foreclosure, liquidation of collateral or the restructuring of the debtor. Credit risk exists within lending products, commitments, and results from counterparty exposure arising from foreign exchange derivative and other transactions.

CSUK primarily undertakes secured lending activity to a client base that comprises individuals, trusts and small corporates, as well as Operating Companies in approved jurisdictions. Collateral is pledged via effective security agreements and charges over assets to support the two categories of lending:

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

Concentration risk is managed via limits setting and sub-participation to UBS AG via its Guernsey Branch.

As the firm approaches the point of business transfer to UBS, CSUK is no longer onboarding new lending clients or renewing expiring credit facilities. As a result the credit book was significantly smaller for year end 2024 versus the prior year, and continues to contract in 2025.

Credit Risk Management Approach

Effective credit risk management requires a structured process to assess, monitor and manage risk on a consistent basis. Accordingly, CSUK gives careful consideration of any proposed granting of credit, the setting of specific risk thresholds, diligent ongoing monitoring during the life of the exposure and a disciplined approach to recognising credit impairment and pursuing recoveries.

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

- an individual client rating system;
- a transaction rating system;
- a client credit limit system;
- country, regional, sector and client rating concentration limits;
- a risk-based pricing methodology;
- active credit portfolio management; and
- a credit risk provisioning methodology.

Credit risk is evaluated through a credit request and approval process, ongoing credit and counterparty monitoring and a credit quality review process. Experienced credit officers analyse credit requests and assign internal ratings based on their analysis and evaluation of the client's creditworthiness and the type of credit transaction.

UBS has developed a set of credit rating models tailored for different client segments (e.g. international corporates, financial institutions, asset finance, small and medium enterprises, commodity traders and residential mortgages) for the purpose of internally rating counterparties to whom UBS is exposed to credit risk as the contractual party to a loan, loan commitment or exchange-traded/over-the-counter derivative contract. The models are built from statistical data and then subject to a thorough business review before implementation. Each credit rating model is validated independently prior to implementation and on a regular basis. At the time of initial credit approval and review, relevant quantitative data (e.g. financial statements and financial projections) as well as qualitative factors relating to the counterparty are used in the models and result in the assignment of a credit rating or probability of default ('PD'), which measures the counterparty's risk of default over a one-year period.

To ensure that ratings are consistent and comparable across all businesses, UBS has used an internal rating scale which is benchmarked to the external rating agencies, using the historical PD associated with external ratings. The relationship between the PD and external agency ratings is reviewed on a regular basis and adjustments are made to calibrate the internal rating classification to the assumed PD in the external ratings.

Additionally, an estimate of expected loss in the event of a counterparty default is assigned based on the structure of each transaction. The counterparty credit rating is used in combination with credit (or credit equivalent) exposure and the loss given default ('LGD') assumption to estimate the potential credit loss. LGD represents the expected loss on a transaction should default occur and takes into account structure, collateral, seniority of the claim and, in certain areas, the type of counterparty.

CSUK Credit approval process and provisioning

Senior credit managers make credit decisions on a transaction-by-transaction basis, at authority levels reflecting the size and complexity of the transactions and the overall exposures to counterparties and their related entities. These approval authority levels are set both at a parent functional and a legal entity level.

A system of credit limits is used to manage individual counterparty credit risk. Other limits are also established to address concentration issues in the portfolio and limits for certain products. Credit exposures to individual counterparties or product groupings and adherence to the related limits are monitored by credit officers and other relevant specialists.

In addition, credit risk is regularly reviewed by the Credit Risk Committee taking current market conditions and trend analysis into consideration. The committee regularly analyses diversification and concentrations in selected areas as well as emerging risks in lending sectors.

A credit quality review process provides an early identification of possible changes in the creditworthiness of clients and includes asset and collateral quality reviews, business and financial statement analysis and relevant economic and industry studies. Other key factors considered in the review process include current and projected business and economic conditions, historical experience, regulatory requirements and concentrations of credit by product and counterparty rating. Regularly updated watch-lists and review meetings are used for the identification of counterparties where adverse changes in creditworthiness could occur.

Regular watch-list meetings are used to determine whether certain positions should be transferred to, and managed by Impaired Loans Management ('ILM'), an independent function that is responsible for setting the strategy and determining provision levels for impaired facilities. A systematic provisioning methodology is used to identify potential credit risk-related losses and impaired transactions are classified as potential problem exposure, non-performing exposure, or non-interest earning exposure. Such provision levels are reviewed on an ongoing basis by ILM with any proposed changes advised to CSUK.

Credit Risk Mitigation and Collateral

The Bank regularly agrees upon collateral in the lending contracts to be received from borrowers. Collateral is security in the form of an asset or third-party obligation that serves to mitigate the inherent risk of credit loss in an exposure, by either substituting the borrower default risk or improving recoveries in the event of a default.

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

The policies and processes for collateral valuation and management are defined by:

- a legal document framework that is bilaterally agreed with our clients; and
- a collateral management risk framework enforcing transparency through self-assessment and management reporting.

Collateral securing loan transactions primarily includes:

- Physical collateral in the form of real estate for mortgages – mainly residential, but also multi-family buildings, and commercial properties (office, retail units, serviced apartments and student housing); and
- Financial collateral pledged against loans collateralised by securities (mostly cash and marketable securities), and bank guarantees from other UBS legal entities.

Physical Real Estate Collateral

Legal charge over and periodic re-valuation of the real estate collateral is a key risk management tool for financing transactions through mortgage lending. Subject to a satisfactory valuation report, Credit Risk Management ('CRM') will issue a facility letter ('FL') to the client, incorporating the information set out in the term sheet/key facts illustration, including the estimated costs incurred for the mortgage contract. Formal documentation may include:

- Facility Agreement
- Legal Charge (issued by Solicitors)
- Personal Guarantee of the beneficial owner, when lending to a Special Purpose Vehicle ('SPV')
- Security Agreement
- Board Resolution
- Charge over shares of the direct property holding company (if owned by a SPV)
- Deed of confirmation (this document confirms that the Legal Charge is still in place and is only issued for renewed facilities in certain scenarios.)

For residential mortgages exceeding EUR 3m, the Bank must obtain a valuation of the property from an independent valuer every three years. For all other mortgages, an annual review and trend analysis of the UK real estate market is undertaken by Credit Risk Management to assess whether a revaluation is necessary.

The criteria used for the analysis includes the following:

- The level of activity in the market;
- Price trends;
- The impact of interest rate levels on the property market; and
- The spread of geographic locations within the portfolio and the requisite comfort level.

Lombard Collateral

Collection of financial collateral is a key risk management tool for securities financing transactions through Lombard lending. Subject to legally enforceable agreements, collateral may be accepted in many different currencies and jurisdictions, and the collateral process creates potentially significant legal, tax, credit, regulatory and operational issues for the business, in addition to the liquidity issues involved in managing a large portfolio of collateral assets and liabilities. CSUK's strategy with respect to collateral is subject to a robust collateral policy, which details standards of acceptable collateral (including collateral type, liquidity, quality, and jurisdiction), valuation frequency, haircuts and agreement type. Utilisation under the facility is restricted to the lower of the credit limit or the collateral value held. Additionally, thresholds are established for the management of collateral concentrations, in line with CSUK's business strategy and risk appetite.

For portfolios collateralised by marketable securities, the valuation is performed daily. Exceptions are governed by the calculation frequency described in the legal documentation. The mark-to-market prices used for valuing collateral are a combination of internally calculated and market prices sourced from trading platforms and service providers, where appropriate. The management of collateral is standardised and centralised to ensure complete coverage of traded products.

Collateral held against financial guarantees and loan commitments typically includes securities and inward guarantees (almost exclusively from other parts of UBS Group).

Netting

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

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

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

Regulatory Risk Weighting Approach

CSUK applies the Standardised Approach in determining the risk weights applied for the calculation of regulatory capital requirements for credit and counterparty risk under Pillar 1. 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 PRA. The CQS value is then mapped to a risk weight percentage. The ECAI used by CSUK for all types of exposures is Standard & Poor's.

Impaired and Past Due Exposures, Credit Risk Adjustments and Specific and General Credit Risk Adjustments

CSUK's accounting policies relating to impairment can be found in the 2024 Annual Report, Note '2(j)' to the Financial Accounts, along with the definition for accounting purposes of 'impaired'. Information on impairment losses can be found in Note 18.

Effect of a Credit Rating Downgrade

CSUK itself is not a rated entity. CSUK relies on other companies in UBS Group for funding and capital, and therefore would be affected by any change to the ratings of those companies. The impact of downgrades of UBS Group long-term debt ratings is considered in the stress assumptions used to determine the conservative funding profile of the balance sheet and would not be material to the CSUK's liquidity and funding needs.

Counterparty Credit Risk

Counterparty credit risk ('CCR') arises from OTC and exchange-traded derivatives, repurchase agreements, securities lending and borrowing and other similar products and activities. The related credit risk exposures depend on the value of underlying market factors (e.g. interest rates and foreign exchange rates), which can be volatile and uncertain in nature. CSUK enters into derivative contracts primarily in connection with managing its liquidity requirements and hedging residual market risk. CSUK uses the Standardised Approach to Counterparty Credit Risk ('SA-CCR') to calculate the counterparty credit risk EAD on the derivative trades.

Market Risk

Overview

Market risk arises from potential adverse changes in interest rates, foreign currency exchange rates, equity prices, commodity prices and other relevant parameters, such as market volatilities. UBS defines its market risk as the risk to earnings or capital due to adverse changes in market factors, including equity, credit spreads, commodity prices, FX, interest rates and other factors. A typical transaction may be exposed to a number of different market risks.

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

UBS Group’s VaR model is subject to internal governance including model validation independent from model developers. Validation includes identifying and testing the model’s assumptions and limitations, investigating its performance through historical and potential future stress events, and testing that the live implementation of the model behaves as intended.

Criteria for Inclusion in the Trading Book Policy

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

The criteria for Trading Book classification are, broadly, that the position must be a transferable or hedgeable financial instrument; that there must be trading intent or a hedging relationship with another Trading Book item; and that daily fair value methodology must be applied for regulatory and risk management purposes.

Exposure to Market Risk

The Bank has a policy of not taking proprietary market risk positions. Trading transactions are generally entered on either an agency or a back-to-back basis with other UBS entities. Therefore CSUK’s exposure to market risk typically arises from three sources:

- Structural interest rate and structural FX risk arise primarily from the loan and deposit books (a core value proposition and service offering). CSUK will avoid carrying material open interest or FX rate positions;
- FX risk arising from trades undertaken on behalf of clients. CSUK will aim to ensure net FX risks are neutral or matched currency positions resulting in minimal net daily profit and loss; and
- Exposure to settlement risk arising from trades executed on behalf of clients on a Delivery Versus Payment (‘DVP’) basis. This business was closed in May 2024 and risk appetite withdrawn.

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

Currency risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

Foreign exchange risk related to accrued net income and net assets is centrally and systematically managed on a UBS Group basis with a focus on risk reduction and diversification. Risk is monitored and managed at an entity level through the levelling of accrued profit and losses that are incurred in a currency other than the entity's functional currency. Where there is active market risk taking due to a client order, the Bank will aim to eliminate any open non-GBP FX exposure as soon as possible, thus reducing currency risk.

Treasury and Liquidity Risk

Treasury Risk

Interest Rate Risk in the Banking Book

The interest rate risk exposures in the non-trading positions (interchangeably called “Banking Book”) mainly arise from retail banking, and related funding activities, with the majority of interest rate risk managed by Treasury centrally on a portfolio basis within approved limits using appropriate hedging strategies.

CSUK monitors and manages interest rate risk in the Banking Book by established systems, processes and controls. Risk sensitivity figures are provided to estimate the impact of changes in interest rates, which is one of the primary ways in which these risks are assessed for risk management purposes. In addition, CSUK confirms that the economic impacts of adverse shifts in interest rates, including a 200 basis points parallel shift in the yield curve and non parallel shift scenarios, are significantly below the regulatory capital threshold used by regulators to identify excessive levels of non-trading interest rate risk.

Risk Measurement

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

- Interest rate sensitivity (DV01): expresses the linear approximation of the impact on a portfolio’s present value resulting from a one basis point (0.01%) parallel shift in yield curves, where the approximation tends to be closer to the true change in the portfolio’s present value for smaller parallel shifts in the yield curve. The DV01 is a transparent and intuitive indicator of linear directional interest rate risk exposure, which does not rely on statistical inference.
- Economic value scenario analysis: expresses the impact of several pre-defined scenarios (e.g. instantaneous changes in interest rates) on a portfolio’s fair value. This metric does not rely on statistical inference.

The impacts of adverse shifts in interest rates on the economic value and net interest income of the Bank are significantly below the regulatory capital threshold used by regulators to identify excessive levels of non-trading interest rate risk. Therefore this risk is not capitalised within the Pillar 1 regime rather, it is analysed within the ICAAP and addressed in the PRA’s determination of the CSUK’s Pillar 2 capital requirements.

Monitoring and Review

The limits and flags defined by books, collections of books, businesses or legal entities relating to interest rate risk in the Banking Book, are monitored at minimum on a monthly basis (if deemed necessary or suitable, the monitoring may be as frequent as daily), by using the metrics and methodologies outlined above. In case of breaches, this is escalated to the limit-setting body. The UBS Group assesses compliance with regulatory requirements regarding appropriate levels of non-trading interest rate risk by estimating the economic impact of a range of adverse shifts in yield curves and then relating those impacts to the total eligible regulatory capital. Consistent with regulatory requirements, CRO ensures that the economic value impact of this analysis is below the regulatory threshold to ensure there are no requirements to hold additional capital. This analysis is performed for the CSUK on a monthly basis.

Liquidity Risk

The risk refers to the Bank's ability to efficiently meet both expected and unexpected current and future cash flow and collateral requirements without affecting either daily operations or the financial condition of the Bank.

UBS Group Management of Liquidity Risk

CSUK's liquidity is managed within the UBS Group wide liquidity management framework which applies these general principles:

UBS adheres to all regulatory liquidity risk regulations at UBS Group and subsidiary entity levels. UBS uses a centralised funding model, ensuring that the UBS Group and its local entities remain appropriately funded, both under business as usual and in the event of a liquidity stress period – as defined by both the UBS and the regulatory stress testing frameworks.

The UBS Group liquidity and funding strategy is set by Treasury, and the implementation and execution of the funding and liquidity strategy is managed by Treasury.

This approach enhances the ability to manage potential liquidity and funding risks and to promptly adjust the liquidity and funding levels to meet stress situations. The liquidity and funding profile is reported to senior UBS Group governance committees. There is also an independent risk management function that proposes the risk threshold, and monitors the liquidity risk. UBS Group is responsible for defining the overall threshold for risk in the form of a risk appetite statement.

The liquidity and funding profile reflects the strategy and risk appetite and is driven by business activity levels and the overall operating environment. The liquidity and funding profile has been adapted to reflect lessons learned from the financial crisis and more recent market stresses, the subsequent changes in the business strategy and regulatory developments.

The lessons learned from the failure of Credit Suisse in 2023 have been built into updated the liquidity and funding management framework of UBS Group, resulting in more severe liquidity outflow assumptions under stress.

The funding sourced by UBS Group is part of an liquidity and funding strategy aimed at maintaining a funding structure with long term stable funding sources being in excess of illiquid assets. UBS Group primarily funds the balance sheet through core customer deposits, long-term debt and shareholders' equity.

To address short-term liquidity needs, a portfolio of highly-liquid securities and cash is maintained. This liquidity buffer is managed to sustain operations for an extended period of time in the event of a crisis.

The targeted funding profile is designed to enable UBS Group to continue to pursue activities for an extended period of time without changing business plans during times of stress. The principal measures used to monitor the liquidity position of UBS Group are the regulatory metric Liquidity Coverage Ratio ('LCR') and internal liquidity metric ('Liquidity Stress Test'), the former a 30-day short-term stress metrics, and the latter operating at a stressed horizon up to 365 days. The Liquidity Stress Test requires UBS Group to manage the liquidity position over a pre-defined time horizon over which the value of unencumbered assets (including cash) exceeds the aggregate value of contractual outflows of unsecured liabilities plus a conservative forecast of anticipated contingent commitments. This framework is supplemented by the modelling of additional stress events and additional liquidity risk measurement tools.

In the event of a liquidity crisis, UBS Group activates its Liquidity Crisis Task Force ('LCTF'), which focuses on the specific actions that can be taken in the event of a crisis, including a detailed communication plan for creditors, investors and customers.

The Liquidity Crisis Task Force ('LCTF') includes senior business line, funding and finance department management adapted to include the relevant stakeholders depending upon the degree and nature of stress. This task-force would meet frequently throughout the crisis to ensure that the plan is executed.

The Basel Committee on Banking Supervision ('BCBS') issued the Basel III international framework for liquidity risk measurement, standards and monitoring. The framework includes a LCR and Net Stable Funding Ratio ('NSFR'). Both metrics are incorporated into the overall risk management framework of UBS Group as mentioned above. The BCBS has stated that it will review the effect of these liquidity standards on financial markets, credit extension and economic growth to address unintended consequences.

The LCR aims to ensure that banks have a stock of unencumbered HQLA available to meet liquidity needs for a 30-day time horizon under a severe stress scenario. The LCR is comprised of two components: the value of the stock of high quality liquid assets in stressed conditions and the total net cash outflows calculated according to specified scenario parameters. The ratio of liquid assets over net cash outflows is subject to an ongoing PRA minimum requirement of 100%.

The NSFR establishes criteria for a minimum amount of stable funding based on the liquidity of a bank's assets and activities over a one-year horizon. The NSFR is intended to ensure banks maintain a structurally sound long-term funding profile beyond one year and is a complementary measure to the LCR. The standard is defined as the ratio of available stable funding over the amount of required stable funding. From January 2022, the NSFR became a PRA regulatory requirement, set at a level of 100%.

Legal Entity Management of Liquidity Risk

The liquidity risk of the Bank is managed as part of the overall UBS Group liquidity risk management framework. The Bank manages a series of regulatory legal entity liquidity metrics including LCR and NSFR. Such compliance requirements are measured as part of the Prudential Regulation Authority's Individual Liquidity Guidance ('ILG') which results in the Bank holding a local liquid asset buffer of qualifying securities and cash.

The Bank has implemented a liquidity risk management framework including legal entity governance, systems and controls and frequent management information to effectively measure, monitor and manage liquidity risk.

Key characteristics determining the Bank's liquidity risk management approach include, but are not limited to:

- Board approved legal entity risk thresholds; Compliance with local regulatory requirements;
- Funding of illiquid assets on a term basis;
- Holding a liquid asset portfolio composed of highly liquid unencumbered assets;
- Internal stress testing of the liquidity profile
- Independent risk management function
- Liquidity limits and monitoring; and
- The liquidity value of assets, liabilities and calibration of contingent liabilities being aligned with the UBS Group global liquidity risk methodologies.

The legal entity risk tolerance and assumptions underlying the relevant stress tests, which form part of the Bank's liquidity risk management framework, are proposed via the CSUK ALCO by Treasury Risk Control (TRC) and CRO and are approved by the Board Risk Committee, on at least an annual basis or as market conditions dictate.

Treasury is responsible for maintaining a Contingency funding plan that details specific dealing strategies, actions and responsibilities required under distinct stages of increasing severity. Treasury supports the plan with key liquidity tools, including early warning indicators. The Contingency funding plan gives consideration to the impact of operational constraints in terms of time and ability to monetise assets, trapped liquidity and daylight collateral requirements.

Most of the cash held by the Bank is placed with related parties within the UBS Group. This concentration risk is managed through appropriate limit setting and daily monitoring of the net cash exposure to the UBS Group. Treasury monitors the cash balances with UBS Group at a maturity and currency level to ensure the optimal balance to meet internal and external liquidity requirements at the lowest cost to the Bank.

In addition, auxiliary metrics are risk managed, such as currency coverage ratios – measuring liquidity risk on a single currency level – as well as the reliance CSUK places on other legal entities within UBS Group. Liquidity risks are assessed annually as part of the ILAAP. This includes analysis of the internal liquidity stress model over a 30 day and 90 days time horizon to ensure that the legal entity can fund expected cash withdrawals independent of additional UBS Group funding support. The NSFR is used to monitor liquidity and funding requirements over a 365 day horizon.

CSUK also complies with the regulatory LCR requirements by maintaining an adequate stock of unencumbered HQLA that can be converted easily and immediately into cash to meet its liquidity needs for a 30 calendar day regulatory liquidity stress scenario.

For the purpose of Pillar 3, the LCR values are calculated as the simple average of the month-end observations over the preceding twelve months. The HQLA and LCR reported as at 31 December 2024 in CSUK Annual Report represents the spot value as of the reporting date. CSUK remained complaint with regulatory minimums for LCR, Internal Stress and NSFR throughout 2024.

Non-Financial Risk

Overview

Basel 3 defines Operational Risk as “the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events”. This definition includes legal risk, which is the risk of loss resulting from failure to comply with laws and regulations as well as prudent ethical standards and contractual obligations. It also includes the exposure to litigation from all aspects of the Bank's activities.

CSUK defines Non-Financial Risk ('NFR'), in line with the Global UBS approach, covering compliance risk, financial crime risk, operational risk, which includes technology risk, cyber risk, regulatory risk, legal risk and conduct risk. It is inherent in most aspects of our business, including the systems and processes that support our activities, and comprises a large number of disparate risks that can manifest in a variety of ways.

Non-Financial Risk Framework

CSUK is aligned to UBS Group's Non-Financial Risk Framework ('NFRF'), allowing for a:

- Unified approach regarding risk and control identification and assessment
- Standardised process framework
- Clear and effective policy framework

Non-Financial Risk is managed across 19 risk taxonomies, within three main risk categories: compliance risk, financial crime risk and operational risk. These are independently overseen by Group Compliance, Regulatory & Governance (‘GCRG’). Legal risk is embedded across the three NFR taxonomies, and is overseen by Group Legal.

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.

Financial crime risk

Financial crime, including money laundering, terrorist financing, sanctions violations, fraud, bribery and corruption, presents a major risk, as technological innovation and geopolitical developments increase the complexity of doing business and heightened regulatory attention continues.

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. Legal entity integration, including that of existing Credit Suisse businesses incl. CSUK, and the closing of legacy businesses introduce operational complexity and the risk that businesses in wind-down are not effectively managed. These risks continue to be carefully monitored.

Reputational risk is managed by the business divisions and Group functions and overseen by control functions. Our reputation is ultimately defined by our ability to adhere to the three keys: our Pillars, Principles and Behaviors. In accordance with our Code of Conduct and Ethics, it is the responsibility of the Board and each employee to refrain from any conduct which may pose a risk to our reputation.

In CSUK, Non-Financial risk is governed by the Operational Risk & Compliance Committee ('ORCC') at an executive level and the Board Risk Committee.

Risk Appetite

The CSUK Legal Entity Risk Appetite Framework provides the overarching framework to formalise a consistent approach to risk appetite for CSUK. Quantitative thresholds have been set against non-financial risk incidents on an aggregated and individual basis for any economic impact (loss or gain, measured on an absolute basis). These thresholds are measured based on an accumulated twelve month rolling basis. The approach for qualitative NFRF risk appetite is based on the same NFRF risk taxonomies. For each taxonomy, a set of risk and control indicators has been identified and is reported within the ORCC to inform a more qualitative assessment of where the risk profile has exceeded risk appetite. Within CSUK, the risk appetite, which is set annually, approved by the various governance forums and monitored monthly, fulfills the objective of providing the general risk principles, the key responsibilities, as well as the risk framework in order to manage risk.

Monitoring

A number of NFR metrics are monitored to provide information on the level of exposure to a risk at a particular point in time. Specific approval, documentation, monitoring, and escalation standards are required for metrics linked to:

- Capital Allocation (including for ICAAP purposes)
- Risk Appetite
- Key NFR risks which are reported to ORCC / Risk Committee. This architecture of metrics is designed to provide warning of potentially escalating threat levels. In the event that any risk threshold is breached, it is the responsibility of the CRO and Chief Compliance Officer to escalate to the various ExCo and Board level committees

Events

As part of the monitoring framework, Non-Financial Risk events are monitored and investigated to provide insights into the evolving risk profile of the business.

Non-financial risk events can result in a variety of impacts including financial, regulatory, reputational, client, market & competition, internal system disruption, employee or physical damage and can either be triggered by external or internal events. NFR Events are recorded within the UBS Enterprise Risk Management System (ERMS).

Non-Financial Risk Assessments

In order to assess the compliance, financial crime and operational risk within the entity, CSUK performs a quarterly Risk and Control Self-Assessment ('RCSA').

RCSAs are systematic quarterly risk assessments covering the 19 UBS taxonomies over the course of an annual cycle. They are aimed at reviewing specific inherent non-financial risks that CSUK is exposed to, as well as an assessment of the control landscape that is in place to mitigate these risks. Moreover, it comprises an assessment of the residual risks that persist once the mitigating effect of the control landscape to reduce the inherent risks is taken into account.

The RCSA approach includes the following key steps:

- **Risk profiling:** This involves the determination of which risks from the NFRF Risk Taxonomy are applicable to the entity. Applicability is based on whether the risk is inherent to the unit's business or functional processes, people, systems or from external events.
- **Inherent risk assessment:** Inherent risk is defined as the risk before taking into account the effectiveness of the control landscape. It is assessed using the inherent Risk Rating Matrix across dimensions of financial and / or non-financial impact and likelihood.
- **Control landscape assessment** - The process includes a control landscape assessment for the 19 NFR taxonomies.
- **Residual risk assessment** - Residual risk rating is derived by combining the inherent risk assessment rating and the control landscape assessment rating.

Operational Risk Own Funds Requirement

Pillar 1

Operational risk is capitalised under Pillar 1 and the regulatory method applied is the Basic Indicator Approach ('BIA'), which is calibrated to CSUK net income. As at 31 December 2024, the BIA calculation for CSUK resulted in a Pillar 1 capital charge of £15.1m. This is calculated using the average of audited revenues of the last three years (year-ended 2022, 2023 and 2024).

Operational risk - Basic Indicator Approach

OR1 - Operational risk own funds requirements and risk-weighted exposure amounts

Amounts in GBP '000

Banking activities	Relevant indicator			Own funds requirements	Risk weighted exposure amount
	2022	2023	2024		
Banking activities subject to basic indicator approach (BIA)	114,237	104,075	84,271	15,129	189,114

Pillar 2

CSUK management acknowledge that the BIA calculation does not fully capture the risks for the entity and have considered this in the approach to assessing the amount of OpRisk Pillar 2A capital required.

CSUK's assessment of the operational risk capital requirement is derived by assessing a series of four benchmarks, looking at the historical loss data (since 2005) and overlaying those with a forward looking view incorporating business and control environment change to build a picture of the operational risk loss landscape. CSUK has referred to the PRA's Statement of Policy, 'The PRA's methodologies for setting Pillar 2 capital,' and has implemented two distinct approaches to assessing the OpRisk Pillar 2A capital charge.

A. **Benchmarking:** CSUK has used UBS Group derived benchmarking methodologies that use historical data to estimate potential operational losses. Operational risk events and losses are recorded in the Operational Risk incidents database (ERMS) in each Basel loss categories, and these form the starting point for assessing the expected operational losses over the next 12 months.

B. **Scenarios:** CSUK has also considered forward-looking tail risk scenarios to assess potential Operational Risk Losses and calibrate Pillar 2A requirements. CSUK Key Risks were taken as a starting point and scenarios were then developed in conjunction with business subject matter experts to ensure plausibility.

The Pillar 2A assessment is the higher of the average of the benchmarks (Approach A) and the scenario analysis (Approach B). A management buffer is applied to the results of this analysis to ensure prudence in the final Pillar 2A charge.

Appendix 1: CCA – Capital Instruments' Main Features

Issuer	**Credit Suisse (UK) Limited**	**Credit Suisse (UK) Limited**	**Credit Suisse (UK) Limited**
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	N/A	N/A
Governing law(s) of the instrument	English	English	English
Regulatory treatment			
Transitional CRR rules	Common Equity Tier 1	Tier 2	Tier 2
Post-transitional CRR rules	Common Equity Tier 1	Tier 2	Tier 2
Eligible at solo / (sub-)consolidated / solo & (sub-) consolidated	Solo	Solo	Solo
Instrument type (types to be specified by each jurisdiction)	Common Shares	Subordinated Debt	Subordinated Debt
Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	£245.23	£25.00	£22.00
Nominal amount of instrument	£245.23	£25.00	£30.00
Issue price	Par	Par	Par
Redemption price	Par	Par	Par
Accounting classification	Shareholders Equity	Liability -amortised cost	Liability -amortised cost
Original date of issuance	26-Mar-97	07-Jan-11	27-Sep-18
Perpetual or dated	Perpetual	Dated	Dated
Original maturity date	No Maturity	31-May-31	27-Sep-28
Issuer call subject to prior supervisory approval	N/A	Yes	Yes
Optional call date, contingent call dates, and redemption amount	N/A	Optional, not before 7 January 2016, subject to prior PRA approval	Optional, not before 27 September 2023, subject to prior PRA approval
Fixed or floating dividend/coupon	N/A	Floating	Floating
Coupon rate and any related index	N/A	ARR Sonia rate	ARR Sonia rate
Existence of a dividend stopper	No	No	No
Fully discretionary, partially discretionary or mandatory	Fully Discretionary	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory	Fully Discretionary	Mandatory	Mandatory
Existence of step up or other incentive to redeem	N/A	No	No
Noncumulative or cumulative	Non-Cumulative	Cumulative	Cumulative
Convertible or non-convertible	N/A	Non-convertible	Non-convertible
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Tier 1	Unsecured and subordinated to the claims of unsubordinated creditors	Unsecured and subordinated to the claims of unsubordinated creditors
Non-compliant transitioned features	No	No	No
If yes, specify non-compliant features	N/A	N/A	N/A

Appendix 2: Directorships

CSUK's Board Members hold the following number of directorships as at 17 April 2025:

Name	Gender	Independent	Appointment Date*	Total Number of Directorships
Maureen Erasmus	F	Independent	24/10/2017	4
David Todd	M	Independent	05/03/2024	2
David Atkinson	M	Independent	05/03/2024	4
Stefanie Blaettler	F		02/12/2020	1
Ian Hale	M		08/12/2014	1
Shaun Tibbatts	M		03/08/2023	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:

The following management and governance changes have been effected since 1 January 2024:

- Alexandra Kinney resigned as an Independent Non-Executive Director on 12 February 2024
- Richard Metcalf resigned as an Independent Non-Executive Director on 29 February 2024
- David Todd was appointed as an Independent Non-Executive Director on 5 March 2024
- David Atkinson was appointed as an Independent Non-Executive Director on 5 March 2024
- Thomas Hill resigned as notified Non-Executive Director on 30 June 2024
- David Spiteri resigned as Executive Director and CFO on 16 April 2025

Appendix 3: List of Abbreviations and Glossary

Term	Definition
B	
Banking Book	Classification of assets outside the definition of Trading Book (also referred to as the 'Non-Trading Book').
Basel II	The capital adequacy framework issued by the Basel Committee on Banking Supervision (June 2006). From 1 January 2007, The European Union's Capital Requirements Directive ('CRD') was effective. The CRD was derived from the Basel II Accord ('Basel II').
Basel III	Basel II was subsequently replaced in the EU, from 1 January 2014, by the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (collectively 'CRD IV'). Basel III requirements will be fully implemented by 1 January 2019.
C	
CCyB	*Countercyclical Capital Buffer*: prescribed under Basel III and CRD IV and aims to ensure that capital requirements mitigate potential future losses arising from excess credit growth and hence increased system-wide risk.
CET1	*Common Equity Tier 1:* the highest quality level of regulatory capital prescribed under Basel III (and by CRD V in the EU).
CET1 ratio	CET1 expressed as a percentage of RWA.
CRR	*Capital Requirements Regulation*: EU legislation implementing Basel III in the EU.
CVA	*Credit Valuation Adjustment:* a capital charge under Basel III (and CRD V) covering the risk of mark-to-market losses on expected counterparty risk on derivative exposure arising from deterioration in a counterparty's credit worthiness.
E	
Exposure value	The maximum loss that a financial institution might suffer if a borrower, counterparty or group fails to meet their obligations or if assets and off-balance sheet positions have to be realised.
EBITDA	*Earnings before interest, taxation, depreciation and amortisation*.
F	
FCA	*Financial Conduct Authority* - The UK regulator responsible for conduct of business regulation and supervision.
H	
Haircut	A discount applied to reflect the amount at which an asset can be realised.
HQLA	*High Quality Liquid Assets:* consists of cash or assets that can be easily converted into cash at little or no loss of value in private markets.
I	
ICAAP	*Internal Capital Adequacy Assessment Process*: a risk-based assessment of the level of regulatory capital to be held by a bank or firm. This may exceed the Pillar 1 capital requirements.
IFRS	*International Financial Reporting Standards*.
ILAAP	*Internal Liquidity Adequacy Assessment Process:* involves identification, measurement, management and monitoring of liquidity required to be implemented in accordance with the provisions in Article 86 of CRD IV.
ISDA	*International Swaps and Derivatives Association*.
ISDA master agreement	Standardised contract developed by ISDA to facilitate bilateral derivatives trading.
L	
LCR	*Liquidity coverage ratio:* refers to the proportion of highly liquid assets held by financial institutions, to ensure their ongoing ability to meet short-term obligations.
Leverage ratio	A calculation prescribed under Basel III (and CRD IV) to measure the ratio of total exposures to available Tier 1 capital.
M	
Master netting agreement	An agreement between two counterparties who have multiple contracts with each other that provides for the net settlement of all contracts in the event of default on, or termination of any one contract.
N	
Netting	Netting is a means to reduce on- and off- balance sheet credit risk exposures by offsetting the value of any contracts or other positions held with the same counterparty.

O	
OTC	*Over-the-counter*: A security or other financial instrument not traded on a formal exchange.
P	
PFE	*Potential Future Credit Exposure:* is the maximum expected credit exposure over a specified period of time.
Pillar 1	Minimum regulatory capital requirements to be held by a bank or investment firm as prescribed by Basel III (and CRD IV).
Pillar 2	Regulator imposed risk-based capital requirements to be held in excess of Pillar 1.
Pillar 3	CRD IV prescribed capital, risk and remuneration disclosure requirements.
PRA	*Prudential Regulation Authority* - The UK regulator responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms
R	
RCSA	*Risk and Control Self Assessment:* is a process through which operational risks and the effectiveness of controls are assessed and examined.
Reverse repurchase agreement	An agreement that allows a borrower to use a financial security as collateral for a cash loan.
RWA	*Risk-weighted asset*: derived by assigning risk weights to an exposure value.
S	
SA-CCR	Standardised approach for measuring counterparty credit risk
SFT	*Securities Financing Transaction*: lending or borrowing of securities (or other financial instruments), a repurchase or reverse repurchase transaction, or a buy-sell back or sell-buy back transaction.
SREP	*Supervisory Review and Evaluation Process*.
Stressed VaR	A market risk capital charge derived from potential market movements applied over a continuous one-year period of stress to a Trading Book portfolio.
T	
Tier 1 capital	A component of regulatory capital, comprising CET1 and Additional Tier 1 capital as defined by Basel III and the CRD IV.
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.
Trading Book	Positions held with intent to trade or to hedge other items in the Trading Book.
V	
VaR	*Value-at-risk*: loss estimate from adverse market movements over a specified time horizon and confidence level.

Cautionary Statement Regarding Forward-looking Information

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

Words such as “may,” “could,” “achieves,” “believes,” “anticipates,” “expects,” “intends” and “plans” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. We do not intend to update these forward-looking statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. We caution you that a number of important factors could cause results to differ materially from the plans, targets, goals, expectations, estimates and intentions expressed in such forward-looking statements. Additionally, many of these factors are beyond our control. These factors include, but are not limited to:

a. the ability to maintain sufficient liquidity and access capital markets;
b. market and interest rate fluctuations and interest rate levels;
c. the strength of the global economy in general and the strength of the economies of the countries in which UBS conducts operations, in particular the risk of continued slow economic recovery or downturn in the EU, the US or other developed countries or in emerging markets in 2025 and beyond;
d. the direct and indirect impacts of deterioration or slow recovery in residential and commercial real estate markets;
e. adverse rating actions by credit rating agencies in respect of us, sovereign issuers, structured credit products or other credit-related exposures;
f. the ability to achieve strategic objectives, including improved performance, reduced risks, lower costs and more efficient use of capital;
g. the ability of counterparties to meet their obligations to UBS;
h. 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;
i. the possibility of foreign exchange controls, expropriation, nationalisation or confiscation of assets in countries in which UBS conducts operations;
j. operational factors such as systems failure, human error, or the failure to implement procedures properly;
k. actions taken by regulators with respect to business and practices in one or more of the countries in which UBS conducts operations;
l. the effects of changes in laws, regulations or accounting policies or practices;
m. competition in geographic and business areas in which UBS conducts operations;
n. the ability to retain and recruit qualified personnel;
o. the ability to maintain UBS’s reputation and promote its brand;
p. the ability to increase market share and control expenses;
q. technological changes;
r. the timely development and acceptance of new products and services and the perceived overall value of these products and services by users;
s. acquisitions, including the ability to integrate acquired businesses successfully, and divestitures, including the ability to sell non-core assets;
t. the adverse resolution of litigation and other contingencies;
u. the ability to achieve cost efficiency goals and cost targets; and
v. UBS’s success at managing the risks involved in the foregoing.

The foregoing list of important factors is not exclusive. When evaluating forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, including the information set forth in our Annual Report 2024.

CREDIT SUISSE (UK) LIMITED
5 Broadgate
London, EC2M 2QS
www.ubs.com