

Credit Suisse Bank (Europe), S.A Compensation Policy

Pay matters



WHY

- To make sure that Credit Suisse Bank (Europe), S.A (CS Bank) complies with applicable regulations, we provide an overview of the main remuneration principles and processes in place across CS Bank, including all branches and subsidiaries.



WHO

This policy applies to all staff and to all compensation plans of CS Bank. However, application of the Compensation Policy Varies for different categories of staff, particularly for members of the Board of Directors and other Identified Staff or Material Risk Takers (MRT).



WHAT

to know about **HOW** to comply

1. Compensation principles

CS Bank makes sure that:

The remuneration policy is aligned with CS Bank's business and risk strategies.

Remuneration is gender neutral and based on equal pay for equal work or work of equal value.

Remuneration is designed to support your risk awareness and appropriate risk-taking and includes considerations of sustainability risk.

2. Compensation structure

CS Bank takes a total compensation approach, based on two principle components: fixed compensation and variable compensation, including the portion of variable compensation that may be deferred. The proportion of fixed to variable compensation varies from employee to employee depending on position and role within CS Bank.

Fixed compensation, mostly paid in the form of base salary, is based on the skills, qualifications and relevant experience of the individual, as well as the responsibilities required by the role and external market factors.

The level of variable compensation granted, referred to as a discretionary variable incentive award, is entirely at the discretion of CS Bank, and may be zero in cases of misconduct or substandard performance or other reasons or otherwise in the sole discretion of CS Bank. There is no entitlement, and there should be no employee expectation to receive a discretionary variable incentive award even if such or similar payments were made in previous years.

CS Bank makes the decisions on variable compensation based on absolute and relative performance of CS Bank and

its divisions, the performance of UBS Group, as well as pre-agreed individual performance objectives of employee's, non-financial performance indicators, market positioning, and a variety of other factors.

If your total compensation exceeds a certain threshold, part of your variable compensation may be deferred. Deferred awards are subject to applicable UBS Group's compensation plan rules, which may be amended from time to time at the absolute discretion of UBS. You aren't allowed to hedge variable remuneration.

Payment or vesting of variable compensation only occurs if it's sustainable according to the overall financial and risk situation of UBS Group and CS Bank.

3. Special categories of staff

If you're identified as an Identified Staff, your variable compensation may be subject to additional remuneration requirements (including minimum deferral rates of 40% to 60%, post-vest retention periods and clawback).

If you're a Member of CS Bank's Executive Committee, your performance will be assessed over a multi-year period that reflects Credit Suisse Bank's performance (both positive and negative).



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References

Total Reward Principles (1-C-009830)
goto/myimpact

Appendix

Credit Suisse Bank (Europe), S.A Compensation Policy



Why we have this appendix

The appendix is an integral part of the policy content and provides further information on the compensation principles, compensation structures, roles & responsibility and special categories of staff described in the policy on a page.



Applicability

The Compensation Policy outlined below is applicable to all compensations plans of **“CREDIT SUISSE BANK (EUROPE), S.A” (“CS Bank”)** and of its consolidated subsidiaries. CS Bank is a wholly owned subsidiary of UBS Group AG. The Compensation Policy describes the mechanisms and procedures established by CS Bank to comply with the obligations established in Chapter V of Title I of the Law 10/2014 of 26 June 2014 (Spain) on the regulation, supervision and solvency of credit institutions and it implementing regulations.

The Compensation Policy has been prepared by reference to the European Banking Authority (EBA) Guidelines on sound remuneration policies under Directive 2013/36/EU and the European Securities and Markets Authority (ESMA) Guidelines on remuneration policies and practices (MiFID) as well as the ESMA Guidelines on certain aspects of the MiFID II remuneration requirement.

As a global financial institution, the UBS Group is dependent on highly-skilled individuals who specialize in a broad range of disciplines. UBS Group’s ability to implement a comprehensive human capital strategy to attract, retain, reward, and motivate such individuals is fundamental to UBS Group’s long-term success. Compensation is a key component of UBS Group’s human capital strategy, as UBS Group implements its client- focused integrated business model strategy.

To take a leadership position in compensation policy and practice UBS Group has elaborated a global policy on compensation (the “Total Reward Principles”) which provides managers and employees a detailed description of our principles, structures and instruments, and the defined standards and processes relative to the development, implementation, management and governance of compensation. The Total Reward Principles of UBS Group are geared toward the following objectives:

- Reinforce our culture and strategy. Compensation reinforces and aligns with the firm’s culture and strategy, fosters engagement among employees and aligns their long-term interests with those of clients and stakeholders;
- Attract, retain and motivate a diverse, talented workforce. We provide competitive and fair pay to support our global and diverse business and workforce. To embrace a culture of diversity, gender neutrality, equity and inclusiveness, pay reflects fair and equal treatment and is competitive. Our investment in a motivated workforce supports the sustainability of the organisation;
- Foster pay-for-performance aligned with sustainable achievement and our ways of working. We pay for sustainable and holistic performance. Clear objectives as well as a thorough evaluation of what was achieved and how it was achieved, combined with effective communication, promote clarity, accountability and establish a strong link between pay and performance. This approach emphasizes behaviours and conduct including Accountability with integrity, Collaboration and Innovation;
- Reinforce sustainable long term value creation and growth. Compensation is appropriately balanced between fixed and variable elements and delivered over an adequate period to support our growth ambitions and sustainable performance;

- Support risk awareness and appropriate risk-taking, including risks related to sustainability and climate change. Our compensation structure encourages employees to have a focus on risk management and behave consistently with the firm's risk framework and appetite, thereby anticipating and managing risks effectively to protect our capital and reputation.

UBS Group is committed to responsible compensation practices. The need to reward UBS Group's employees fairly and competitively based on performance is balanced with the requirement to do so within the context of principled behavior and actions, particularly in the areas of risk, compliance, control, conduct and ethics. Compensation contributes to the achievement of UBS Group's objectives in a way that does not encourage excessive risk-taking or the violation of applicable laws, guidelines, and regulations, taking into account the capital position and economic performance of UBS Group over the long term.

The Total Reward Principles of UBS Group have been prepared by reference to compensation principles set out by the Swiss Financial Market Supervisory Authority (FINMA) and other regulators in locations where UBS Group has operations, and it applies to all compensation plans of UBS GROUP AG and its consolidated subsidiaries. Furthermore, the Total Reward Principles of UBS Group are in compliance with the Swiss Ordinance against Excessive Compensation with respect to Listed Stock Companies (VegüV) as well as other applicable national legislation and regulation.

The Total Reward Principles of UBS Group have served as the basis for elaborating CS Bank's Compensation Policy, which describes the specific mechanism and procedures established by CS Bank to comply with the remuneration related obligations contained in:

- Law 10/2014 of 26 June 2014 on the regulation, supervision and solvency of credit institutions and its implementing regulations ("**Law10/2014 (Spain)**").
- Royal Decree 84/2015 of 13 February 2015 implementing Law 10/2014 of 26 June 2014 on the regulation, supervision and solvency of credit institutions ("**RD 84/2015 (Spain)**")
- EBA Guidelines on sound remuneration policies under Directive 2013/36/EU ("**EBA Remuneration Guidelines**").
- ESMA Guidelines on remuneration policies and practices (MiFID) ("**ESMA Remuneration Guidelines**").
- ESMA Guidelines on certain aspects of the MiFID II remuneration requirement ("**ESMA Remuneration Requirements**")

The Compensation Policy set out in this document applies to all staff and to all compensation plans of CS Bank. Any and all variations from the CS Bank standard approach to compensation are covered by the Compensation Policy and must be approved by the Remuneration Committee. However, the application of the Compensation Policy varies for different categories of staff, particularly for members of the Board of Directors and other Identified Staff, also called Material Risk Takers or MRT. All plans implemented under the Compensation Policy are subject to modification or termination at CS Bank's discretion at any time.

Equal Compensation Opportunity

CS Bank does not tolerate any form of discrimination, in particular discrimination based on ethnicity, nationality, gender, sexual orientation, gender identity, religion, age, marital or family status, pregnancy, disability – or any other status that is protected by Spanish law. CS Bank encourages a safe and healthy work environment, free from discrimination, harassment and retaliation.

All aspects of UBS Group's Employment of Staff within UBS Policy (in particular Section 1.5 Non-discrimination and equal opportunities) (1-P-000059) apply equally to the compensation setting process of CS Bank. All employment-related decisions, including decisions on compensation, are based on an individual's qualifications, performance and behavior, or other legitimate business considerations, such as (though not restricted to) the profitability of CS Bank or the division and department of the individual, and the strategic needs of CS Bank.

The Compensation Policy is gender neutral, i.e. staff, independent of their gender, will be equally remunerated for equal work or work of equal value in line with point 65 of article 3(1) of Directive 2013/36/EU and article 157 of the Treaty on the Functioning of the European Union.

CS Bank will be able to demonstrate that it ensures that all aspects of the Compensation Policy are gender neutral, including the conditions for awarding and paying remuneration.

Furthermore, CS Bank will take into account the recent Organic Law 2/2024, of 1 August, on Parity Representation and Balanced Presence of Women and Men, which transposes in Spain Directive (EU) 2022/2381 of the European Parliament and of the Council, of 23 November 2022, concerning a better gender balance among the directors of listed companies and related measures. Organic Law 2/2024 applies to entities considered of public interest for the purposes of audit legislation, including credit institutions.

In accordance with this Law, entities must ensure that their boards of directors and senior management have a composition that guarantees, at a minimum, forty percent of members of the underrepresented gender.

However, the provisions related to these entities will be applied gradually, requiring the percentage of the underrepresented gender in Boards of Directors and senior management to reach thirty-three percent by 30 June 2026, and forty percent by 30 June 2029.

Therefore, while not yet applicable, it will be taken into account in the development of this Compensation Policy.

CS Banks’s Compensation Policy Framework

The CS Bank’s Compensation Policy Framework summarizes the key features of the Compensation Policy, and sets forth some fundamental principles to guide the management of CS Banks’s policies, practices, and plans.

Vision:

Maintain a responsible, performance-based Compensation Policy that is aligned with the long-term interests of our employees and shareholders.

Goal:

Strike the right balance between meeting shareholders’ expectations, paying our employees competitively, and responding appropriately to the legal and regulatory environment.

Approach:

Figure 1

CS Bank Approach	Guiding Principles
Governance	<ul style="list-style-type: none"> ■ Clearly defined and documented governance procedures. ■ Independent Remuneration Committee. ■ Policies, processes and plans are clear, transparent, and auditable. ■ The impact and performance of employees in roles that may expose CS Bank to significant risk is measured by the Remuneration Committee. ■ Compensation plans and overall compensation expenses approved by the Board of Directors.

Performance Alignment	<ul style="list-style-type: none"> ■ Reward CS Bank annual performance measured relative to: <ol style="list-style-type: none"> 1. planned key performance indicators; 2. prior year performance; and 3. the performance of competitors. ■ Aligned to business performance, including risk-related metrics. ■ Recognize and reward cross-divisional collaboration. ■ Award and differentiate compensation based on individual performance and contributions. ■ Control function feedback taken into account.
Individual Compensation Determination	<ul style="list-style-type: none"> ■ Total compensation approach. ■ Facilitate competitiveness by paying market-informed, competitive compensation levels for comparable roles and experience, subject to performance. ■ Promote meritocracy by recognizing individual performance, with a particular emphasis on contribution, risk management, ethics and control. ■ Equal compensation opportunity.
Compensation Structure and Instruments	<ul style="list-style-type: none"> ■ Provide the appropriate balance of fixed and variable compensation consistent with risk alignment and position, and role in CS Bank. ■ Significant portion of variable compensation deferred and aligned with the long-term performance of CS Bank and its divisions and in line with applicable regulations. ■ Promote sound risk management practices, and in particular, do not create incentives to expose CS Bank to inappropriate risk.

CS Bank is a Spanish credit institution with two business divisions:

- Investment Bank (IB)
- Non-Core and Legacy (NCL)

CS Bank encourages collaboration between divisions. The two business divisions are supported by the global corporate functions, established at group level, which ensures effective business support, control, and supervision of business activities. For the purposes of the Compensation Policy, certain independent functions which are closely involved in the assessment and review of compensation are collectively referred to as the control functions including, but not limited to the Chief Risk Officer (CRO) function, Chief Compliance Officer (CCO) function, and Internal Audit, which reports directly to the Chair of the Audit Committee.

The Compensation Policy is consistent with the objectives of CS Bank's business and risk strategy, including environmental, social and governance (ESG10) risk-related objectives, corporate culture and values, risk culture, including with regard to interests of CS Bank, and the measures used to avoid conflicts of interest, and should not encourage excessive risk taking.



Additional policy content

Below you can find additional information on the key topics addressed in the policy one-pager.

1. Compensation Governance

CS Bank's compensation governance practices, which are set out in this Policy, are part of the CS Banks's overall corporate governance structure. They should be read in conjunction with the CS Banks's other policies and guidelines that deal with the governance of the CS Bank.

The Compensation Policy has been prepared by reference to Law 10/2014, RD 84/2015 and the guidelines issued by the EBA.

CS Bank has a policy of a clear separation of responsibilities between the recommendation, review and approval of compensation plans.

Board of Directors

The Board of Directors is responsible for the implementation of the Compensation Policy as well as related rules and regulations. It also has overall responsibility for the approval of compensation plans and compensation expenses.

Remuneration Committee

The Remuneration Committee is the supervisory and governing body for compensation policies and practices within CS Bank. It is made up of members of the board of directors who do not perform executive functions in the institution. At any point in time, at least one third of these members, and in any event the chair, shall be independent directors.

The Remuneration Committee is responsible for determining, reviewing and proposing compensation recommendations for Board of Directors approval. In particular, the Remuneration Committee informs the general remuneration policy for the members of the Board of Directors, general managers and MRTs and the individual remuneration and other contractual conditions applicable to members of the Board of Directors who perform executive functions, and ensure the policy is complied with.

The Remuneration Committee may have access to independent external compensation advisors who do not provide any services to CS Bank other than supporting the Board of Directors. The Remuneration Committee may also procure external legal advice.

Senior Management

The senior management of CS Bank is responsible for making recommendations based on performance and other sources of information, such as external market compensation benchmarking and trends.

Implementation of the Compensation Policy

The implementation of the Compensation Policy is the responsibility of all levels of management throughout the CS Bank. To assist with implementation, managers are provided with training and detailed guidance notes on implementation of the Compensation Policy. The Remuneration Committee – or Human Resources by delegated authority – may also issue location supplements, policy alerts and implementation rulings as and when required.

The Board of Directors ensures an annual review of the Compensation Policy and its implementation is reviewed at regular intervals. The review covers all plans implemented under the Compensation Policy.

Control Functions

Risk and control considerations are an integral part of the performance assessment and compensation processes. CS Banks's approach to compensation includes a focus on risk and internal control matters and discourages excessive risk taking. CS Bank's control functions provide feedback to the Remuneration Committee on relevant breaches of the Group's internal policies or practices, including the Group's Code of Conduct and the Conduct and Ethics Standards. Internal Audit, as part of standard procedure, conduct regular reviews of compensation to ensure that Compensation Policy standards, external regulations, and guidelines are adhered to, and that processes for achieving and maintaining balanced incentive compensation arrangements are consistently followed. The Remuneration Committee takes into account feedback from the control functions in its annual review of CS Bank's performance.

To avoid potential conflicts of interest, the variable compensation pool for the control functions is only dependent on UBS Group's overall performance as well as on function-specific quantitative and qualitative criteria. In addition, each control function reports to a global head for the function in question (established at a group level) rather than to CS Bank's management.

The compensation of control functions is set at sufficient levels to ensure that competent and experienced professionals can be attracted and retained across business cycles.

2. Compensation Principles

An important objective of the Compensation Policy is to provide all relevant internal and external parties with appropriate information and transparency, thereby promoting a thorough understanding of CS Bank's compensation practices.

Details of compensation programs and plan awards are communicated to employees throughout the year. The Group maintains an intranet site that sets out details of plan awards, including terms and conditions, vesting schedules and current values.

UBS Group provides extensive disclosure about compensation as part of the Annual Report. In addition, the UBS Group communicates on the subject throughout the year by means of press releases, quarterly reports, or information on UBS Group's website.

The Board of Directors of UBS Group AG submits the annual Compensation Report to shareholders for a consultative vote at the Annual General Meeting (AGM).

Moreover, and in compliance with article 37 of Royal Decree 84/2015, CS Bank shall maintain on its website:

- A clear, comprehensible and comparable corporate governance information on its website that includes the manner in which it complies with its remuneration obligations. The Board of Directors is responsible for keeping the aforementioned information up to date at all times.
- Information on the remuneration accruing in each financial year to independent members which must reflect the total remuneration accruing, with an individual breakdown by remuneration items, and the total remuneration accrued in each financial year by each of the Board of Directors. This information will contain all the remuneration items accruing, whatever their nature or the group entity paying them.
- Information on the results of the vote by the general assembly of shareholders, on the policy for the remuneration of members of the board of directors, pursuant to article 33.3 of Law 10/2014, stating the quorum existing, the total number of valid votes for and against, and the number of abstentions.

3. Compensation Structure and Instruments

CS Bank takes a total compensation approach, based on two principle components: fixed compensation and variable compensation, including the portion of variable compensation that may be deferred. The objective is to have an appropriate balance between these elements. Compensation Instruments are designed to align long-term employee and share- and debtholder interests, and to deliver compensation that promotes sustainable value for the Group and its shareholders over time.

The mix of fixed and variable compensation is designed to ensure that excessive risk-taking is not incentivized. The proportion of fixed to variable compensation varies from employee to employee depending on position and role within CS Bank.

In the total compensation, the fixed and variable components shall be appropriately balanced. The fixed component shall constitute a sufficiently large part of the total compensation.

Fixed compensation

Fixed compensation, most commonly paid in the form of base salary, is based on the skills, qualifications and relevant experience of the individual, as well as the responsibilities required by the role and external market factors.

Fixed compensation may include role-based allowances and any other type of payments or benefits for staff which comply with the conditions for its award set out in section 5 of the EBA Remuneration Guidelines.

Variable compensation

The level of variable compensation granted, referred to as a discretionary variable incentive award, is entirely at the discretion of CS Bank, and may be zero in cases of misconduct or substandard performance or other reasons or otherwise in the sole discretion of CS Bank. There is no entitlement, and there should be no employee expectation to receive a discretionary variable incentive award even if such or similar payments were made in previous years.

CS Bank makes decisions on variable compensation based on absolute and relative performance of CS Bank and its divisions, the performance of UBS Group, as well as pre-agreed individual performance objectives of employees, non-financial performance indicators, market positioning, and a variety of other factors.

Variable compensation of Identified Staff is subject to the 'bonus cap' established in article 34.1 (g) of Law 10/2014, which mandates a maximum ratio of variable pay versus fixed compensation of 100%. However, and in accordance with the same article, the general assembly of shareholders of CS Bank may approve a higher maximum percentage, provided the variable component does not exceed 200% of the fixed component. The approval of such higher level of variable remuneration shall be made in accordance with the procedure laid down in article 34.1 (g) of Law 10/2014.

When assessing results for the purpose of calculating variable components of remuneration, an adjustment for all types of current and future risks shall be made, and the necessary cost of capital and liquidity shall be taken into account.

The allocation of variable components of remuneration in the institution shall also take into account all types of current and future risks.

Deferred Compensation

A substantial portion – and in any event at least 40% – of the variable compensation of Identified Staff shall be deferred over a period of not less than four to five years (five years for Board members) and shall be correctly aligned with the nature of CS Bank's business, its risks and the activities of the member of staff in question.

Compensation payable to the Identified Staff under deferral arrangements shall vest no faster than on a pro-rata basis. In the case of a variable compensation component of a particularly high amount, at least 60% of the amount shall be deferred. The length of the deferral period shall be established bearing in mind the business cycle, the nature of the business, its risks and the activities of the member of staff in question.

The variable remuneration, including the deferred portion, shall be paid or vested only if it is sustainable according to the financial situation of CS Bank and UBS Group as a whole, and justified on the basis of the performance of CS Bank and UBS Group, the business unit and the individual concerned.

Without prejudice to the general principles of Spanish contract and labour law, the total variable remuneration shall be considerably reduced where the financial performance of CS Bank and/or UBS Group is subdued or negative, taking into account both current remuneration and reductions in payouts of amounts previously earned, including through malus or clawback arrangements.

All deferred compensation awards granted contain malus provisions that enable CS Bank to reduce or cancel outstanding awards prior to settlement if employees engage in certain detrimental conduct.

In addition, all variable incentive compensation granted to Identified Staff is subject to clawback of deferred and non-deferred variable when they have contributed significantly to the subdued or negative financial performance and in cases of fraud or other conduct with intent or severe negligence which led to significant losses.

Deferred Compensation Instruments

In order to align the interests of shareholders and employees, the payment of a substantial portion – and in any event at least 50% – of any variable remuneration of Identified Staff, whether deferred or not, shall be set in the form of shares or Notional shares (EOP) issued pursuant to UBS Group AG Plan Rules as amended, (the “**Plan**”) and associated award certificates as well as other applicable plan documents.

The proportion of the variable compensation in each deferred instrument is generally dependent on title and risk-taking status and may vary from year to year at the discretion of the Remuneration Committee.

Mandatory deferred compensation plans

Deferred Contingent Capital Plan

The Deferred Contingent Capital Plan (DCCP) is a deferred compensation plan for all employees who are subject to deferral requirements. Such employees are awarded notional additional tier 1 (AT1) capital instruments, which, at the discretion of UBS, can be settled in cash or a perpetual, marketable AT1 capital instrument. DCCP awards generally bear notional interest paid annually (except for certain regulated employees) and vest in full after five years. Awards are forfeited if a viability event occurs (i.e., if FINMA notifies the firm that the DCCP awards must be written down to mitigate the risk of insolvency, bankruptcy or failure of UBS) or if the firm receives a commitment of extraordinary support from the public sector that is necessary to prevent such an event, to the extent allowed by applicable legislation. DCCP awards are also written down if the Group’s CET1 capital ratio falls below a defined threshold.

Equity Ownership Plan

The Equity Ownership Plan (EOP) is the deferred share-based compensation plan for employees outside of the GEB and selected senior management that are subject to deferral requirements. EOP awards generally vest over three years.

Long-Term Incentive Plan

The Long-Term Incentive Plan (LTIP) is a mandatory deferred share-based compensation plan for senior leaders of the Group (i.e., GEB members and selected senior management).

The number of notional shares delivered at vesting depends on two equally weighted performance metrics over a three-year performance period: return on common equity tier 1 (CET1) capital and relative total shareholder return, which compares the total shareholder return (TSR) of UBS with the TSR of an index consisting of listed Global Systemically Important Banks as determined by the Financial Stability Board (excluding UBS). The final number of shares vest over three years following the performance period for GEB members, and cliff-vest in the year following the performance period for selected senior management.

There is a prohibition on all staff from entering into transactions to hedge the economic exposure tied to their long-term compensation prior to award vesting.

Specific Compensation Arrangements

Aside from the annual compensation review process, there are many compensation arrangements throughout the year. The most common relate to new hires or terminations, and may entail guaranteed minimum variable compensation, sign-on awards, buy-out arrangements, retention awards or termination payments.

Payments relating to the early termination of a contract shall reflect performance over time and shall not reward failure or misconduct. The Bank of Spain may define those cases that can lead to a reduction in the amount of the aforementioned payments relating to early termination.

Remuneration packages related to compensation or buy-outs from contracts in previous employment shall align with the interests of CS Bank, duly including retention, deferral, performance and clawback arrangements.

The use of such arrangements may be justified under the circumstances, and if specific approvals (as per the CS Bank’s approval grid) and rules have been applied. In the case of guaranteed compensation, if such an arrangement is necessary at the time of a new hire, the guarantee is limited to one year and may be linked to performance and conduct

indicators. It is also UBS Group's policy not to make multi-year guarantees. Guaranteed compensation arrangements to existing employees are strictly prohibited, except in exceptional circumstances for retention purposes.

Performance Award Funding Process

The determination of CS Bank's annual variable compensation pool is performed at a group level as a unique variable compensation pool is determined by UBS Group AG's Board of Directors for all the employees of UBS Group (Performance Awards Funding Process).

The Performance Awards Funding Process aims to balance the distribution of UBS Group's profits between shareholders and employees, and takes into account UBS Group's financial performance as well as non-financial factors such as the achievement of strategic objectives, relative performance compared to peers, control, compliance, risk-related issues, market position and trends and any extraordinary events. See **Figure 2** for an overview of how Performance Awards Funding Pools are determined.

Accrual of Variable Compensation

Accrual of variable compensation occurs at the Group as well as at the divisional level. It is based on sustainable, profit-based performance measures, which include an adjustment for the cost of capital and subject to considerations of the Bank's capital, profit and liquidity position. Non-financial factors, such as ESG considerations, are taken into account, and final decisions about the size of the pools also consider the long-term capital position of the Group, the risk and control environment in which the Group operates and the need to provide an appropriate return to shareholders.

The Compensation Committee regularly reviews proposed accruals and related internal and external reports and at its discretion makes adjustments, including negative adjustments, in determining its recommendations that are included in the Group's quarterly financial results. An accrual at the group or at any other level does not create legal rights or entitlements for employees to be considered for, or to receive discretionary variable incentive awards.

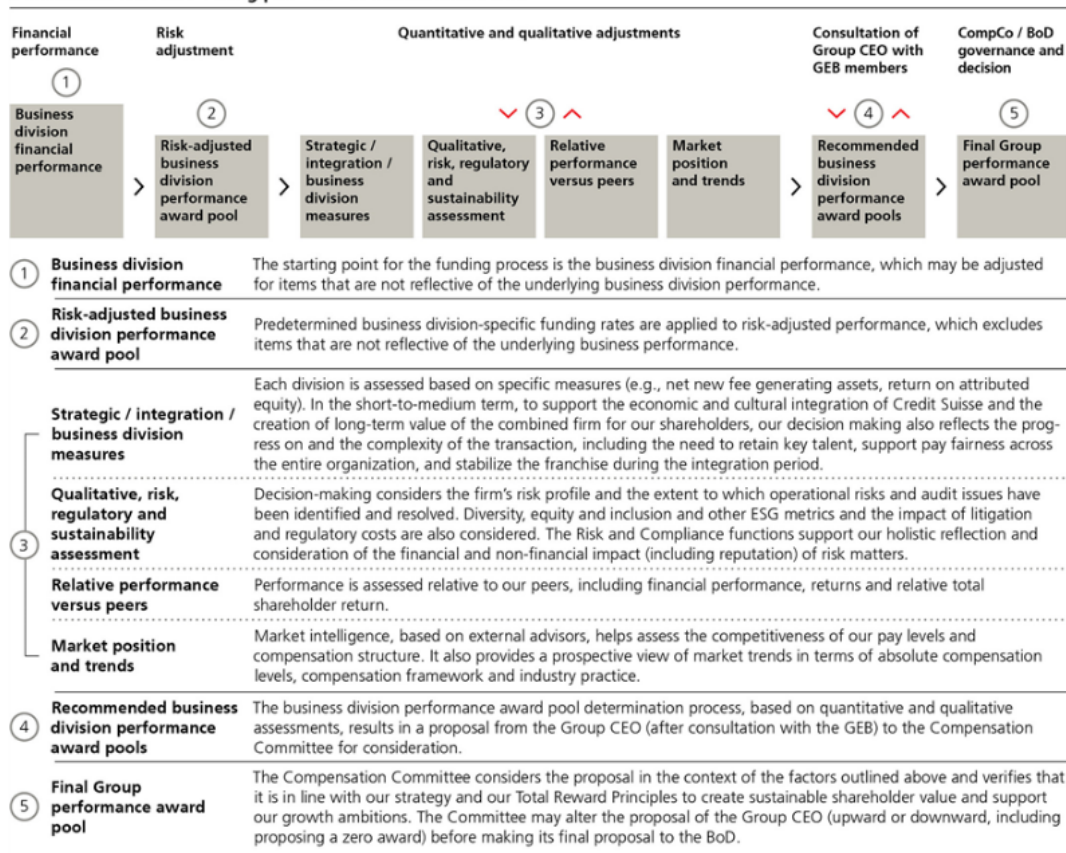
Divisional Allocation

The allocation of variable compensation varies by division. The risk-adjusted performance of each division is factored in to an appropriate extent. Adjustments of divisional allocations are at the discretion of the CEO and are influenced by the long-term strategic direction, significant risk and control events, risk culture and objectives of the divisions. The Group typically uses an accrual approach that is reflective of divisional performance-based metrics, such as Economic Contribution (EC), and the performance of the Group overall.

The variable compensation pool for the corporate functions is separate from the pools of revenue-generating divisions and is based on function-specific criteria as well as the performance of the Group as a whole. It is not dependent on the performance of the specific business areas that corporate functions oversee and support, nor are individual awards for employees within those functions.

Figure 2
Determination of Variable Incentive Compensation Pools

Performance award funding process – illustrative overview



Determination of Discretionary Variable Incentive Awards

The determination and allocation of discretionary variable incentive awards to employees out of a defined variable compensation pool is subject to a broad range of quantitative and qualitative assessment criteria – with particular emphasis on an individual’s performance, personal conduct, business conduct (including acting in the best interests of clients), responsibilities, compliance with regulatory requirements (especially conduct of business rules and, in particular, the review of the suitability of instruments sold by relevant persons to clients) and internal procedures, fair treatment of clients and client satisfaction, position and role. It also takes into account applicable market compensation levels.

Regardless that the determination of the Performance Awards Funding pool is performed at a group level, the determination and granting of discretionary variable incentive awards is entirely at the CS Bank discretion.

UBS Group may at any time be entitled to amend the terms regarding granting, vesting and settlement of awards to comply with applicable law or regulatory requirements.

4. Identified Staff or Material Risk Takers

Identified Staff are subject to a heightened level of scrutiny over the alignment of their compensation with performance and risk considerations.

Additionally, employee’s specific roles and/or levels are considered in part with a view towards determining the potential of an individual (or group of individuals) to expose UBS Group to inappropriate risk. Both financial risks – such as credit, market and liquidity risks – and non-financial risks – such as compliance, legal, operational, and reputational risks – are considered.

Pursuant to article 32.2 of the Law 10/2014 and Guideline 5 of EBA Remuneration Guidelines, CS Bank should conduct annually a self-assessment in order to identify all staff categories that fall under the definition of Identified Staff or MRT. A list indicating said categories shall be submitted annually to the Bank of Spain and, in any event, whenever there have been significant changes.

CS Bank's annual self-assessment is based on the qualitative and quantitative criteria set out in the Commission Delegated Regulation (EU) No 2021/923 of 25 March 2021 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards setting out the criteria to define managerial responsibility, control functions, material business units and a significant impact on a material business unit's risk profile, and setting out criteria for identifying staff members or categories of staff whose professional activities have an impact on the institution's risk profile that is comparably as material as that of staff members or categories of staff referred to in Article 92(3) of that Directive ("**Commission Delegated Regulation 2021/923**") and where needed to ensure the complete identification of all staff whose professional activities have a material impact on CS Bank's risk profile, additional criteria set forth by the institution that reflect the levels of risk of different activities within CS Bank and the impact of staff members on the risk profile. Staff that fall or are likely to fall under the qualitative criteria in article 5 of Commission Delegated Regulation 2021/923 for a period of at least three months in a financial year are treated as Identified Staff or MRT.

The documentation of CS Bank's annual self-assessment includes the following information:

- (i) the rationale underlying the self-assessment and the scope of its application;
- (ii) the approach used to assess the risks emerging from CS Bank's business strategy and activities;
- (iii) how staff are assessed;
- (iv) the role and responsibilities of CS Bank's corporate bodies and internal functions involved in the design, oversight, review and application of the self-assessment process;
- (v) the identification outcome.

The Remuneration Committee is in charge of keeping records of the identification process and its results and of assuring that CS Bank is able to demonstrate to the Bank of Spain how the Identified Staff or MRT have been identified according to both the qualitative and quantitative criteria provided for in Commission Delegated Regulation 2021/923 and any additional criteria that may be included in the future by CS Bank.

The documentation of CS Bank's annual self-assessment should at least include the number of Identified Staff or MRT including the number of Staff Identified for the first time, the job responsibilities and activities, the names or another unique identifier and the allocation within CS Bank of the Identified Staff or MRT to business areas and a comparison with the results of the previous year's self-assessment.

The documentation should also include staff members who have been identified under quantitative criteria, but whose professional activities are assessed as not having a material impact on CS Bank risk profile, in accordance with article 6 of Commission Delegated Regulation 2021/923. Those assessments should be properly documented, including the rationale underpinning the applied exclusions. CS Bank will maintain the referred documentation for at least ten years.

Board of Directors Compensation Structure

The office of director is not remunerated, save in the case of those board members appointed:

- (i) as managing directors or to whom the Board of Directors attributes executive functions by virtue of another title (the "**Executive Directors**")

- (ii) as independent directors (the “**Independent Directors**”).

Remuneration of Executive Directors

Each Executive Director shall receive a remuneration made up of the following items, which shall be specified in their contract pursuant to the provisions of article 249 of the consolidated text of the Capital Companies Law, implemented by the Legislative Royal Decree 1/2010, of 2 July, (the “**Capital Companies Law**”) or any other legislation that may be applicable:

- (i) A fixed allowance in cash;
- (ii) Variable remuneration in cash depending on the degree of achievement of qualitative or quantitative targets;
- (iii) Variable remuneration consisting of the award of shares or deferred remuneration instruments the value of which may be linked to the price of the shares of UBS Group AG, the profits of the different divisions of same or any other criteria established by UBS Group AG, subject to the requirements established in the legislation in force from time to time. However, the application of this type of remuneration shall require a resolution of the shareholders’ meeting in all cases, stating the maximum number of shares or maximum value of the deferred remuneration instruments that may be allocated to this remuneration system in each fiscal year, which shall be compliant with the rules and limitations established in section 4 of the Compensation Policy.
- (iv) Pension plan contributions;
- (v) Death and disability insurance policy;
- (vi) Health insurance policy;
- (vii) Subsidy for redeployment to another position, in accordance with the policy applicable at the Company;
- (viii) Company car, in accordance with the policy applicable at the Company;
- (ix) Meal vouchers, cards or similar for the payment in kind of meals, in accordance with the policy applicable at the Company;
- (x) Potential severance for removal from office or termination of their relationship with the Company; and
- (xi) Additionally, supplements relating to their position and other remuneration in kind, in line with the general remuneration policies of the Company.

The maximum overall annual remuneration for Executive Directors must be approved by the shareholders’ meeting and shall remain in force until a modification is approved.

Unless otherwise determined by the shareholders’ meeting, the distribution of the remuneration among the Executive Directors shall be established by a decision of the board of directors or delegated to the Remuneration Committee, which must take into account the functions and responsibilities assigned in any contracts entered into with them.

In all cases, the remuneration of the Executive Directors must be compliant with the Compensation Policy.

Remuneration of Independent Directors

Each Independent Director shall receive:

- (i) an annual fixed remuneration in cash for being a member of the Board of Directors and a member of any of the committees of the Board of Directors, additionally,
- (ii) a fixed annual allowance for being the chair of each of the committees of the board of directors.

The maximum overall annual remuneration for Independent Directors must be approved by the shareholders' meeting and shall remain in force until a modification is approved.

The specific amount payable to each of the Independent Directors for being a member of the Board of Directors, for being a member of each of the committees and for being the chair of each of the committees shall be set on an annual basis by the Board of Directors. It shall be the same amount for all Independent Directors and shall remain in force until a modification is approved.

In all cases, the remuneration of the Independent Directors must be compliant with the Compensation Policy.

CS Bank must reimburse all members of the Board of Directors for all expenses that they may reasonably incur in the discharge of their duties.

5. Performance Management Process

CS Bank adopts a performance culture with a strong emphasis on disciplined risk management, ethics and compliance-centered behavior.

Allocation decisions are based on the performance of UBS Group, CS Bank, the division, and the individual. To support this, CS Bank has a comprehensive performance management system based on two performance ratings: Contribution and Behaviors. Managers are provided with, and have an obligation to meet the requirements of the MyPerformance Year End Info Kit for Line Managers, which contains relevant information on the performance assessment process. Performance management across the UBS Group is underpinned by our principles of client centricity, connectivity and sustainable impact and our behaviors of accountability with integrity, collaboration and innovation which reflect the firms values and corporate culture. Employees are reviewed and rewarded for their contribution and impact against a range of financial and non-financial objectives which are ambitious and in line with the UBS and CS Bank strategy, specifically risk management, including climate-related and environmental risks, where applicable, but also their contribution to the firms behaviors. Objectives should be agreed between the employees and their line managers by end of the first quarter. Consequently, employees are given two separate performance categories: one for the achievement of their contribution and impact for financial and non-financial objectives and another for how they displayed the UBS behaviors. This evaluation ensures a link between behaviors, contribution, the achievement of objectives and reward. For further information on these principles and overall Performance Management Process, please refer to ([goto/MyImpact](#)).

6. Compliance with other Policies and Code of Conduct

This Compensation Policy is deemed to be compliant with all other policies of the UBS Group, to the extent it relates to, or has an impact on, compensation.



Glossary

For the purpose of this document:

Board of Directors: The Board of Directors of CS Bank and/or of each of its consolidated subsidiaries.

Clawback: An arrangement under which the staff member has to return ownership of an amount of variable remuneration paid in the past, or which has already vested to the institution under certain conditions.

Compensation: All forms of fixed and variable remuneration and includes payments and benefits, monetary or non-monetary, awarded directly to staff by or on behalf of the CS Bank in exchange for professional services rendered by staff, carried interest payments within the meaning of Article 4(1)(d) of Directive 2011/61/EU8, and other payments made via methods and vehicles which, if they were not considered as remuneration, would lead to a circumvention of the remuneration requirements of Directive 2013/36/EU.

Compensation Committee: The Compensation Committee of UBS Group AG.

Identified Staff: Staff whose professional activities have a material impact on the institution's risk profile in accordance with the criteria set out in the Commission Delegated Regulation (EU)2021/923.

Instruments: Those financial instruments or other contracts that fall within one of the two categories referred to in Article 94(1)(l) of Directive 2013/36/EU.

Remuneration Committee: The Remuneration Committee of the Board of Directors of CS Bank.

Staff: Comprises (i) all employees of CS Bank and its consolidated subsidiaries and (ii) the members of its Board of Directors.

Total Reward Principles of UBS Group AG: A set of Board of Directors approved principles which underpin UBS's approach to compensation and establish a framework for all compensation decisions and programs across the organization.

Total Compensation: Comprises fixed compensation (including local market based benefits / retirement benefits contributions), reflecting an individual's role, skills and experience, and, where applicable, a discretionary performance award.

UBS Group: The group made of "UBS GROUP AG", its branches and its subsidiaries, including CS Bank (Europe).

Vesting: The effect by which the staff becomes the legal owner of the variable remuneration awarded, independent of the instrument which is used for the payment or if the payment is subject to additional retention periods or clawback arrangements.



Key procedural controls

KPC ID	KPC title
62009	Commitment approval process review - Business Division Reward
62010	Commitment approval process review - Central Reward
148490	Year End Process - Sign-off overrides
B-111941	Commitment approval process - Central Reward
B-110414	Year End Process Pay-for-Performance reviews
B-110436	Year-end Performance evaluation review
B-110946	Quarterly review of regulatory Reward matters and requests
B-111893	Annual review of the UK/EMEA deferral table and the deferral modeller



Further references and links

ID	Type	Title
1-P-000017	Policy	Non-Financial Risk Framework
1-C-009830	Constitutional document	Total Reward Principles
1-C-001254	Constitutional document	Code of Conduct and Ethics of UBS
1-P-000059	Policy	Employment of Staff within UBS
1-P-004081	Policy	Sustainability and Climate Risks
1-C-008990	Constitutional document	Governance Framework of UBS Europe SE
1-C-006239	Constitutional document	Key Approval Authorities UBS Europe SE
1-C-006042	Constitutional document	Risk Strategy UBS Europe SE



Policy ownership and review

Owner: *Human Resources*

NFR Taxonomy: 1. Employment or Licensing Practices

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