

# Credit Suisse Bank (Europe), S.A.

## **Financial Statements**

December 31, 2023

## **Directors' Report**

Year ended December 31, 2023

(Along with the Auditors' Report)

CREDIT SUISSE BANK,  
(EUROPE), S.A.  
Balance Sheet  
as of 31 December 2023  
(Thousand euros)

ASSETS	Note	2023	2022
<b>Cash, cash balances at central banks and other demand deposits</b>	<b>5</b>	<b>180,465</b>	<b>240,595</b>
<b>Financial assets held for trading</b>	<b>6</b>	<b>3,448,943</b>	<b>6,736,304</b>
Derivatives		1,917,966	3,419,820
Equity instruments		-	59
Debt instruments		-	2
Loans and advances		1,530,977	3,316,423
<b>Financial assets at amortised cost</b>	<b>7</b>	<b>1,452,782</b>	<b>2,972,418</b>
Loans and advances		1,452,782	2,972,418
<b>Tangible assets</b>	<b>8</b>	<b>28,639</b>	<b>36,718</b>
Property, plant and equipment		28,639	36,718
<b>Intangible assets</b>	<b>9</b>	<b>1,578</b>	<b>5,496</b>
Other intangible assets		1,578	5,496
<b>Tax assets</b>	<b>10</b>	<b>4,106</b>	<b>13,806</b>
Current tax assets		4,106	6,188
Deferred tax assets		-	7,618
<b>Other assets</b>	<b>11</b>	<b>63,997</b>	<b>72,414</b>
<b>TOTAL ASSETS</b>		<b>5,180,510</b>	<b>10,077,751</b>

The accompanying notes form an integral part of the Financial Statements as of December 31, 2023.  
Amounts corresponding to 2022, presented for comparison purposes only.

CREDIT SUISSE BANK,  
(EUROPE), S.A.  
Balance Sheet  
as of 31 December 2023  
(Thousand euros)

LIABILITIES AND EQUITY	Note	2023	2022
<b>Financial liabilities held for trading</b>	<b>6</b>	<b>3,396,692</b>	<b>6,399,063</b>
Derivatives		1,919,383	3,178,467
Short positions		643,738	640,888
Deposits		833,571	2,579,708
<b>Financial liabilities measured at amortised cost</b>	<b>12</b>	<b>893,946</b>	<b>2,665,449</b>
Deposits		851,391	2,577,255
Other financial liabilities		42,555	88,194
<b>Provisions</b>	<b>13</b>	<b>40,204</b>	<b>24,623</b>
Pensions and other post-employment defined benefit obligations		2,149	5,782
Pending legal issues and tax litigation		700	26
Other provisions		37,355	18,815
<b>Tax liabilities</b>	<b>10</b>	<b>7,618</b>	<b>12,197</b>
Current tax liabilities		7,434	12,197
Deferred tax liabilities		184	-
<b>Other liabilities</b>	<b>14</b>	<b>62,020</b>	<b>84,086</b>
<b>TOTAL LIABILITIES</b>		<b>4,400,480</b>	<b>9,185,418</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>15</b>	<b>778,914</b>	<b>892,326</b>
<b>Capital</b>		<b>18,000</b>	<b>18,000</b>
Paid up capital		18,000	18,000
<b>Share premium</b>		<b>29,724</b>	<b>29,724</b>
<b>Other reserves</b>		<b>844,602</b>	<b>856,372</b>
<b>Profit or loss attributable to the parent</b>	<b>4</b>	<b>(113,412)</b>	<b>(11,770)</b>
<b>ACCUMULATED OTHER COMPREHENSIVE INCOME</b>	<b>15</b>	<b>1,116</b>	<b>7</b>
<b>Items that will not be reclassified to profit or loss</b>		<b>1,116</b>	<b>7</b>
Actuarial gains or (-) losses on defined benefit pension plans		1,116	7
<b>TOTAL EQUITY</b>		<b>780,030</b>	<b>892,333</b>
<b>TOTAL EQUITY AND TOTAL LIABILITIES</b>		<b>5,180,510</b>	<b>10,077,751</b>
<b>MEMORANDUM ITEMS (OFF BALANCE SHEET)</b>	<b>16</b>		
Loan commitments granted		-	-
Financial guarantees granted		-	-
Other commitments granted		1,251,334	6,920,518

The accompanying notes form an integral part of the Financial Statements as of December 31, 2023.  
Amounts corresponding to 2022, presented for comparison purposes only.

CREDIT SUISSE BANK,  
(EUROPE), S.A.  
Statement of profit and loss  
31 December 2023  
(Thousand euros)

	Note	2023	2022
Interest income	<b>17.b</b>	148,990	92,302
Financial assets at amortised cost		97,850	59,412
Other assets		51,140	32,890
(Interest expenses)	<b>17.b</b>	(142,120)	(118,317)
<b>A) INTEREST MARGIN</b>		<b>6,870</b>	<b>(26,015)</b>
Fee and commission income	<b>17.c</b>	86,867	240,409
(Fee and commission expenses)	<b>17.c</b>	(37,611)	(89,735)
Gains or (-) losses on financial assets and liabilities held for trading, net	<b>17.d</b>	(12,500)	26,068
Exchange differences [gain or (-) loss], net		(491)	1,051
Other operating income	<b>17.e</b>	85,667	69,426
(Other operating expenses)		(6,687)	(4,584)
<b>B) OPERATING INCOME, NET</b>		<b>122,115</b>	<b>216,620</b>
(Administrative expenses)		(207,557)	(163,642)
(Staff expenses)	<b>17.f</b>	(159,182)	(101,909)
(Other administrative expenses)	<b>17.g</b>	(48,375)	(61,733)
(Depreciation)	<b>8 y 9</b>	(9,775)	(10,490)
(Provisions or (-) reversal of provisions)	<b>13</b>	(1,483)	(33,866)
(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)	<b>7</b>	(1,294)	(4,970)
(Financial assets at amortised cost)		(1,294)	(4,970)
(Impairment or (-) reversal of impairment on non-financial assets value)	<b>9</b>	(2,443)	-
(Intangible Assets)		(2,443)	-
<b>C) PROFIT OR (-) LOSS BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>(100,437)</b>	<b>3,652</b>
(Tax expense or (-) income related to profit or loss from continuing operations)	<b>18</b>	(12,975)	(15,422)
<b>D) PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS</b>		<b>(113,412)</b>	<b>(11,770)</b>
Profit or (-) loss before tax from discontinued operations		-	-
<b>E) PROFIT OR (-) LOSS FOR THE YEAR</b>		<b>(113,412)</b>	<b>(11,770)</b>

The accompanying notes form an integral part of the Financial Statements as of December 31, 2023.  
Amounts corresponding to 2022, presented for comparison purposes only.

CREDIT SUISSE BANK,  
(EUROPE), S.A.

Statement of comprehensive income for the year ended 31 December 2023

(Thousand euros)

	<u>2023</u>	<u>2022</u>
<b>PROFIT OR (-) LOSS FOR THE YEAR</b>	<b>(113,412)</b>	<b>(11,770)</b>
<b>OTHER COMPREHENSIVE INCOME</b>	<b>1,109</b>	<b>429</b>
Items that will not be reclassified to profit or loss	1,109	429
Actuarial gains or (-) losses on defined benefit pension plans	1,541	516
Income tax relating to items that will not be reclassified	(432)	(87)
Items that may be reclassified to profit or loss	-	-
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR</b>	<b><u>(112,303)</u></b>	<b><u>(11,341)</u></b>

The accompanying notes form an integral part of the Financial Statements as of December 31, 2023.  
Amounts corresponding to 2022, presented for comparison purposes only.

CREDIT SUISSE BANK,  
(EUROPE), S.A.

Statement of changes in equity for the year ended 31 December 2023  
(Thousand euros)

	Capital	Share premium	Other reserves	Profit or loss for the year	Accumulated other comprehensive Income	Total
As at 31 December 2021	18,000	29,724	824,118	32,254	(422)	903,674
Total comprehensive income/expense for the year	-	-	-	(11,770)	429	(11,341)
Issuance of ordinary shares	-	-	-	-	-	-
Distribution of the profit/(loss) for the year	-	-	32,254	(32,254)	-	-
Other shareholder's contributions	-	-	-	-	-	-
As at 31 December 2022	18,000	29,724	856,372	(11,770)	7	892,333
Total comprehensive income/expense for the year	-	-	-	(113,412)	1,109	(112,303)
Distribution of the profit/(loss) for the year	-	-	(11,770)	11,770	-	-
As at 31 December 2023	18,000	29,724	844,602	(113,412)	1,116	780,030

The accompanying notes form an integral part of the Financial Statements as of December 31, 2023.  
Amounts corresponding to 2022, presented for comparison purposes only.

CREDIT SUISSE BANK,  
(EUROPE), S.A.

Statement of cash flows  
For the year ended 31 December 2023

(Thousand euros)

	Note	2023	2022
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>(58,997)</b>	<b>64,203</b>
<b>Profit or loss for the year</b>		<b>(113,412)</b>	<b>(11,770)</b>
<b>Adjustments made to obtain the cash flows from operating activities</b>		<b>27,970</b>	<b>65,296</b>
Depreciation and amortisation cost	8 and 9	9,775	10,490
Other adjustments		18,195	54,806
<b>Net increase/(decrease) in operating assets</b>		<b>4,811,757</b>	<b>355,686</b>
Financial assets held-for-trading		3,287,361	(965,505)
Financial assets at amortised cost		1,518,342	1,291,522
Other operating assets		6,054	29,669
<b>Net increase/(decrease) in operating liabilities</b>		<b>(4,785,312)</b>	<b>(335,928)</b>
Financial liabilities held-for-trading		(3,002,369)	1,056,039
Financial liabilities at amortised cost		(1,771,503)	(1,322,841)
Other operating liabilities		(11,440)	(69,126)
<b>Income tax recovered/(paid)</b>		<b>-</b>	<b>(9,081)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(1,133)</b>	<b>(1,580)</b>
<b>Payments</b>		<b>(1,133)</b>	<b>(1,580)</b>
Tangible assets	8	(949)	(1,379)
Intangible assets	9	(184)	(201)
<b>Collections</b>		<b>-</b>	<b>-</b>
Tangible assets		-	-
Intangible assets		-	-
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>
<b>D. EFFECT OF FOREIGN EXCHANGE RATE DIFFERENCES</b>		<b>-</b>	<b>-</b>
<b>E. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)</b>		<b>(60,130)</b>	<b>62,623</b>
<b>F. CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	5	<b>240,595</b>	<b>177,972</b>
<b>G. CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	5	<b>180,465</b>	<b>240,595</b>
<b>MEMORANDUM ITEMS</b>			
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		<b>180,465</b>	<b>240,595</b>
Cash equivalents at central banks	5	8,529	32,178
Other financial assets	5	171,936	208,417

The accompanying notes form an integral part of the Financial Statements as of December 31, 2023.  
Amounts corresponding to 2022, presented for comparison purposes only.

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

(1) Nature and Core Business Activities

Credit Suisse Bank (Europe), S.A. (henceforth, “the Entity”) was organised with the name Barclays Pizarro y Recorder, S.A., Sociedad de Valores y Bolsa in a public deed on 27 June 1989 after receiving authorisation from Spain’s securities market regulator (the CNMV) on 19 June 1989. On 4 April 1994, the Entity changed its name to BZW, Sociedad de Valores y Bolsa, S.A. and on 10 March 1998 it changed it again to Credit Suisse First Boston, Sociedad de Valores y Bolsa, S.A. On 30 April 2003, a further change of name was approved, in accordance with Royal Decree 867/2001 of 20 July on investment firms, to Credit Suisse First Boston, Sociedad de Valores, S.A., and changed its name to Credit Suisse Securities, Sociedad de Valores, S.A. as of 17 January 2006. On 1 August 2021 the Entity was transformed into a credit institution and its name was changed to Credit Suisse Bank (Europe), S.A.

During 1997, BZW, Sociedad de Valores y Bolsa, S.A. absorbed, as a result of a merger process, the companies BZW Gestión, S.A., S.G.C. and BZW Holding, S.A. On 27 February 1999 Barclays Bank Plc sold all of the shares of the Entity to Credit Suisse First Boston (UK) Investment Holding.

On 12 March 2012, the merger through absorption of Credit Suisse Securities, S.V., S.A.U. (Absorbing Company) and Credit Suisse (España), S.A. (Absorbed company) was notarised, as the Absorbed company acquired all the shares of the Absorbing Company for the sum of 13,072 thousand euros, under a purchase and sale agreement signed on the same date.

On effective date 1st March 2020, the Entity, as transferee, along with Credit Suisse International (“CSI”), Credit Suisse Securities (Europe) Limited (“CSSEL”) (both as “transferors”), Credit Suisse AG and Credit Suisse Services AG signed the “Business Transfer Agreement (“BTA”), in which the transferors agree to, on one hand, sell part of their business and, on the other hand, agree to the contribution of their Branches’ businesses to the Entity.

The transferred business consists of the business carried on by the transferors including Global Markets and Investment Banking and Capital Markets to the extent such business relating to EU Regulated Activities. The price of the business transfer has been set at 11,800,000.00 euros.

For the Branches’ businesses contribution, the Entity’s governing bodies agreed to a capital increase that has been subscribed by the transferors in exchange for the contribution of the Branches’ businesses. On the contribution effective date, the Entity issued the following shares:

- 168,284 Consideration Shares to CSI with an aggregate value of €10,850,952.32, with a price of 64.48 euros per share
- 299,264 Consideration Shares to CSSEL with an aggregate value of €10,850,952.32, with a price of 64.48 euros per share.

As a consequence of the Business Transfer Agreement, effective 1st March 2020 the Branches of the transferors in Milan, Paris, Amsterdam, Stockholm and Madrid were closed and Entity’s branches were opened in Milan, Paris, Amsterdam and Stockholm.

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

The Entity has contributed each Branches business to the relevant Entity's Branch in each of the EU locations.

As of December 31, 2023, and 2022, the Entity has the following Branches in the European Union:

Country	Address
Italy	Via Santa Margherita, 3 – Milano
France	86 Boulevard Haussmann – Paris
Sweden	Normalmstorg, 12 – Stockholm
The Netherlands	Honthorststraat 19 – Amsterdam

On the meeting held on September 20, 2023, the Board of Directors approved to initiate the closure of the Sweden and The Netherlands Branches. At the date of these statutory accounts, the closure process is still ongoing.

Neither at the end of the 2023 financial year nor of the 2022 financial year nor at any time during the same period, the Bank has maintained in force “agency contracts” in the manner in which these are contemplated in Article 21 of Royal Decree 84/2015, of February 13, By which Law 10/2014, of June 26, on the management, supervision and solvency of credit institutions is developed.

On 1st June 2021, the Entity received from the European Central Bank authorisation for its request (dated 10 July 2020) for transformation into a Credit institution in accordance with the stipulations of Regulation (EU) no. 1024/2013 issued by the Council on 15 October 2013, Law 10 enacted on 26 June 2014 regarding the organisation, supervision and solvency of credit institutions and Royal Decree 84 enacted on 13 February 2015 which implements the previous law. On 21 June 2021, said authorisation was notarised (henceforth, the “Authorisation”).

Accordingly, the following decisions were taken by the Sole Shareholder:

- (i) To transform the Entity into a credit institution under the terms set out in the Authorisation.
- (ii) To increase the share capital of the Entity to 18,000 thousand euros through the issue of 12,723,656 shares at an issue price of 1 euro each, being charged to the voluntary reserves of the Entity (Note 15.a).
- (iii) To amend and redraft the articles of the articles of association of the Entity, insofar as they form part of the Authorisation.
- (iv) To change the business name of the Entity to Credit Suisse Bank (Europe), S.A.

The aforementioned decisions take effect on 1 August 2021, the date as from when the Entity was registered with the Registrar of Companies and on the Special Register of Credit institutions of the Bank of Spain under code 0243.

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

Credit Suisse Group - Comprehensive Strategic Review ('CSR') – UBS Merger

On 27 October 2022, Credit Suisse Group announced further developments for the ongoing strategic review to create a simpler, more focused and more stable bank built around client needs.

During Q1 2023 the financial stability of CS AG and CSG reached a critical point which resulted in an agreement to merge between CSG and UBS. On June 12, 2023, the acquisition of Credit Suisse Group by UBS Group was completed, through the acquisition of all Credit Suisse Group AG shares by UBS Group AG in exchange for shares of UBS Group AG.

The merger of Credit Suisse AG, the only shareholder of the Company, with UBS AG, under which UBS AG will absorb Credit Suisse AG, which will cease to exist, will be a key step in the integration process. The completion of this "Parent Bank Merger" is subject to regulatory authorizations and is scheduled to take place at the end of the second quarter of 2024. Following the merger of Credit Suisse AG with UBS AG, the activities of Credit Suisse AG will be transferred to UBS AG.

Collective dismissal process and voluntary exit plans

On December 14, 2023, Credit Suisse Bank (Europe), S.A. and the Bank's labour representation in Spain, reached an agreement on collective dismissal that affected all employees in Spain, starting on January 2024.

Additionally, for Milan's Branch employees, a voluntary exit plan was initiated on November 22<sup>nd</sup> 2023 and has been accepted by 21 employees. Lastly, at Stockholm's Branch, an agreement was reached on an exit plan for the 2 remaining workers at the end of 2023.

On December 15, 2023, the CSEB Paris Branch started a consultation period for a collective dismissal process with the Branch's labour representation in France. The agreement has been signed on March 1<sup>st</sup>, 2024. Based on this agreement, 37 employees will be affected by the collective dismissal process.

During 2023, the Entity has recorded expenses related to the collective dismissal process and the voluntary exit plans for 35,488 thousand euros (25,080 thousand euros in Spain, 9,999 thousand euros corresponding to the Italian Branch and 409 thousand euros corresponding to the Swedish Branch) (Note 13 and 17.f), which were fully provisioned at year-end. For the Paris Branch, the estimation of the severance provision is 32,695 thousand euros that will be recorded in the Q2 2024 financials of the Entity.

The registered office of the Entity is at c/ Ayala no. 42, Madrid.

The Sole Shareholder of the Entity which holds 100% of its share capital is Credit Suisse AG. The Entity forms part of the UBS Group (Note 15), whose parent company is UBS Group A.G. (The 2023 consolidated annual accounts have been drawn up on 28 March 2024).

At the time of the Annual Accounts, the Bank's parent company, Credit Suisse AG, is in the process of merging with UBS AG, which is part of the UBS Group and domiciled in Zurich, Switzerland.

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

The Entity's activity should be assumed to have been carried out in the context of the global strategy of the Credit Suisse Group and the UBS Group, undertaking a relevant part of its activity with entities forming part of said Groups (Note 19). In this regard, the relations existing between the Entity and the other entities of the Credit Suisse and UBS Groups sometimes give rise to transactions being carried out which follow a global strategy of the Groups (Notes 15 and 19).

The exclusive activity programme of the Entity is the carrying out of those activities permitted to credit institutions. Accordingly, the Entity may render the following services:

- a) The carrying out of all kinds of activities, operations, acts, agreements and services specific to the activities of a credit institution and the banking and financial business, in general, or which are directly or indirectly related with it, or complementary thereunto, provided that their carrying out by a credit institution is permitted or not prohibited by the legislation in force, specifically including all those activities contained in the Annex to Law 10/2014 on the organisation, supervision and solvency of credit institutions;
- b) The acquisition, tenure, enjoyment and disposal of all kinds of securities. The Entity may carry out the activities which form part of the corporate purpose of the Entity, wholly or partially, indirectly, in any of the forms admissible by Law and, in particular, through ownership of shares or stakes in any company, entity or firm, within the limits of the legislation in force.

Since March 2023, the Entity's business volumes were reduced due to the uncertainty of the CS-UBS merger. Since September 22, 2023, following the clarification of the UBS Group's strategy on Investment Banking, the Entity has significantly reduced its business volume, as UBS is focusing on consolidating the new Investment Banking activity of clients through the legal entities of UBS.

As a credit institution, Credit Suisse Bank (Europe), S.A. is subject to certain legal standards which regulate, inter alia, aspects such as:

- (a) Maintenance of a minimum percentage of resources deposited at a central bank of a country participating in the single currency (euro) to cover the minimum reserves coefficient.
- (b) Maintenance of a minimum equity level. In summary, the regulations determine the requirement to maintain sufficient equity to cover any requirements deriving from risks taken (Note 15.d).
- (c) Regulation (EU) no. 575/2013 issued on 26 June 2013 on the prudential requirements of credit institutions and investment companies (henceforth, CRR) requires, in its article 412, compliance with the liquidity requirement which is implemented through the Delegated Regulation (EU) 2015/61. The liquidity ratio as at 31 December 2023 and 2022 exceeds 100%, which is the minimum required.
- (d) Deposit Guarantee Fund. As indicated in Note 1, since 1st August 2021 the Entity has been operating as a Credit institution and so it forms part of the Deposit Guarantee Fund in Spain (henceforth, "DGF").

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

The DGF is divided up into two segregated compartments (i) the deposit guarantee compartment whose funds shall be used for those tasks ordered by Directive 2014/49/EU and (ii) the securities' guarantee compartment which assumes the other duties previously assigned to the DGF.

The annual contribution for the deposit guarantee compartment was set at 1.8 per thousand of the basis for calculation of the monetary deposits guaranteed as at 31 December 2023, as stated in section 2.a) of article 3 of the Royal Decree 2606/1996, calculating the contribution in line with the deposits guaranteed and their risk profile.

With regard to its annual contribution for 2022 to the securities' guarantee compartment, it was set at 2 per thousand of the basis for calculation which consists of 5 per cent of the securities guaranteed as at 31 December 2023, as stated in section 2.b) of article 3 of the Royal Decree 2606/1996.

As at 31 December 2023, the Entity has registered deposits guaranteed by the DGF for the amount of 200 thousand euros (100 thousand euros as at 31 December 2022), without having registered securities guaranteed by the GDF in 2023 and 2022.

- (e) National Resolution Fund. A consequence of the transposition of Directive 2014/59/EU enacted on 15 May 2014 which determines a framework for the restructuring and resolution of credit institutions and investment firms, the National Resolution Fund (henceforth, "FRN") under Law 11/2015, whose purpose is to finance the resolution measures implemented by the FROB (Orderly Banking Resolution Fund) which carries out its management and administration.

The Fund is financed by the contributions from credit institutions and investment firms and its financial resources must attain at least 1 per cent of the guaranteed deposits of all the entities no later than 31 December 2024.

- O<sup>n</sup> 1st January 2016 Regulation 806/2014 of the European Parliament and Council issued on 15 July 2014 came into force, whereunder the Single Resolution Board replaced the National Resolution Authorities with regard to the management of the resolution mechanism financing instruments of credit institutions and certain investment firms in the context of the Single Resolution Framework. Accordingly, the Single Resolution Board assumed competence for the administration of the Single Resolution Fund, as well as for the calculation of the ex-ante contributions which pertain to the entities within their field of application. In this way, the contributions of the credit institutions pertaining to 2016 and subsequent years are included in said Single Resolution Fund.

The contributions accruing under this item in the financial years of 2023 and 2022, in accordance with a communication received by the FROB, amounted to 6,418 and 4,121 thousand euros, respectively, and have been recorded as "Other operating expenses" in the statement of profit and loss (Note 17.e).

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

(2) Basis for Submission and Approval of the Annual Accounts

(a) Fair view

The accompanying annual accounts were prepared from the accounting records of Credit Suisse Bank (Europe), S.A.

The annual accounts for 2023 were drawn up in line with the commercial legislation in force and pursuant to the provisions of Circular 4 issued by the Bank of Spain on 27 November 2017 regarding credit institutions, reserved and public financial reporting standards and templates for financial statements, as well as successive amendments such as Circular 6 issued on 22 December 2021 which sets out the changes to the international financial reporting standards adopted in the European Union (IFRS-EU) carried out under Regulation (EU) 2021/25 by the Commission and the templates for financial statements, amongst other amendments.

There is no accounting principle or valuation criterion of a mandatory nature which, having a significant impact on the present annual accounts, has ceased to be applied in their preparation.

The following is a summary of the main circulars of the Bank of Spain applicable, issued and that entered into force in 2023:

- Circular 1/2023, of 24 February, of the Bank of Spain to credit institutions, Branches in Spain of credit institutions authorized in another Member State of the European Union and financial credit establishments, on the information to be sent to the Bank of Spain on guaranteed bonds and other loan mobilization instruments, and amending Circular 4/2017, of 27 November, to credit institutions, on rules on public and reserved financial reporting, And models of financial statements, and Circular 4/2019, of 26 November, to financial credit establishments, on rules of public and reserved financial information, and models of financial statements.
- Circular 2/2023, of 17 March, of the Bank of Spain, amending Circular 1/2013, of 24 May, on the Risk Information Centre.
- Circular 3/2023, of 31 October, of the Bank of Spain, amending Circular 2/2016, of 2 February, to credit institutions, on supervision and solvency, which completes the adaptation of the Spanish legal system to Directive 2013/36/EU and Regulation (EU) No 575/2013, and Circular 1/2022, of 24 January, to financial credit establishments, on liquidity, prudential rules and reporting obligations.

From the application of the aforementioned circulars, no significant effects have been derived in the Entity's annual accounts. These annual accounts, drawn up and authorised for issue by the Entity directors at April 17, 2024, are pending approval by the Sole Shareholder. Nevertheless, the Directors consider that they will be approved without modification by the Sole Shareholder. The 2022 annual accounts were approved at the annual general meeting of June 27, 2023.

(b) Comparison of information

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

The information referred to 2022 in these notes to the consolidated financial statements is presented exclusively for comparison with the information for 2023. There are no additional significant matters that may have a material effect on the comparability of the figures presented in relation to this year with those of the previous year.

(c) Functional currency and presentation currency

The annual accounts are filled in thousand euros, this being the Entity's functional and presentation currency.

(d) Critical aspects of valuation, estimation of uncertainties and material judgements in the application of accounting policies

The accounting estimations and judgements made by the Entity in 2023 and 2022 were the same as those used in the previous year.

Certain estimations, judgements and hypotheses have to be made when applying the Entity's accounting policies for preparation of the annual accounts. The aspects involving a greater degree of judgement, complexity or material hypotheses and estimates are summarised below.

The most significant estimations used when preparing these annual accounts were:

- The determination of fair value of some financial assets and liabilities (Note 6).
- Estimates to calculate corporate income tax and deferred tax assets and liabilities (Notes 10 and 18).
- The useful life of the tangible and intangible assets (Notes 8 and 9).
- The assumptions linked to the actuarial valuation of post-employment liabilities (Note 13).
- The estimation of provisions (Note 13).
- The terms of lease agreements and the discount rate applied to the estimation of the lease liability (Note 8).

Although these estimates made by the Entity directors were based on the best information available at 31 December 2023, events that take place subsequently may make it necessary to raise or lower them in future years. The effect on the annual accounts of any adjustments that may be required in future years would be recognised prospectively.

The conflict between Russia and Ukraine is causing, among other effects, an increase in the price of certain raw materials and the cost of energy, as well as the activation of sanctions, Embargoes and restrictions on Russia that affect the economy in general and companies with operations with and in Russia specifically. The extent to which this conflict impacts the Entity's business will depend on a potential fall in household consumption, as well as a rise in interest rates.

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

As of December 31, 2023, the Entity's exposure to Russia and Ukraine is not significant. However, during the year a provision for financial operations in rouble pending settlement has been included, classified as Loan Advances (based on Circular 4/2017 – Note 7). The development of future events cannot be reliably predicted at the date of formulation of these annual accounts. In any case, despite the existing uncertainty, the Entity's Directors do not expect that this situation may cause the Entity to breach relevant contractual obligations, nor affect compliance with the accounting principle of going concern.

(e) Going concern

The Directors have assessed the ability of the Entity to continue as a going concern for a period of at least 12 months from the date of this report. Based on this assessment, the Directors are satisfied that the Entity has adequate resources to continue in operation for this period, and it therefore continues to adopt the going concern basis in preparing these financial statements.

The Board has also judged and evaluated the Bank's future plans under the merger of UBS AG and Credit Suisse AG. The completion of this "Parent Bank Merger" is subject to regulatory authorizations and is scheduled to take place at the end of the second quarter of 2024.

Since September 22, 2023, the Entity has been significantly reducing its business volume, as UBS is focusing on consolidating the new activity of clients through the legal entities of UBS. The cessation of the regulated activity is consistent with the wind down strategy for the Entity and the preferred option is to eventually return the banking license as a credit institution or to change the only shareholder of the Entity to UBS Europe SE. However, as of the date of these statutory accounts, no firm decision has been taken on the future and continuity of the Bank by the Entity's only Shareholder, which implies material uncertainty as to its continuity.

In considering its going concern assessment, the Directors also have reviewed the capital, liquidity, and financial position of the Entity, including forward looking plans. The Entity currently has comfortable capital and liquidity surpluses to all regulatory limits and under the Parent Bank Merger the Directors expect this to continue.

These matters support the Board's assessment that the Entity is a going concern. Despite this assessment, and because of its significance, the Directors would highlight any potential decision to liquidate, transfer or merge the Company with another UBS subsidiary following completion of the Parent Bank Merger, as a material uncertainty that may cast significant doubt on the Company constituting a going concern.

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

(3) Recognition and Measurement rules

(a) Financial instruments

(i) Recognition, Measurement and Classification of Financial Instruments

Financial assets and liabilities are recognised when the Entity becomes party to the contractual agreements in accordance with the provisions of said agreements.

Debt instruments are recognised as of the date on which the legal right arises to receive or pay cash and derivatives are recognised as of the date on which they are contracted. In general, the Entity derecognises financial instruments from the balance sheet as of the date on which the risks, rewards, rights and duties inherent therein or control thereof are transferred to the acquiring party.

The Entity classifies financial instruments into different categories, based on their characteristics and Management's intentions at initial recognition.

Operations involving the purchase and sale of financial assets used under conventional agreements, assumed these to mean those in which the mutual obligations of the parties must be carried out within a timeframe determined by the regulation or the market conventions and that cannot be settled by differences, are recognised on the date of contracting or settlement.

A financial asset and a financial liability are only subject to offsetting when the Entity has the enforceable right to offset the amounts recognised and it has the intention to settle the net amount or to realise the asset and cancel the liability concurrently.

(ii) Classification of financial assets

Financial assets, except for certain exceptions, shall be included for measurement purposes under any of the following portfolios:

- a) Financial assets at amortised cost
- b) Financial assets at fair value through profit or loss:
  - i) Financial assets held for trading.
  - ii) Non-trading financial assets mandatorily at fair value through profit or loss
- c) Financial assets at fair value through other comprehensive income
- d) Derivatives – hedge accounting.
- e) Investments in subsidiaries, joint ventures and associates.

Classification under portfolios listed in letters a) to f) above shall be carried out, except for certain exceptions, in line with the following elements:

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

- a) The business model of the Entity for financial asset management and
- b) The characteristics of the contractual cash flows of the financial assets.

Circular 4/2017 contains three main classification categories for financial assets: valued at amortised cost, valued at fair value through other comprehensive income and valued at fair value through profit or loss.

The classification of financial instruments under a category of amortised cost or fair value has to go through two tests: the business model and the evaluation of the contractual cash flow, commonly known as the "Solely Payments of Principal and Interest criterion" (henceforth, SPPI).

A financial asset must be classified, for the purposes of its valuation, under the portfolio of financial assets at amortised cost when the following two conditions are met:

- a) it is managed with a business model whose objective is to hold financial assets to receive contractual cash flows and
- b) the contractual conditions give rise to cash flows on specified dates which are solely payments of principal and interest on the outstanding principal amount.

A financial asset must be classified under the portfolio of financial assets at fair value through other comprehensive income when the following two conditions are met:

- a) it is managed with a business model whose objective combines the receipt of contractual cash flows from financial assets and sale and
- b) the contractual conditions give rise to cash flows on specified dates which are solely payments of principal and interest on the outstanding principal amount.

A financial asset must be classified under the portfolio of financial assets which must be at fair value through profit or loss whenever with the business model of the Entity for its management or owing to the characteristics of its contractual cash flows, there are no grounds to classify it under the portfolio of financial assets at amortised cost or under the portfolio of financial assets at fair value through other comprehensive income.

Under the portfolio of financial assets which must be at fair value through profit or loss, all those for which any of the following characteristics has to be complied with shall necessarily be included under the portfolio of financial assets held for trading:

- a) They originate or are acquired with a view to their short-term realisation.
- b) They form part of a group of financial instruments identified and managed jointly, whereof there is evidence of recent actions to obtain short-term profits.

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

- c) They are derivative instruments which fail to comply with the definition of a financial guarantee contract under standard 25 of Circular 4/2017 of the Bank of Spain, nor have they been designated as accounting hedge instruments in accordance with the stipulations of standards 31 and 32 of said Circular.

Notwithstanding, the Entity may opt, at the time of initial recognition and in irrevocable fashion, to include under the portfolio of financial assets at fair value with changes in other comprehensive income, investments in equity instruments which should not be classified as being held for trading and which would have to be classified as financial assets at fair value with changes in earnings. This option shall be exercised on an instrument-by-instrument basis.

Furthermore, the Entity may opt, upon initial recognition and irrevocably, to designate any financial asset as being at fair value with changes in earnings if, by doing so, it eliminates or significantly reduces any inconsistency in the valuation or in the recognition (also called «accounting mismatch») which would otherwise arise from the valuation of the assets or liabilities, or from the recognition of their losses and gains, on different bases. When there are accounting mismatches, this option may be exercised regardless of the business model of the Entity for its management and the characteristics of the contractual cash flows.

(iii) Classification of financial liabilities

Financial liabilities, except for certain exceptions, shall be included for measurement purposes under any of the following portfolios:

- a) Financial liabilities at amortised cost.
- b) Financial liabilities held for trading.
- c) Financial liabilities designated at fair value through profit or loss.
- d) Derivatives – hedge accounting.

The Entity classifies all financial liabilities under the portfolio of financial liabilities at amortised cost, except in the following cases:

- The portfolio of financial liabilities held for trading must include all the financial liabilities that comply with any of the following characteristics:
  - a) They have been issued with the intention of reacquiring them in the near future.
  - b) They are short positions in securities, according to the definition under letter f), section 1 of standard 53 of Circular 4/2017 of the Bank of Spain.
  - c) They form part of a portfolio of financial instruments identified and managed jointly, whereof there is evidence of recent actions to obtain short-term profits.
  - d) They are derivative instruments which do not comply with the definition of a financial guarantee contract nor have they been designated as hedging instruments.

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

The fact that a financial liability is used to finance trading activities does not entail *per se* its inclusion under this category.

The portfolio of financial liabilities designated at fair value with changes in earnings shall include all the financial liabilities that comply with any of the following characteristics:

- a) They have been irrevocably designated upon their initial recognition by the Group in accordance with the limits determined in Circular 4/2017.
- b) They have been designated upon their initial recognition or subsequently as an item hedged for credit risk management through the use of a credit derivative valued at fair through profit and loss.

(iv) Initial valuation of financial instruments

At the time of their initial recognition, all financial instruments shall be posted at their fair value. For financial instruments which are not posted at fair value through profit and loss, the fair value amount shall be adjusted, adding or deducting the trading costs directly attributable to their acquisition or issue. In the case of financial instruments at fair value through profit or loss, the directly attributable trading costs shall be recognised immediately under the profit and loss account.

Unless proven otherwise, the fair value at the time of initial recognition shall be the price of the transaction.

In any case, the fair value of any financial liabilities which are cancellable at the wishes of the creditor, such as deposits at sight, may not be less than the amount payable, discounted as from the first date on which payment may be required.

(v) Subsequent valuation of financial assets

After their initial recognition, the Entity values a financial asset at amortised cost, at fair value with changes through profit or loss, at fair value through other comprehensive income or at cost.

The Entity applies the requirements regarding value impairment, described in Note 4 f) of this Note, to debt instruments which are valued at amortised cost and at fair value through other comprehensive income.

Equity instruments other than investments in joint ventures and associates, as well as any contracts which have these equity instruments as underlying assets, shall be valued at fair value.

(vi) Subsequent valuation of financial liabilities

After their initial recognition, the Entity values a financial liability at amortised cost or at fair value through profit and loss.

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

Debt instruments issued without any contractual interest rate which are initially valued at the principal payable, such as liabilities owing to agreed dividends pending payment, shall continue to be valued at said amount.

Financial liabilities held for trading or designated at fair value through profit or loss shall be valued subsequently at their fair value.

(vii) Value impairment of the financial assets

Circular 4/2017 of the Bank of Spain determines an impairment model for the financial assets based on estimating the expected loss. In this way it is expected to attain a more suitable valuation of the assets and greater promptness in the recognition of their impairment.

The Entity carries out the analysis and the credit risk provision in accordance with the stipulations of Circular 4/2017 of the Bank of Spain and in particular with the stipulations of Annex IX of said Circular with regard to alternative impairment calculation solutions.

a) Debt instruments

The criteria set out in this section shall apply to debt instruments, loans and advances and debt securities, and any other exposures involving credit risk, such as loan commitments granted, financial guarantees and any other commitments granted.

Any impairment losses in debt instruments at amortised cost shall be recognised against provision accounts which reduce the book value of the asset, whilst the losses at fair value with changes in other comprehensive income shall be recognised against the Entity's equity. Impairment losses in exposures which include credit risk other than debt instruments shall be posted under the liabilities of the balance sheet as a provision. Any impairment losses for the period shall be posted as an expense under the profit and loss account.

Subsequent reversals of provisions owing to impairment losses recognised previously shall be posted immediately as income under the profit and loss account for the period during which the recovery occurs.

The objective evidence of impairment is determined individually for significant debt instruments and individually and collectively for groups of instruments that are not individually significant.

The Entity classifies as normal risk those transactions for which their credit risk has not increased significantly since their initial recognition. Provisions owing to impairment shall be equal to the expected credit losses in twelve months. Income from interest shall be calculated by applying the effective interest rate to the gross book value of the transaction.

The Entity classifies as normal risk under special surveillance those transactions for which their credit risk has increased significantly since their initial recognition, but which do not constitute a breach event.

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

Provisions owing to impairment shall be equal to the expected credit losses during the lifetime of the transaction. Income from interest shall be calculated by applying the effective interest rate to the gross book value of the transaction.

To determine the significant increase in the credit risk of those transactions classified as normal under special surveillance, the Entity uses as its basis the indicators set out in Annex IX of Circular 4/2017 of the Bank of Spain.

The Entity regards as doubtful assets those transactions with credit impairment, in other words, which have a breach event, basically referring to defaults, breaches, refinancing and the existence of data that demonstrates the possibility of not recovering all the flows established or the book value. Provisions shall be equal to the expected credit losses. Income from interest shall be calculated by applying the effective interest at amortised cost (in other words, adjusted by any value correction owing to impairment) of the financial asset.

When the recovery of any amount posted is deemed to be remote (write-offs), this is derecognised from the balance sheet, without prejudice to any actions that may be carried out to try and receive payment.

The Entity believes that a debt instrument suffers impairment owing to insolvency when there is a clear risk about the debtor's capacity to pay (risk attributable to the client) or it involves transactions of clients who form part of collectives in difficulties or poorly documented or owing to the materialisation of the country risk, taking this to mean that which occurs with debtors residing in the same country owing to specific circumstances of the latter other than the ordinary risk.

To determine the impairment losses from this type of assets, the Entity evaluates expected losses collectively, as there are no significant individual cases that exceed a particular threshold.

Since the Entity does not have an internal methodology for the collective estimation of provisions, it has used, at least, those parameters determined by the Bank of Spain based on its experience and the information it has from the sector, which are periodically modified in accordance with the evolution of the conditions of the sector and the environment.

In this way, these expected impairment losses are determined by applying percentages to the debt instruments not valued at their fair value through profit or loss, to loans and advances and contingent risks, varying said percentages in line with the classification of the instruments between normal risk and normal under special surveillance and in accordance with the credit risk segment they belong to.

b) Equity instruments

There is objective evidence that the equity instruments have been impaired when, after their initial recognition, an event or a combination of events occurs which means that their book value cannot be recovered.

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

In the case of equity instruments at fair value and included under the portfolio of “Financial assets with changes in other comprehensive income”, the impairment loss is calculated as the difference between its cost of acquisition and its fair value minus any impairment losses recognised previously. Any latent losses directly recognised as “Other accumulated comprehensive income” under Equity are posted in the profit-and-loss account when it is determined that the fall in fair value can be put down to their impairment. If all or part of the impairment losses are subsequently recovered, their amount is recognised under the “Other accumulated comprehensive income” item of Equity.

In the case of equity instruments valued at cost under the portfolio of “Financial assets with changes in other comprehensive income”, the impairment loss is calculated as the difference between its book value and the present value of expected future cash flows, updated at the market rate of return for other similar securities.

To determine impairment, the equity of the investee company is taken into account, except for the amount included as “Other accumulated comprehensive income” owing to cash flow hedging, corrected by the unrealised capital gains existing as at the valuation date. These losses are posted under the profit and loss account, directly reducing the capital instrument, without being able to recover its amount subsequently except in the event of sale.

(b) Transactions and balances in foreign currency

Foreign currency transactions are converted to euros at the spot exchange rates between the euro and the foreign currency on the transaction dates.

Foreign currency monetary assets and liabilities are converted to euros using the closing rate at year-end, while non-monetary items that are measured in terms of historical cost are converted using the exchange rates applied as at the date of the transaction. Finally, the conversion into euros of non-monetary items that are measured at fair value are carried out using the exchange rates as at the date when the fair value was determined.

Exchange differences arising on the settlement of transactions in foreign currency and the conversion into euros of monetary assets and liabilities denominated in foreign currency are recognised under profit or loss. However, exchange differences arising on monetary items that are part of the net investment in foreign operations are recognised as exchange differences in equity.

The exchange rates used by the Entity to convert foreign currency balances to euros are those published by the European Central Bank.

Exchange gains and losses related with foreign currency monetary financial assets and liabilities are also carried to profit or loss.

Exchange gains and losses arising from non-monetary financial assets and liabilities are recognised together with the change in fair value. However, the exchange component of the change in the exchange rate of foreign currency non-monetary

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

financial assets classified as available for sale and qualified as hedged items in fair value hedges of that component is recognised under profit or loss.

(c) Tangible assets

Property, plant and equipment for own use is recognised at cost less accumulated depreciation and impairment, if any.

The depreciation of all items of property, plant and equipment is calculated by the straight-line method according to the following years of estimated useful life:

	Depreciation method	Years of estimated useful life
Facilities and equipment	Straight-line	5
Furniture and fixtures	Straight-line	5
Data processing equipment	Straight-line	3
Leases	Straight-line	According to Agreement (Note 8)

The Entity revises, at least at the end of the financial year, the period and depreciation method for tangible assets.

The upkeep and maintenance costs of tangible fixed assets which do not improve their use or lengthen the working life of the respective assets are charged to the profit and loss account at the time when they occur and only those costs are capitalised which are going to generate future economic benefits which can be classified as likely and the amount of said costs can be reliably valued.

(d) Intangible assets

Intangible assets are deemed to be non-monetary, identifiable assets, though without any physical appearance, which arise as a result of a legal transaction or which have been developed by the Entity. Only those intangible assets whose cost can be reasonably and objectively estimated are recognised in the accounts and from which the Entity deems it likely that it will obtain economic benefits in the future.

Intangible assets are initially recognised at their cost of acquisition or production and subsequently they are valued at their cost minus, as the case may be, their attendant accumulated depreciation and any impairment losses which may have been experienced.

Intangible assets are amortised in line with their working life. The annual depreciation of elements of intangible fixed assets with a definite working life is posted under the "Depreciation" heading of the profit and loss account. The annual depreciation percentages applied by the Entity for the various assets, estimated in line with their working life, are detailed below:

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

	Depreciation method	Years of estimated useful life
Computer applications	Straight-line	7

Upon each accounting close, the Entity analyses whether there are any signs, both internal and external, that the net book value of the elements of its intangible assets exceeds their attendant recoverable amount. Should this be the case, the Entity reduces the book value of the attendant element to its recoverable amount, and it adjusts the future costs by way of depreciation in proportion to its adjusted book value and its new remaining working life should a re-estimate thereof prove necessary. Furthermore, when there are signs that the value of an element has recovered, the Entity records the reversal of the impairment loss posted in earlier periods and adjusts future depreciation charges. Under no circumstances may the reversal of the impairment loss an element entail an increase in its book value above that which would have been determined had no impairment losses been recognised in prior years. The Entity recognises in the accounts any loss which may have occurred in the recorded value of these assets originating in their impairment, if there is any, under the heading “Losses owing to impairment of the other assets” in the profit-and-loss account.

The Entity starts depreciating the elements posted under intangible assets once they have been permanently implemented and put into operation.

(e) Leases

The Entity has assigned the right of use of certain assets under lease agreements.

Leases in which the agreement substantially transfers to the Entity all the risks and benefits inherent in the ownership of the assets are classified as financial leases and otherwise they are classified as operating leases. The Entity only has operating leases.

The Standard requires that almost all the lease agreements are recognised on the balance sheet by the lessees, thereby posting an asset for the right-of-use of the assets leased and a liability for the payment obligations generated by the latter. The sole exceptions considered in the application of this Standard pertain to short-term leases (period of less than 12 months) and those of small value (computer equipment and small office furniture). The payments associated with the latter shall be recognised directly as an expense against earnings.

Pursuant to the stipulations of the Standard, any assets and liabilities that derive from an operating lease are initially valued based on a present value. Any lease payments are discounted using the interest rate implicit in the lease. The maintenance of the liabilities will lead to a subsequent valuation similar to that of a financial liability and so it will generate a financial expense which shall be applied against earnings in the lease period in order to produce a constant periodic interest rate on the remaining balance of liabilities for each period. The recognition of the expense on interest will be decreasing.

The right-of-use asset is amortised on a straight-line basis for the shortest of the periods generated either for the working life of the asset or the lease period.

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

(f) Security deposits

The security deposits delivered for lease agreements are measured by the same criteria as financial assets. The difference between the amount delivered and the fair value is recognised as an advance payment, which is carried to profit and loss during the term of the lease.

(g) Fees, interest and income from capital instruments

• Fees

Fees from the activities and services provided during a specific time period are imputed to the profit and loss account during the course of the period that their implementation lasts.

Fees deriving from activities and services rendered over an unspecified period of time are carried to the profit and loss account depending on their degree of completion.

Any fees arising from the rendering of a service carried out in a one-off act are posted in the profit and loss account at the time the service is implemented.

Variable management fees are recognised in accordance with the best estimate at any one time. The Entity adjust said fees, retroactively where applicable, when it has information about the evolution of the calculation basis.

The processing of stock exchange fees pertaining to securities' transactions is regarded as a single service received which is reflected as fees paid for securities' transactions.

• Interest and income from capital instruments

Interest is recognised using the effective interest rate method.

Income from dividends deriving from investments in equity instruments is recognised when rights arise for the Entity upon their receipt. If the dividends distributed unequivocally derive from earnings generated prior to the date of acquisition because amounts have been distributed which are greater than the profits generated by the investee since acquisition, they reduce the book value of the investment.

(h) Employee benefits

• Contributions to pension schemes and other post-employment liabilities

In 2002, the Entity took out defined-contribution mixed group insurance with Santander Central Hispano Previsión, Sociedad Anónima de Seguros y Reaseguros, changing to Vida Caixa, Sociedad Anónima de Seguros y Reaseguros as from October 2004, covering certain post-employment commitments to its employees (Note 17.f).

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

As of December 31, 2023, the balance sheet includes a provision for post-employment commitments amounting to 1,302 and 3,349 thousand euros in the Branch in Paris and Milano, respectively (1,650 and 4,378 thousand euros in Paris and Milano as at December 31, 2022) (Note 13).

- Termination benefits

Termination benefits for dismissal or redundancy are recognised when there is a detailed formal plan and a valid expectation has been generated among the affected employees that their contracts are going to be terminated, either because the plan is already being implemented or because the principal terms have been announced.

When termination benefits fall due more than 12 months after year-end, they are discounted at the interest rate determined by reference to market yields on high quality corporate bonds or debentures.

Termination benefits for voluntary redundancy are recognised when they have been announced, with no realistic possibility of withdrawing the offer, and are measured at the best estimate of the number of employees expected to accept the offer.

The total expense registered in 2023 Profit and Losses related to severance payments was 39,111 thousand euros, which is included in the heading "Administration expenses – Personnel expenses" (Note 17.f) and "Provisions or (-) Provision reversal" (Note 13). Of this amount, a total of 35,488 thousand euros is directly related to the collective dismissal procedure previously explained in Note 1.

The total expense registered in 2022 profit and losses related to severance payments was 25,641 thousand euros, which is included in the heading "Provisions or (-) Provision reversal" (Note 13). The 2022 provision was linked to the Comprehensive Strategic Review ('CSR') (Note 1).

As of December 31, 2023, the balance sheet included a restructuring provision amounting to 36,542 thousand euros. (Note 13). As of December 31, 2022, the provision included 18,015 thousand euros.

CREDIT SUISSE BANK,  
(EUROPE), S.ANotes to the financial statements  
2023

- Remuneration based on Group equity instruments and third-party financial instruments

The cost of remuneration based on stock options over Group equity instruments and options over third-party financial instruments are recognised as an employee benefit expense at the fair value of the obligation contracted with company employees, which is adjusted in each reporting period to the fair value of that obligation in the relevant year.

The fair value is determined using the appropriate valuation models and taking into consideration the terms and conditions implicit in the remuneration schemes based on stock options over Group equity instruments. The stock options over Group equity instruments delivered to company employees include conditions regarding the services rendered by employees and financial indicators of the evolution of business.

(i) Corporate income tax

The income tax expense or income includes both current tax and deferred tax.

Current tax is the amount of income tax payable or recoverable in respect of the taxable profit (tax loss) for the year.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences, unused tax losses or unused tax credits. Temporary differences for this purpose are differences between the carrying amount of assets and liabilities and their tax base.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the assets are expected to be realised or the liabilities settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the year and after considering the tax consequences deriving from the way in which the Entity expects to recover the assets or settle the liabilities.

Deferred tax assets and liabilities are recognised as non-current assets or liabilities, regardless of the date on which they are expected to be realised or settled.

(j) Provisions and contingent liabilities

Provisions are recognised when the Entity has a present obligation, whether legal or constructive, as a result of a past event; it is probable that there is an outflow of resources embodying future economic benefits to cancel the obligation; and a reliable estimate can be made of the obligation amount.

The amounts recognised on the balance sheet pertain to the best estimate at year-end of the disbursements required to cancel the present obligation, taking into account the risks and uncertainties related with the provision and, when material, the financial effect produced by the discount, provided the payments to be made in each period can be reliably determined.

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

The discount rate is a pre-tax rate, considering the time value of money as well as the specific risks that were not taken into account in the future flows related with the provision.

(k) Contributions to the Investment Guarantee Fund

As indicated in Note 1, until 31 July 2021 the Entity was a broker dealer and as such participates in the Investment Guarantee Fund, to which it makes annual contributions, in pursuance of Royal Decree 948/2001 of 3 August on investor indemnity systems, amended by Act 53/2002 of 30 December on tax, administrative and social measures.

During 2023 and 2022, the Entity did not make any accrual to the Investment Guarantee Fund given the conversion to Bank since 2021.

(l) Related party transactions

Transactions between group companies and with other related parties are recognised at the fair value of the consideration given or received. The difference between that value and the agreed amount is recognised in accordance with the underlying economic substance.

(m) Total Statement of Changes in Equity

This statement shows a reconciliation of the book value at the beginning and end of the reporting period of all the items comprising equity, grouping the changes produced according to their nature, into the following items:

- Reclassifications which includes changes in equity arising as a result of the retrospective restatement of the balances of the financial statements due to changes in accounting criteria or to the correction of errors.
- Income and expenses recognised in the financial year: it includes the aggregate of all the items indicated above recognised in the statement of recognised income and expenses.
- Other changes in equity: this shows the other items recognised under equity, such as the distribution of profit, trading in equity instruments, payments made with capital instruments, transfers between equity items and any other increase or reduction in equity.

(n) Cash flow statement

The Entity has used the indirect method to draw up its cash flow statement which uses the following expressions incorporation the classification criteria set out below:

- Cash flows: inflows and outflows of cash and cash equivalents, taking the latter to mean any short-term, highly liquid investments subject to a low risk of changes in value.

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

- Operating activities: the typical activities of investment firms and credit institutions and other activities that are not investment or financing activities.
- Investment activities: the acquisition and disposal by other means of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that result in changes in the size and composition of the equity and liabilities not included in operating activities.

Cash and other equivalent liquid assets includes those liquid assets which should be classified under “Cash, cash balances at central banks and other sight deposits” in accordance with the applicable regulations of the Bank of Spain.

In the cash flow statement, the Entity nets out any payments and receipts deriving from financial assets and liabilities with high turnover owing to their net amount.

For the purposes of the cash flow statement, any overdrafts payable at sight and which do not form part of the Entity's cash management are not included as cash and other equivalent liquid assets. Overdrafts are recognised on the balance sheet as financial liabilities owing to debts to credit institutions.

(4) Profits distribution

The proposal for distribution of profit for the year ended 31 December 2023, submitted by the Directors and pending approval by the Sole Shareholder, is as follows:

	Thousand euros
<u>Basis for distribution</u>	
Profit / (loss) for the year	(113,412)
<u>Distribution</u>	
Other reserves	(113,412)
	(113,412)

The distribution of profit for the year ended 31 December 2022, submitted by the Directors and approved by the Sole Shareholder in June 27, 2023, is as follows:

	Thousand euros
<u>Basis for distribution</u>	
Profit / (loss) for the year	(11,770)
<u>Distribution</u>	
Legal reserves	
Other reserves	(11,770)
	(11,770)

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

(5) Cash, Cash Balances at Central Banks and other Demand Deposits

The composition of this item at 31 December 2023 and 2022 is indicated below:

	Thousand euros	
	2023	2022
Cash balances at Central Banks	8,529	32,178
Other demand deposits	171,936	208,417
	180,465	240,595
Euros	88,823	115,617
Foreign currency	91,642	124,978
	180,465	240,595

As indicated in Note 1, on 1 August 2021 the transformation of the Entity into a credit institution came into force. As set out in the regulations, the Entity must maintain a minimum percentage of resources deposited at a central bank of a country participating in the single currency (euro) to cover the minimum reserves coefficient. As of December 31, 2023 and 2022 the Entity complies with this minimum percentage.

Other demand deposits as of 31 December 2023 and 2022 includes on demand balances with credit institutions. This item includes balances with Group entities (Note 19).

(6) Financial Assets and Liabilities Held for Trading

The composition of this item at 31 December 2023 and 2022 is indicated below:

	Thousand euros			
	2023		2022	
	Assets	Liabilities	Assets	Liabilities
Derivatives	1,917,966	1,919,383	3,419,820	3,178,467
Equity instruments	-	-	59	-
Debt instruments	-	-	2	-
Loans and advances	1,530,977	-	3,316,423	-
Deposits	-	833,571	-	2,579,708
Short positions	-	643,738	-	640,888
	3,448,943	3,396,692	6,736,304	6,399,063

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

(a) Derivatives

A breakdown of derivative instruments by risk type as of December 31, 2023 is provided below.

	Thousand euros	
	Assets	Liabilities
Risk on equities	283,479	302,019
Risk on interest rate	1,556,225	1,561,355
Risk on currency	36,299	37,130
Other risks	41,963	18,879
	<u>1,917,966</u>	<u>1,919,383</u>

A breakdown of derivative instruments by risk type as of December 31, 2022 is provided below.

	Thousand euros	
	Assets	Liabilities
Risk on equities	719,978	595,296
Risk on interest rate	2,236,005	2,127,351
Risk on currency	191,270	192,349
Other risks	272,567	263,471
	<u>3,419,820</u>	<u>3,178,467</u>

The held-for-trading derivatives as of December 31, 2023 are disclosed below by type of derivative instrument.

	Thousand euros	
	Assets	Liabilities
Swaps	1,562,636	1,567,709
Currency forwards	9,310	5,773
Options on equities and indexes	206,845	206,433
Options on interest rates	115,601	115,019
Options on currency	23,574	24,449
Options on other underlyings	-	-
	<u>1,917,966</u>	<u>1,919,383</u>
Of which: with group companies (Note 19)	<u>1,015,853</u>	<u>1,043,765</u>

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

The held-for-trading derivatives as of December 31, 2022 are disclosed below by type of derivative instrument.

	Thousand euros	
	Assets	Liabilities
Swaps	2,609,162	2,486,188
Currency forwards	64,677	60,732
Options on equities and indexes	508,637	413,667
Options on interest rates	162,270	146,040
Options on currency	74,498	71,264
Options on other underlyings	576	576
	<u>3,419,820</u>	<u>3,178,467</u>
Of which: with group companies (Note 19)	<u>1,663,774</u>	<u>1,527,303</u>

The breakdown of derivative notional amounts by risk type at 31 December 2023 and 2022 is as follows:

	Thousand euros	
	2023	2022
Risk on equity and index	10,649,525	21,014,849
Risk on interest rates	53,447,549	172,132,82
Risk on currency	2,068,053	19,882,042
Risk on other underlyings	901,302	24,175,416
	<u>67,066,429</u>	<u>237,205,12</u>

The breakdown of notional amounts by type of derivative instrument at 31 December 2023 and 2022 is as follows:

	Thousand euros	
	2023	2022
Futures	-	3,953
Swaps	47,594,530	172,082,129
Currency forwards	361,649	4,270,886
Options on stock and indexes	8,270,660	15,166,830
Options on interest rates	9,140,906	37,256,384
Options on currency	1,570,729	8,101,622
Options on other underlyings	127,955	323,325
	<u>67,066,429</u>	<u>237,205,129</u>
Of which: with group companies	<u>35,352,370</u>	<u>66,775,940</u>

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

(b) Equity instruments

Equity instruments can be broken down as follows as at 31 December 2023 and 2022.

	Thousand euros			
	2023		2022	
	Assets	Liabilities	Assets	Liabilities
Listed non-Spanish portfolio	-	-	59	-
	-	-	59	-

(c) Loans and advances

Loans and advances are broken down below.

	Thousand euros					
	31.12.2023					
	Central Banks	General Governments	Credit Institutions	Other financial corporations	Non financial corporations	Total
Reverse repos	-	-	814,736	-	-	814,736
Other term loans	-	46,526	209,159	165,286	295,270	716,241
Impaired	-	-	-	-	-	-
	-	46,526	1,023,895	165,286	295,270	1,530,977

	Thousand euros					
	31.12.2022					
	Central Banks	General Governments	Credit Institutions	Other financial corporations	Non financial corporations	Total
Reverse repos	-	-	2,019,915	575,362	-	2,595,277
Other term loans	-	83,294	123,704	126,230	387,918	721,146
Impaired	-	-	-	-	-	-
	-	83,294	2,143,619	701,592	387,918	3,316,423

The breakdown by currency is as follows:

	Thousand euros	
	31.12.2023	31.12.2022
Euros	531,134	1,874,048
Foreign currency	999,843	1,442,375
	1,530,977	3,316,423

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

(d) Short positions

As at 31 December 2023 and 2022, short positions mainly include the liability corresponding to a bond trading transaction based on an agreement signed on June 24, 2020 between Credit Suisse Securities Sociedad de Valores S.A. (currently Credit Suisse Bank (Europe), S.A.), Credit Suisse International and another non-CS Group entity.

As a consequence of the transaction, for which CSI is the assignor of the bonds and does not transfer risks and profits to CSEB, the Entity has recorded short positions that will remain on the balance sheet until maturity of the securities, being CSI the one that would assume the potential default risk of the counterparty.

(e) Deposits

Deposits are broken down below.

	Thousand euros	
	2023	2022
Term deposits	72,502	80,711
Repos	761,069	2,498,997
	833,571	2,579,708
Euros	476,550	1,779,151
Foreign currency	357,021	800,557
	833,571	2,579,708

Deposits by sector and type of product as at 31 December 2023 and 2022 can be broken down as follows:

	Thousand euros					
	31.12.2023					
	Central banks	General governments	Credit institutions	Other financial corporations	Non- financial corporations	Total
Deposits with agreed maturity	-	-	21,215	51,287	-	72,502
Repurchase agreements	-	-	761,069	-	-	761,069
	-	-	782,284	51,287	-	833,571
	Thousand euros					
	31.12.2022					
	Central banks	General governments	Credit institutions	Other financial corporations	Non- financial corporations	Total
Deposits with agreed maturity	-	-	26,959	53,752	-	80,711
Repurchase agreements	-	-	2,139,504	359,493	-	2,498,997
	-	-	2,166,463	413,245	-	2,579,708

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

Deposits by maturity date as at 31 December 2023 and 2022 can be broken down as follows:

	Thousand euros	
	31.12.2023	31.12.2022
Deposits		
Less than one year	761,744	2,321,646
Between one and two years	341	201,220
Greater than two years	71,486	56,842
	<u>833,571</u>	<u>2,579,708</u>

(f) Fair value hierarchy

The financial instruments carried at fair value were categorised under the three levels of the fair value hierarchy as follows:

- Level 1: Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the Entity has the ability to access.
- Level 2: the estimation uses inputs to valuation models/techniques, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.
- Level 3: the estimation uses inputs to valuation models/techniques, for the asset or liability that are not based on observable market data (significant unobservable inputs).

The breakdown by fair value hierarchy of financial assets and liabilities held for trading at 31 December 2023 and 2022 is the following:

	Thousand euros			
	2023			
	Level 1	Level 2	Level 3	Total
<u>Financial assets held for trading</u>				
Derivatives	-	1,890,658	27,308	1,917,966
Equity instruments	-	-	-	-
Debt instruments	-	-	-	-
Loans and advances	-	1,530,977	-	1,530,977
	<u>-</u>	<u>3,421,635</u>	<u>27,308</u>	<u>3,448,943</u>

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

	Thousand euros			
	2023			
	Level 1	Level 2	Level 3	Total
<u>Financial liabilities held for trading</u>				
Derivatives	-	1,884,542	34,841	1,919,383
Short positions	-	643,738	-	643,738
Deposits	-	833,571	-	833,571
	-	3,361,851	34,841	3,396,692

	Thousand euros			
	2022			
	Level 1	Level 2	Level 3	Total
<u>Financial assets held for trading</u>				
Derivatives	6,377	3,330,622	82,821	3,419,820
Equity instruments	34	-	25	59
Debt instruments	-	2	-	2
Loans and advances	-	3,316,423	-	3,316,423
	6,411	6,647,047	82,846	6,736,304

	Thousand euros			
	2022			
	Level 1	Level 2	Level 3	Total
<u>Financial liabilities held for trading</u>				
Derivatives	6,341	3,119,220	52,906	3,178,467
Short positions	124	640,764	-	640,888
Deposits	-	2,579,708	-	2,579,708
	6,465	6,339,692	52,906	6,399,063

(7) Financial Assets at Amortised Cost

This item can be broken down as follows as at 31 December 2023 and 2022:

	Thousand euros	
	31.12.2023	31.12.2022
Loans and advances	1,452,782	2,972,418
	1,452,782	2,972,418

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

The breakdown of Loans and Advances can be found below.

	Thousand euros	
	31.12.2023	31.12.2022
Loans and advances	1,444,305	2,955,375
Governments	-	-
Credit institutions	1,087,946	2,545,607
Other financial corporations	115,749	353,093
Non-financial corporations	240,610	56,675
Valuation adjustments	8,477	17,043
Impairment	(8,858)	(6,611)
Accrued interest	17,335	23,654
	<u>1,452,782</u>	<u>2,972,418</u>
Euros	1,206,608	2,162,271
Foreign currency	246,174	810,147
	<u>1,452,782</u>	<u>2,972,418</u>

(a) Loans

The breakdown of Loans by product type and sector of the counterparty as at 31 December 2023 and 2022 is the following:

	Thousand euros					
	31.12.2023					
	Central Banks	General Governments	Credit Institutions	Other financial corporations	Non financial corporations	Total
Reverse repos	-	-	731,199	-	-	731,199
Other term loans	-	-	348,612	46,042	240,610	635,264
Impaired	-	-	-	-	-	-
	-	-	<u>1,079,811</u>	<u>46,042</u>	<u>240,610</u>	<u>1,366,463</u>

  

	Thousand euros					
	31.12.2022					
	Central Banks	General Governments	Credit Institutions	Other financial corporations	Non financial corporations	Total
Reverse repos	-	-	1,459,044	-	-	1,459,044
Other term loans	-	-	922,749	140,684	172,609	1,236,042
Impaired	-	-	-	-	-	-
	-	-	<u>2,381,793</u>	<u>140,684</u>	<u>172,609</u>	<u>2,695,086</u>

Balances with Group companies are disclosed in Note 19.

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

(b) Advances

The breakdown of Advances by product type and sector of the counterparty as at 31 December 2023 and 2022 is the following:

	Thousand euros		
	31.12.2023		
	Residents in Spain	Non-residents in Spain	Total
Accounts receivable from financial transactions	1,000	12,857	13,857
Of which: impaired	-	7,329	7,329
Cash collaterals posted in derivative transactions	34,918	-	34,918
Central counterparties	-	29,067	29,067
	<u>35,918</u>	<u>41,924</u>	<u>77,842</u>

	Thousand euros		
	31.12.2022		
	Residents in Spain	Non-residents in Spain	Total
Accounts receivable from financial transactions	9,074	58,256	67,330
Of which: impaired	-	7,329	7,329
Cash collaterals posted in derivative transactions	35,216	95,617	130,833
Central counterparties	1,000	61,126	62,126
	<u>45,290</u>	<u>214,999</u>	<u>260,289</u>

Balances with Group companies are disclosed in Note 19.

(c) Valuation adjustments

The detailed breakdown of accrued interest on financial assets at amortised cost is shown below:

	Thousand euros	
	31.12.2023	31.12.2022
Loans and advances		
Governments	-	-
Credit institutions	9,530	20,931
Other financial corporations	113	2,479
Non-financial corporations	7,692	244
	<u>17,335</u>	<u>23,654</u>

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

The detailed breakdown of impairment on financial assets at amortised cost is shown below:

	Thousand euros			
	31.12.2023			
	Normal risk	Normal risk on special surveillance	Impaired risk	Total
Loans and advances				
Central Banks	-	-	-	-
General Governments	-	-	-	-
Credit Institutions	-	-	(2,278)	(2,278)
Other financial corporations	(189)	-	(5,051)	(5,240)
Non financial corporations	(1,340)	-	-	(1,340)
	<u>(1,529)</u>	<u>-</u>	<u>(7,329)</u>	<u>(8,858)</u>

	Thousand euros			
	31.12.2022			
	Normal risk	Normal risk on special surveillance	Impaired risk	Total
Loans and advances				
Central Banks	-	-	-	-
General Governments	-	-	-	-
Credit Institutions	-	-	(1,708)	(1,708)
Other financial corporations	(226)	-	(3,789)	(4,015)
Non financial corporations	(888)	-	-	(888)
	<u>(1,114)</u>	<u>-</u>	<u>(5,497)</u>	<u>(6,611)</u>

Changes in impairment in financial assets at amortised cost are broken down below.

	Thousand euros				
	2023				
	Opening balance 01.01.2023	Increase by origination and acquisition	Net credit risk change	Other adjustments	Closing Balance 31.12.2023
Loans and advances					
Central Banks	-	-	-	-	-
General Governments	-	-	-	-	-
Credit Institutions	(1,708)	-	(570)	-	(2,278)
Other financial corporations	(4,015)	-	(1,225)	-	(5,240)
Non financial corporations	(888)	-	(452)	-	(1,340)
	<u>(6,611)</u>	<u>-</u>	<u>(2,247)</u>	<u>-</u>	<u>(8,858)</u>

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

	Thousand euros				Closing Balance 31.12.2022
	Opening balance 01.01.2022	Increase by origination and acquisition	Net credit risk change	Other adjustments	
Loans and advances	-	-	-	-	-
Central Banks	-	-	-	-	-
General Governments	-	-	-	-	-
Credit Institutions	-	-	(1,708)	-	(1,708)
Other financial corporations	(1,643)	-	(2,374)	2	(4,015)
Non financial corporations	(56)	-	(888)	56	(888)
	<u>(1,699)</u>	<u>-</u>	<u>(4,970)</u>	<u>58</u>	<u>(6,611)</u>

Since 1st August 2021, with its transformation into a Credit institution, the Entity is under the regulation of Circular 4/2017. In this way, the Entity carries out the analysis and the credit risk hedge in accordance with the stipulations of Annex IX with regard to alternative impairment calculation solutions.

The entire portfolio of loans is considered performing risk under the criteria of Circular 4/2017. There is an impaired risk classified as Advance of 7,329 thousand euros at 31 December 2023 and 2022. This impaired risk is related to an accounts receivable from financial transactions, which has not been settled in a period longer than 6 months.

As result of the activities the Bank is engaged and the risk profile that it assumes, the default rate in which it incurs, measured as the percentage represented by non-performing assets on the total credit risk as of December 31, 2023, is 0.61% (as of December 31, 2022 it was 0.24%). At the end of 2023 and 2022, the entity did not have refinanced or restructured operations.

As a result of the impairment analysis, as at 31 December 2023 and 2022 the accumulated amount stood at 8,858 thousand euros and 6,611 thousand euros, respectively, having charged the sum of 2,247 thousand euros to the current year's profit and loss account (4,970 thousand euros in 2022).

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

8) Property, Plant and Equipment

Changes in this balance sheet item during 2023 and 2022 are broken down below.

2023

	Thousand euros				31.12.2023
	31.12.2022	Additions	Disposals	Transfers	
<b>Cost:</b>					
Facilities & Equipment	15,659	491	(115)	-	16,035
Furniture & Fittings	2,841	233	-	-	3,074
Data processing (EDP)	1,961	224	(197)	-	1,988
Work in progress	1,070	-	(539)	-	531
Leases	46,261	-	(581)	-	45,680
	<u>67,792</u>	<u>949</u>	<u>(1,432)</u>	<u>-</u>	<u>67,309</u>
<b>Accumulated depreciation:</b>					
Facilities & Equipment	(14,070)	(748)	115	-	(14,703)
Furniture & Fittings	(1,949)	(204)	-	-	(2,153)
Data processing (EDP)	(1,715)	(119)	189	-	(1,645)
Leases	(13,340)	(7,060)	231	-	(20,169)
	<u>(31,074)</u>	<u>(8,131)</u>	<u>535</u>	<u>-</u>	<u>(38,670)</u>
<b>Net Value</b>	<u>36,718</u>	<u>(7,182)</u>	<u>(897)</u>	<u>-</u>	<u>28,639</u>

2022

	Thousand euros				31.12.2022
	31.12.2021	Additions	Disposals	Transfers	
<b>Cost:</b>					
Facilities & Equipment	15,711	100	(152)	-	15,659
Furniture & Fittings	2,547	294	-	-	2,841
Data processing (EDP)	1,833	128	-	-	1,961
Work in progress	1,192	115	(237)	-	1,070
Leases	46,995	742	(1,476)	-	46,261
	<u>68,278</u>	<u>1,379</u>	<u>(1,865)</u>	<u>-</u>	<u>67,792</u>
<b>Accumulated depreciation:</b>					
Facilities & Equipment	(13,672)	(550)	152	-	(14,070)
Furniture & Fittings	(1,803)	(146)	-	-	(1,949)
Data processing (EDP)	(1,670)	(54)	9	-	(1,715)
Leases	(6,294)	(7,046)	-	-	(13,340)
	<u>(23,439)</u>	<u>(7,796)</u>	<u>161</u>	<u>-</u>	<u>(31,074)</u>
<b>Net Value</b>	<u>44,839</u>	<u>(6,417)</u>	<u>(1,704)</u>	<u>-</u>	<u>36,718</u>

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

At 31 December 2023, the Entity had fully amortised items of property, plant and equipment with a cost of 956 thousand euros (927 thousand euros at 31 December 2022).

At 31 December 2023 and 2022 there are no impairments recognised on property, plant and equipment.

The Entity leases the property at which it operates, under an operating lease.

The details of the most important lease agreements are set out below:

Lease	Terms	Penalties
C/ Ayala, 42 (Madrid)	9 years	Termination of lease in event of default
Boulevard Haussmann 86 (Paris)	9 years	-
Via Santa Margherita (Milán)	7 years	-
Via Giovanni Paisiello (Roma)	7 years	-
Norrmalmstorg 12 (Estocolmo)	4 years	-
Honthorststraat 19 (Amsterdam)	3 years	-

Rent deposits related to lease agreements are recorded as Other assets (Note 11).

The breakdown of right of use owing to lease pursuant to the accounting standard on operating leases (Note 2.b) as at 31 December 2023 and 2022 is as follows:

	Thousand euros	
	31.12.2023	31.12.2022
Rights of use (assets)		
Real estate	45,680	46,261
	<u>45,680</u>	<u>46,261</u>
Accumulated depreciation	(20,169)	(13,340)
Net book value	<u>25,511</u>	<u>32,921</u>

As regards liabilities owing to leases associated with rights of use, they have been broken down below:

	Thousand euros	
	31.12.2023	31.12.2022
Other financial liabilities (Note 12)		
Lease liabilities	29,951	37,779
	<u>29,951</u>	<u>37,779</u>

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

By contrast, the impact on the income statement owing to rights-of-use of the Entity as at 31 December 2023 and 2022 is as follows:

	Thousand euros	
	31.12.2023	31.12.2022
Depreciation expense on rights of use	7,060	7,046
Interest expense on lease liabilities	406	244
Cash flow decrease	7,336	8,700

In 2023 and 2022, the Entity still holds operating lease agreements that do not qualify for balance sheet recognition and therefore carry a rental expense associated to them (Note 17.g).

(9) Intangible Assets

As 31 December 2023 and 2022, the detail of the intangible assets registered by the Entity is presented as follows.

2023

	Thousand euros				
	31.12.2022	Additions	Disposals	Transfers	31.12.2023
Cost:					
Software	13,175	184	(5,308)	(2,063)	5,988
Work in progress	395	-	(15)	(380)	0
	13,570	184	(5,323)	(2,443)	5,988
Accumulated depreciation:					
Software	(8,074)	(1,644)	5,308	-	(4,410)
Net book value	5,496	(1,460)	(15)	(2,443)	1,578

2022

	Thousand euros				
	31.12.2021	Additions	Disposals	Transfers	31.12.2022
Cost:					
Software	12,677	120	-	378	13,175
Work in progress	314	81	-	-	395
	12,991	201	-	378	13,570
Accumulated depreciation:					
Software	(5,002)	(2,694)	-	(378)	(8,074)
Net book value	7,989	(2,493)	-	-	5,496

At 31 December 2023 and 2022, the Entity had no fully amortised items of intangible assets.

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

(10) Tax assets and liabilities

The composition of these items at 31 December 2023 and 2022 is as follows:

	Thousand euros			
	Current		Deferred	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
<u>Tax assets</u>				
Withholding Tax	2,765	5,573	-	-
Advance tax	-	-	-	7,618
Value Added Tax	1,305	593	-	-
Other tax liabilities	36	22	-	-
	<u>4,106</u>	<u>6,188</u>	<u>-</u>	<u>7,618</u>

	Thousand euros			
	Current		Deferred	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
<u>Tax liabilities</u>				
CIT payable	2,777	3,823	-	-
Social Security costs payable	1,894	2,093	-	-
Value Added Tax	1,248	4,293	-	-
Other tax liabilities	1,515	1,988	184	-
	<u>7,434</u>	<u>12,197</u>	<u>184</u>	<u>-</u>

“Withholding tax” includes 218 thousand euros related to the business in Spain (Note 18) and 2,547 thousand euros related to the Entity Branches.

“Other tax liabilities – current” as at 31 December 2023 mainly includes payable balances on account of personal income tax.

Corporate Income Tax (CIT) payable for 2023 and 2022 is broken down below:

	Thousand euros	
	31.12.2023	31.12.2022
Spain (Note 18)	-	-
France	536	-
Italy	1,592	3,559
Sweden	351	82
The Netherlands	298	182
	<u>2,777</u>	<u>3,823</u>

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

Changes in deferred tax assets during 2023 and 2022 are shown below:

	Thousand euros
Balance 31.12.21	18,270
Additions/(Reductions) due to temporary differences - Spain	(1,356)
Additions/(Reductions) due to net operating losses - Spain	10,555
Impairment of temporary differences and net operating losses – Spain	(13,793)
Additions/(Reductions) due to net operating losses – Branches	644
Additions/(Reductions) due to temporary differences – Branches	(6,702)
Balance 31.12.22	7,618
Additions/(Reductions) due to temporary differences – Spain	7,155
Additions/(Reductions) due to net operating losses – Spain	28,953
Impairment of temporary differences and net operating losses – Spain	(36,108)
Additions/(Reductions) due to temporary differences – Branches	(4,040)
Impairment of temporary differences and net operating losses – Branches	(3,578)
Balance 31.12.23	-

The Entity management has assessed the recoverability of the Deferred Tax Assets as of 31 December 2022 and 2023. As a result, the deferred tax assets in Spain were fully impaired as of 31 December 2022 and the deferred tax assets both in Spain and the Branches have been fully impaired as of 31 December 2023.

(11) Other assets

This item of the balance sheet as at 31 December 2023 and 2022 is broken down as follows:

	Thousand euros	
	31.12.2023	31.12.2022
Accruals	52,986	47,012
Other receivables	11,011	25,402
	63,997	72,414

Accrual accounts mainly includes, as at 31 December 2023 and 2022, intragroup debts for services to other Credit Suisse Group Companies for commissions receivables and costs recharged to other Group Companies. The amount stood at 52,159 thousand euros as at 31 December 2023 and 44,560 thousand euros as at 31 December 2022 (Note 19).

Other receivables include, as at 31 December 2022, receivables from third parties for 17,041 thousand euros. At the end of fiscal year 2023, there is no outstanding balance related to this concept. Additionally, as at 31 December 2023 and 2022, the heading includes security deposits disbursed pertaining to real estate at which the Entity carries out its activity for the sum of 484 thousand euros as at 31 December 2023 (offices of Madrid, Milan and Amsterdam for the sums of 292, 100 and 92 thousand euros, respectively) and 605 thousand euros as at 31 December 2022 (offices of Madrid, Milan and Amsterdam for the sums of 313, 102 and 92 thousand euros, respectively). In addition, as at 31 December 2023 and 2022 the sum of 6,596 thousand euros, is included

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

which was handed over to a group company as an advance on expenses. Amounts with Group companies are detailed in Note 19.

As at December 31, 2022 other receivables also include an uncollected invoice of 3 million euros that has been fully impaired related to Milano branch (Note 13). During 2023, an amount of 1,5 million euros of the provision has been recovered and the rest of the outstanding debt has been cancelled.

(12) Financial Liabilities at Amortised Cost

The composition of these items as at 31 December 2023 and 2022 was as follows:

	Thousand euros	
	31.12.2023	31.12.2022
Deposits	848,727	2,574,531
Other financial liabilities	42,555	88,194
Valuation Adjustment	2,664	2,724
Accrued interest	2,664	2,724
	893,946	2,665,449
Euros	746,632	1,794,198
Foreign currency	147,314	871,251
	893,946	2,665,449

(a) Deposits

Deposits by sector and type of product as at 31 December 2023 and 2022 can be broken down as follows:

	Thousand euros					Total
	Central banks	General governments	Credit institutions	Other financial corporations	Non-financial corporations	
Current accounts	-	-	377	-	-	377
Deposits - Subordinated debt	-	-	150,000	-	-	150,000
Deposits with agreed maturity	-	-	409,804	158,191	114,890	682,885
Repurchase agreements	-	-	15,465	-	-	15,465
	-	-	575,646	158,191	114,890	848,727

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

	Thousand euros					Total
	Central banks	General governments	Credit institutions	Other financial corporations	Non- financial corporations	
	31.12.2022					
Current accounts	-	-	717,932	-	-	717,932
Deposits - Subordinated debt	-	-	150,000	-	-	150,000
Deposits with agreed maturity	-	-	1,331,884	135,533	88,100	1,555,517
Repurchase agreements	-	-	70,840	80,242	-	151,082
	-	-	2,270,656	215,775	88,100	2,574,531

Deposits by maturity date as at 31 December 2023 and 2022 can be broken down as follows:

	Thousand euros	
	31.12.2023	31.12.2022
Deposits		
Current accounts	377	717,932
Less than one year	246,082	1,184,216
Between one and two years	452,195	522,351
Greater than two years	150,073	150,032
	848,727	2,574,531

On 10 May 2021 the Tier 2 Subordinated Loan agreement was signed between Credit Suisse A.G. and the Entity. Said debt is classified as a Time Deposit for the sum of 150,000 thousand euros as at 31 December 2023 and 2022. The maturity of the loan is set on 12 May 2031 and the interest rate is Euribor + 198.6 basic points.

Deposits with agreed maturity mainly includes deposits held with the London Branch of Credit Suisse AG. Said deposits are used to finance the Entity's operations and are considered time deposits. The amount stood at 112,643 thousand euros as at 31 December 2023 and at 565,892 thousand euros as at 31 December 2022.

Valuation adjustment due to accrued interest, is mainly related to the Repurchase Agreements. At 31 December 2023, the amount stood at 2,664 thousand euros (2,711 thousand euros at 31 December 2022).

(b) Other financial liabilities

As at 31 December 2023 and 2022 this item included 4,441 and 14,459 thousand euros, respectively, with Group companies (Note 19). Additionally, the liabilities owing to leases associated with rights of use sums a total amount of 29,951 thousand euros as at 31 December 2023 (37,779 thousand euros at 31 December 2022).

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

(13) Provisions

The composition of Provisions as at 31 December 2023 and 2022 was as follows:

	Thousand euros	
	31.12.2023	31.12.2022
Pensions and other post-employment defined benefit obligations (Note 3.g)	2,149	5,782
Pending legal issues and tax litigation	700	26
Other provisions	37,355	18,815
	<u>40,204</u>	<u>24,623</u>

Other provisions consist mainly of a restructuring provision for the sum of 36,542 thousand euros as at 31 December 2023 (18,015 thousand euros as at 31 December 2022).

The breakdown of the Provisions or (-) reversal of provisions heading of the profit and loss statement is the following:

	Thousand euros	
	31.12.2023	31.12.2022
Net increases of provisions	2,633	25,736
Impairment / (Recovery) of other receivables (Note 11)	(1,500)	3,000
Net increases of other costs (non severance provisions)	350	5,130
	<u>1,483</u>	<u>33,866</u>

The movement of Provisions during 2023 and 2022 was as follows:

	Thousand euros			
	2023			
	Pensions and other post-employment defined benefit obligations	Pending legal issues and tax litigation	Other provisions	Total
Opening balance 01.01.2023	<u>5,782</u>	<u>26</u>	<u>18,815</u>	<u>24,623</u>
Additions, Severance expenses (Note 17.f)	-	-	37,367	37,367
Additions, including increases in existing provisions	993	-	2,983	3,976
(-) Amounts used	(3,517)	(26)	(20,310)	(23,853)
(-) Amounts not used, reversed during period	(1,109)	-	(1,500)	(2,792)
Other movements	-	700	-	700
Closing balance 31.12.2023	<u>2,149</u>	<u>700</u>	<u>37,355</u>	<u>40,204</u>

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

	Thousand euros			
	2022			
	Pensions and other post- employment defined benefit obligations	Pending legal issues and tax litigation	Other provisions	Total
Opening balance 01.01.2022	5,329	-	619	5,948
Additions, including increases in existing provisions	1,690	270	25,649	27,609
(-) Amounts used	(808)	(65)	(7,448)	(8,321)
(-) Amounts not used, reversed during period	(429)	(179)	(5)	(613)
Other movements	-	-	-	-
Closing balance 31.12.2022	5,782	26	18,815	24,623

Restructuring charges

The total expense registered in 2023 profit and losses related to severance payments was 37,367 thousand euros (Note 17.f) besides the restructuring provision registered in "Provisions or (-) Provision reversal" for a total of 2,095 thousand euros, which includes expenses related to the restructuring process and expenses in connection with the acceleration of certain deferred compensation charges.

The detail of the restructuring charges booked in 2023 and 2022 is shown below.

	Thousand euros	
	31.12.2023	31.12.2022
Severance (Note 17.f)	37,367	-
Restructuring provision	1,744	25,641
Deferred compensation (Note 14)	294	5,040
Other	57	90
	39,462	30,771

(14) Other Liabilities

As at 31 December 2023 and 2022 this item is broken down as follows:

	Thousand euros	
	31.12.2023	31.12.2022
Accruals	39,774	63,113
Rest of other liabilities	22,246	20,973
	62,020	84,086

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

The Accruals item mainly includes the amounts due by the Entity to other Credit Suisse Group companies on account of commission expenses for capital markets services and cost recharges for services provided by other Credit Suisse entities. Said amount stood at 19,733 thousand euros as at 31 December 2023 and 27,244 thousand euros as at 31 December 2022.

As regards the other liabilities, the main balance was the variable part of the salary and other commitments with the employees of the Entity accruing as at 31 December 2023 and 2022 (Note 17 (f)). During 2023, deferred commitments related to restructuring were booked (Note 13).

(15) Own Funds

The composition and variation in equity are shown in the statement of changes in equity.

(a) Issued capital and premium

As at 31 December 2020 share capital amounted to 5,276,344 euros, represented by 5,276,344 registered shares with a nominal value of 1 euro each, wholly subscribed and paid up by its only Shareholder Credit Suisse AG.

As indicated in Note 1, on 21 June 2021 the decision by the Sole Shareholder to increase the share capital through the issue of 12,723,656 ordinary shares was notarised, being of the same class as the existing ones and having a nominal value of 1 euro each. Said shares were subscribed and paid up by the Sole Shareholder through the transformation of a total amount off 12,724 thousand euros of voluntary reserves of the Entity.

As at 31 December 2023 the share capital amounted to 18,000 thousand euros, represented by 18,000,000 registered shares with a nominal value of 1 euro each, wholly subscribed and paid up by their Sole Shareholder, Credit Suisse A.G., with the Entity meeting the requirements laid down in the prevailing legislation regarding single-shareholder companies. These shares enjoy the same voting and economic rights. As at 31 December 2023, the Entity holds deposits from a Branch of its Sole Shareholder and subordinated debt with its Sole Shareholder (Note 12).

As at 31 December 2023 and 2022, no treasury shares were held by the Entity or any third party operating on its behalf. The Entity's shares are not listed on any stock exchange.

(b) Reserves

As at 31 December 2023 and 2022 this item is broken down as follows:

	Thousand euros	
	31.12.2023	31.12.2022
Legal reserve	3,600	3,600
Capitalization reserve	563	563
Unrestricted reserve	840,439	852,209
	844,602	856,372

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

(i) Legal reserve

According to the reworded text of the Spanish Corporations' Act, corporations are obliged to assign an amount equal to 10% of the profit for the year to form a reserve fund, until the latter attains at least 20% of share capital. This reserve may only be used to cover, if no other reserves available, the negative balance of the profit and loss account. Under certain conditions it may also be used to increase share capital.

As at 31 December 2023 and 2022 the legal reserve of the Entity amounted to 3,600 thousand euros.

(ii) Unrestricted reserve

The Entity had an unrestricted reserve assigned of 840,439 thousand euros as at 31 December 2023 (852,209 thousand euros as at 31 December 2022).

(iii) Capitalization reserve

Under the provisions of article 25 of Law 27 enacted on 27 November 2014 regarding Corporation Tax, the Entity had an unavailable reserve for the sum of 563 thousand euros as at 31 December 2023 and 2022. The capitalization reserve is determined by applying a 10% on the own funds increase in the period.

(c) Other comprehensive income

At 31 December 2023 and 2022 this heading includes changes in value of post-employment commitments (Note 13).

(d) Own funds: Capital management

Regulatory capital is governed by Regulation 575/2013 (CRR) and Directive 2013/36/EU of the European Parliament and of the Council (CRD 4) which incorporated the Basel III regulatory framework (BIS III) into the European Union. Whereas the CRR was directly applied in Spain, CRD 4 was transposed to Spanish law through Act 10/2014 on the arrangement, monitoring and solvency of credit institutions and its subsequent regulatory development through Royal Decree 84/2015 and Bank of Spain Circular 2/2016.

Later the European Commission presented a legislative proposal based on internationally agreed standards. On 27 June 2019, a comprehensive package of reforms to amend the CRR and CRD4 directive came into force. The CRD 5 directive has been incorporated into Spanish legislation through Royal Decree-Law 7/2021 (which has amended, among others, Act 10/2014).

Furthermore, in relation to Circular 2/2016, the Bank of Spain has published Circular 5/2021 amending this circular with the incorporation of macroprudential tools and a draft circular whose definitive publication is scheduled for 2022 and through which it will complete the transposition of CRD 5 into the Spanish legal system.

Similarly, following the transposition to European legislation in 2013, the Basel Committee and other relevant bodies published a series of additional rules and documents containing new specifications for the calculation of capital. This means that procedures

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

are constantly being updated, and therefore the Entity continuously adapts its processes and systems to ensure the calculation of capital requirements are fully aligned with the new established requirements.

The strategic goals set by the Entity management regarding the management of own funds are indicated below:

- Comply at all times with the applicable laws and regulations on minimum own funds requirements.
- Seek maximum efficiency in the management of own funds so that the consumption of own funds, together with other profitability and risk variables, is considered a fundamental variable in the analyses associated with decision-making in the Entity.

To meet these goals, the Entity has a number of own fund management policies and processes, the principal guidelines of which are:

- The Entity monitors and checks at all times the levels of compliance with the laws and regulations on own funds, with early warnings that enable it to guarantee compliance at all times and see that the decisions made by the different divisions and units of the Entity are coherent with the goals set to comply with the minimum own funds requirements. In this regard, there are contingency plans to make sure the Entity keeps within the limits set in the applicable laws and regulations.
- In the Entity's strategic and commercial planning and the analysis and monitoring of its operations, the impact of those operations on its eligible own funds and the consumption-yield-risk ratio are considered a key factor in the Entity's decision-making. The Entity has certain metrics that are used to guide its decision-making regarding or affecting the minimum own funds requirements.

Therefore, the Entity considers own funds and the own funds requirements stipulated in the above-mentioned laws and regulations essential for its management, affecting the Entity's decisions, analysis of the viability of operations, strategy for the distribution of profits, etc.

Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and Bank of Spain Circular 2/2016 of 2 February indicate what elements must be counted as own funds and the own funds requirements to be met at all times. The Entity must satisfy the following own funds requirements:

- a) a Common Equity Tier 1 capital ratio of 4.5%;
- b) a Tier 1 capital ratio of 6%;
- c) a total capital ratio of 8%.

Additionally, Credit institutions must satisfy at all times the combined buffer requirement, meaning the total Common Equity Tier 1 capital defined in Article 26 of Regulation (EU) No 575/2013, which is necessary to comply with the obligation of having a capital conservation buffer plus, where appropriate:

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

- a) a specific countercyclical capital buffer for each institution
- b) a buffer for global systemically important institutions (G-SIIs)
- c) a buffer for other systemically important institutions (O-SIIs)
- d) a buffer against systemic risks.

The buffers indicated in points b), c) and d) are not applicable to the Entity. The Entity complies with the applicable capital buffers.

The Entity shall comply, according to the mentioned regulation, with capital conservation buffer requirement for Common Equity Tier 1 capital of 2.5% and a countercyclical buffer of a 0.5091%.

Additionally, the Entity has been notified of the decision of the Bank of Spain (BdE) regarding the minimum capital requirements for next year, following the outcome of the Supervisory Review and Evaluation Process (SREP).

Based on the above, since January 1, 2024, CSEB shall meet the minimum total capital requirements (or total capital requirement ratio of the SREP) of not less than 13.98% of the total amount of risk exposure, which includes the regulatory minimum of Pillar 1 (8%) and the requirement of Pillar 2 R (P2R) (5.98%). During 2023 the total capital requirement ratio of the SREP was 13.94% of the total amount of risk exposure, which includes the regulatory minimum of Pillar 1 (8%) and the requirement of Pillar 2 R (P2R) (5.94%).

These requirements will be required in addition to the combined capital buffers as explained above.

The Entity calculates its capital ratios as follows:

- a) the Common Equity Tier 1 capital ratio will be equal to the Common Equity Tier 1 capital of the institution expressed as a percentage of the total risk exposure amount;
- b) the Tier 1 capital ratio will be equal to the Tier 1 capital of the institution expressed as a percentage of the total risk exposure amount.
- c) the total capital ratio will be equal to the own funds of the institution expressed as a percentage of the total risk exposure amount.

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

Details of the Entity's own funds at 31 December 2023 and 2022 is included below, classified into Tier 1 own funds and Tier 2 own funds, calculated in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and Bank of Spain Circular 2/2016:

	Thousand euros	
	31.12.2023	31.12.2022
Common Equity Tier 1 capital		
Issued capital	18,000	18,000
Share premium	29,724	29,724
Profit or loss eligible	(113,412)	(11,770)
Other comprehensive income	1,116	7
Other reserves	844,602	856,372
	<u>780,030</u>	<u>892,333</u>
Deductions	<u>(11,046)</u>	<u>(36,850)</u>
Total Common Equity Tier 1 capital	<u>768,984</u>	<u>855,483</u>
Total Tier 1 capital	<u>768,984</u>	<u>855,483</u>
Tier 2 capital		
Equity instruments and subordinated debt	<u>150,000</u>	<u>150,000</u>
Total Tier 2 Capital	<u>150,000</u>	<u>150,000</u>
Total Capital	<u>918,984</u>	<u>1,005,483</u>
Total amount of risk exposure		
For credit, counterparty, dilution & free delivery risk	913,533	1,521,804
For settlement/delivery risk	8,049	26,359
For position, foreign exchange & commodity risk	138,397	235,396
For operational risk	363,131	376,640
For credit valuation adjustment	241,130	511,854
Associated with large exposures held for trading	96,404	134,184
Other risk exposure amounts	<u>42,304</u>	<u>22,965</u>
Total amount of risk exposure	1,802,948	2,829,202
Common Equity Tier 1 capital ratio	42.65%	30.24%
Surplus of Common Equity Tier 1 capital	687,851	728,168
Tier 1 capital ratio	42.65%	30.24%
Surplus of Tier 1 capital	660,807	685,730
Total capital ratio	50.97%	35.54%
Surplus of total capital	774,748	779,146

At 31 December 2023 and 2022, the Entity's eligible own funds exceeded those required by the aforesaid legislation.

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

(16) Off-balance sheet items

The breakdown at 31 December 2023 and 2022 is shown below.

	Thousand euros	
	31.12.2022	31.12.2022
Loan commitments granted	-	-
Financial guarantees granted	-	-
Other commitments granted	1,251,334	6,920,518
	1,251,334	6,920,518

(a) Other commitments granted

The breakdown at 31 December 2023 and 2022 is shown below.

	Thousand euros	
	31.12.2023	31.12.2022
Other commitments granted		
Central Banks	-	-
General governments	-	2,147
Credit institutions	1,163,901	4,805,587
Other financial corporations	87,407	988,091
Non-financial corporations	26	1,124,693
	1,251,334	6,920,518
Euros	562,959	3,820,444
Foreign currency	688,375	3,100,074
	1,251,334	6,920,518

Other commitments granted mainly include guarantees given by the Entity in repurchase agreements and derivative transactions.

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

(17) Income and Expense

(a) Segment reporting

The Entity is engaged in investment banking and worldwide brokering of national or foreign investments on recognised exchanges for clients and companies within the Credit Suisse Group.

(b) Interest income / Interest expense

The breakdown of this item on the income statement in 2023 and 2022 is as follows:

	Thousand euros	
	31.12.2023	31.12.2022
Interest income		
Financial assets held for trading	46,466	32,256
Financial assets at amortised cost	97,850	59,412
Other assets	4,674	634
	<u>148,990</u>	<u>92,302</u>

	Thousand euros	
	31.12.2023	31.12.2022
Interest expense		
Financial liabilities held for trading	(44,026)	(33,332)
Financial liabilities measured at amortised cost	(98,094)	(84,985)
	<u>(142,120)</u>	<u>(118,317)</u>

Balances and transactions with Group companies are detailed on Note 19.

(c) Commission income and expense

The breakdown of commission income and expense is shown below.

	Thousand euros	
	31.12.2023	31.12.2022
Commission income		
Order placement and execution	36,000	92,694
Underwriting	9,054	64,914
Advisory services	11,703	38,258
Other commission income	30,110	44,543
	<u>86,867</u>	<u>240,409</u>

	Thousand euros	
	31.12.2023	31.12.2022
Fee and commission expense		
Transactions with financial instruments	(17,501)	(45,106)
Commissions on services	(20,110)	(44,629)
	<u>(37,611)</u>	<u>(89,735)</u>

Balances and transactions with Group companies are detailed on Note 19.

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

(d) Gains or (-) losses on financial assets and liabilities held for trading, net

At 31 December 2023 and 2022 this heading contains profit and loss mainly from derivative instruments.

(e) Other operating income and expenses

A breakdown at 31 December 2023 and 2022 of this heading can be found below:

	Thousand euros	
	31.12.2023	31.12.2022
Other operating income	85,667	69,426
	85,667	69,426

At 31 December 2023 and 2022, other operating income essentially includes revenue from services rendered to other group companies (Note 19).

At 31 December 2023 and 2022, contributions to the FROB (banking resolution fund) have been recorded as “Other operating expenses” (Note 1).

(f) Compensation costs

A breakdown at 31 December 2023 and 2022 of this heading can be found below:

	Thousand euros	
	31.12.2023	31.12.2022
Employee remuneration	94,166	76,932
Severance (Note 13)	37,367	-
Social security	17,220	13,519
Contributions to supplementary pension schemes (Note 3(g))	5,709	6,345
Other employee benefits	4,720	5,113
	159,182	101,909

Employee remuneration, includes the fair value corresponding to employee remuneration plans based on stock options over equity instruments, as indicated in Note 3 (h). In 2023, the Entity recognised an expense of 5,578 thousand euros for this concept (positive valuation of 8,799 thousand euros in 2022).

Additionally, the during 2023, the entity has registered severance expense as employee remuneration, for a total amount of 37,367 thousand euros (See Note 13). Of this amount, a total of 35,488 thousand euros is directly related to the collective dismissal procedure previously explained in Note 1.

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

At 31 December 2022, the Entity had the following variable remuneration plans based on stock options over own and third-party equity instruments:

Name of plan	Number of shares	Eligible employees	Maturity	Conditions
Phantom Share Award	Variable	Employees with remuneration > USD 250 thousand or equivalent in local currency	2024-2025-2026-2027-2028 (where material risk takers rules require)	<ul style="list-style-type: none"> <li>- Vesting conditions are based on time and employment e.g. resignation before the vest would result in forfeiture.</li> <li>- Regulatory conditions also apply e.g. vesting is subject to suspension, malus and clawback where relevant, and blocking/retention periods apply post-vest.</li> <li>- One registered share per award delivered after vesting conditions met.</li> <li>- No dividend equivalents for material risk takers.</li> <li>- Employees who are not material risk takers receive dividend equivalents, payable upon delivery.</li> </ul>
Deferred Cash Award	Variable	Employees with remuneration > USD 250 thousand or equivalent in local currency	2024-2025-2026-2027-2028 (where material risk takers rules require)	<ul style="list-style-type: none"> <li>- Vesting conditions are based on time and employment e.g. resignation before the vest would result in forfeiture.</li> <li>- Regulatory conditions also apply e.g. vesting is subject to suspension, malus and clawback where relevant, and blocking/retention periods apply post-vest.</li> <li>- Cash payable after vesting conditions met.</li> </ul>
Performance Share Award	Variable	Employees with remuneration > USD 250 thousand or equivalent in local currency	2022-2023-2024-2025	<ul style="list-style-type: none"> <li>- Calculation of ROE of CS Group AG share</li> <li>- Performance of business area</li> <li>- The underlying are Group equity instruments</li> </ul>
Contingent Capital Award	Variable	Employees with remuneration > USD 250 thousand or equivalent in local currency	2022-2023-2024-2025	<ul style="list-style-type: none"> <li>- Non-guaranteed right to receive future cash payments</li> <li>- The underlying are CS Group equity instruments</li> </ul>

Following the UBS Group's acquisition of Credit Suisse Group, instruments linked to Credit Suisse shares and Credit Suisse performance were replaced with instruments

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

linked to UBS shares and UBS performance with awards and triggers adjusted as appropriate.

At 31 December 2023, the Entity had the following variable remuneration plans based on stock options over own and third-party equity instruments.

Name of plan	Number of shares	Eligible employees	Maturity	Conditions
Equity Ownership plan (EOP)	Variable	Employees with remuneration > USD 300 thousand or equivalent in local currency and identified employees	2026-2027	- Award of UBS notional shares under the Equity Ownership Plan (EOP). - 60% postponement of the award, 50% after 2 years and another 50% after 3 years. - Performance conditions after the concession.
Deferred Contingent Capital Plan (DCCP)	Variable	Employees with remuneration > USD 300 thousand or equivalent in local currency and identified employees	2029	- Award of UBS notional bonds with annual interest payments (where permitted by regulation) linked to our AT1 instruments - 40% of the postponement is consolidated in its entirety after 5 years.
Blocked Shares	Variable	Identified employees	Inmediatos	- UBS share award, granted immediately with a 12-month blocking period (e.g. sale is not allowed for 12 months)

The amount of Contributions to supplementary pension schemes corresponds to payment of a defined contribution mixed group insurance taken out by the Entity in 2002 with Santander Central Hispano Previsión, Sociedad Anónima de Seguros y Reaseguros, changed as from October 2004 to Vida Caixa, Sociedad Anónima de Seguros y Reaseguros, covering certain pension commitments to its employees (Note 3 (g)).

The average number of employees on the Entity's payroll during the year ended 31 December 2023 and 2022, by category and gender, is as follows:

	31.12.2023		31.12.2022	
	Men	Women	Men	Women
Executives	91	19	104	19
Skilled staff	113	48	148	57
Administrative staff	5	20	8	28
	<u>209</u>	<u>87</u>	<u>260</u>	<u>104</u>

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

The number of employees on the Entity's payroll at the year ended 31 December 2023 and 2022, by category and gender, is as follows:

	31.12.2023		31.12.2022	
	Men	Women	Men	Women
Executives	73	14	94	20
Skilled staff	85	38	145	60
Administrative staff	3	18	8	27
	161	70	247	107

At 31 December 2023 and 2022, the Entity had one employee with a disability rating of 33% or above.

(g) Other administrative expenses

The breakdown of this item on the income statement in 2023 and 2022 is set out below:

	Thousand euros	
	31.12.2023	31.12.2022
Leases (Note 8)	4,058	3,452
Communications	1,060	1,095
Computer systems	7,432	8,585
Supplies	1,161	1,454
Maintenance and repair	2,229	2,384
Advertising	225	434
Representation and travel	2,213	3,728
Other independent professional services	13,960	20,235
Other expenses	16,037	20,366
	48,375	61,733

As at 31 December 2023 and 2022, "Leases" mainly includes the expense incurred for the rental agreements of the offices in Rome and Paris, which do not meet the requirements for balance sheet recognition (Note 8). As at 31 December 2023, these expenses amounts 1,007 and 2,898 thousand euros respectively in each branch (767 and 2,7999 thousand euros, respectively, as at 31 December 2022).

At 31 December 2023, Other independent professional services includes 380 thousand euros (1,363 thousand euros at 31 December 2022) costs related to the United Kingdom exit of the European Union (Note 1). Additionally, as at 31 December 2023 the heading also includes, among other items, 1,545 thousand euros of legal fees and 8,354 thousand euros of services rendered by other Credit Suisse Entities (at 31 December 2022, 1,458 and 12,784 thousand euros respectively).

"Other expenses" includes services provided by other Credit Suisse Group companies during 2023 and 2022, amounting to 14,270 and 15,793 thousand euros, respectively. These amounts correspond to cost allocations to the Entity of services that are rendered centrally in the Group.

Expenses with group entities are detailed in Note 19.

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

(18) Corporate Income Tax

The Entity's profits are subject to corporate income tax at a rate of 30% of taxable income. Certain deductions and allowances can be applied to the resulting liability.

Owing to the different treatment permitted by tax laws for certain transactions, the accounting profit may differ from the taxable profit (tax base).

The Paris, Milan, Stockholm and Amsterdam branches file their tax returns separately, in accordance with the tax regulations applicable in France, Italy, Sweden and the Netherlands, respectively.

As of December 31, 2023, and 2022, the country level breakdown of the Corporate Tax expense is as follows:

	Expense / (Income)	
	Thousand euros	
	31.12.2023	31.12.2022
Spain	-	5,628
France	8,582	6,051
Italy	3,889	3,581
Sweden	268	80
The Netherlands	236	82
	12,975	15,422

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

The calculation of the taxable income and corporate income tax expense for 2023 that the Entity expects to declare once the 2023 annual accounts have been approved, and the 2022 corporate tax expense, is shown below:

	Expense / (Income)	
	Thousand euros	
	31.12.2023	31.12.2022
Profit before tax	(100,437)	3,652
Permanent differences	(19,924)	(30,813)
Of which: Profits before taxes from the Branches	(20,109)	(31,005)
Of which: Other	185	192
Accounting (loss) / profit	(120,361)	(27,161)
Timing differences	23,851	(8,022)
Net operating losses offsetting	-	-
Taxable (loss) / profit	(96,510)	(35,183)
Tax liability at 30% tax rate	(28,953)	(10,555)
Net tax liability (Note 10)	(28,953)	(10,555)
Withholdings and advance tax (Note 10)	-	-
Corporate income tax payable / (recoverable)	(28,953)	(10,555)

The permanent differences above include the profits before taxes of the Entity's branches as of December 31, 2023 and 2022. The detail of said results are presented below:

	Income / (Expense)	
	Thousand euros	
	31.12.2023	31.12.2022
France	14,492	19,511
Italy	4,421	10,713
Sweden	395	372
The Netherlands	801	409
	20,109	31,005

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

The corporate income tax expense is calculated as follows:

	Thousand euros	
	31.12.2023	31.12.2022
Accounting (loss) / profit at 30% tax rate	(36,108)	(8,148)
Corporate income tax expense / (income)	(28,953)	(10,555)
Corporate income tax expense / (income) from previous years	-	(16)
Corporate income deferred tax expense / (income)	(7,155)	2,406
Impairment of temporary differences	36,108	13,793
	<u>-</u>	<u>5,628</u>

Under current laws, taxes cannot be considered final until the tax returns filed have been inspected by the tax authorities, or until the limitation period of four years has ended. At 31 December 2023, the Entity has all the main taxes for which it is taxable as from 1 January 2018 open for inspection by the tax authorities, except corporate income tax, for which its returns filed on or after 1 January 2017 are subject to inspection. Entity directors do not expect any material additional liabilities to arise from any potential inspection.

As of December 31, 2023, the Entity has a total amount of 131,693 thousand euros of unused Net Operating Losses available to carry forward for set off against further losses, of which 96,510 thousand euros have been generated in 2023 and 35,183 thousand euros in 2022.

(19) Related party transactions

For the purpose of these financial statements, parties are related when one of the parties has control over the other party, when the parties are under common control or one of the parties has significant influence on financial or operating decisions concerning the other party.

Transactions with related parties are carried out on arm's length terms.

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

a) Entity transactions and balances with group companies

Balances held with group companies at 31 December 2023 and 2022 are shown below:

	Thousand euros	
	31.12.2023	31.12.2022
<b>Assets</b>		
Cash, cash balances at central banks and other demand deposits (Note 5)	122,060	59,644
Financial assets held for trading (Derivatives) (Note 6.a)	1,015,853	1,663,774
Financial assets held for trading (Loans and advances) (Note 6.c)	1,231,930	2,340,212
Financial assets at amortised cost (Note 7)	964,523	2,140,909
Other assets (Note 11)	58,760	52,546
	<u>3,393,126</u>	<u>6,257,085</u>
<b>Liabilities</b>		
Financial liabilities held for trading (Derivatives) (Note 6.a)	1,043,765	1,527,303
Financial liabilities held for trading (Deposits) (Note 6)	603,752	1,380,685
Financial liabilities measured at amortised cost (Note 12)	287,401	1,520,322
Other financial liabilities (Note 12)	4,441	14,459
Other liabilities (Note 12)	19,733	28,305
	<u>1,959,092</u>	<u>4,471,074</u>

The main transactions made with group companies during the years ended 31 December 2023 and 2022 are summarised below:

	Thousand euros	
	31.12.2023	31.12.2022
<b>Expense</b>		
Interest expenses (Note 17.b)	(82,769)	(74,627)
Fee and commission expenses (Note 17.c)	(22,284)	(51,207)
Other administrative expenses (Note 17.g)	(22,544)	(28,920)
	<u>(127,597)</u>	<u>(154,754)</u>
<b>Income</b>		
Interest income (Note 17.b)	105,754	65,886
Fee and commission income (Note 17.c)	54,794	94,034
Other operating income (Note 17.e)	79,749	66,643
	<u>240,297</u>	<u>226,563</u>

Other administrative expenses mainly included payments to other group companies for services rendered to the Entity.

Other operating income mainly includes payments made by other group companies for operations corresponding to the Entity's business.

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

(b) Transactions with board members

During 2023 and 2022, there were 14 and 10 members of the Senior Management of the Entity, respectively, of which 1 of them is an Executive Director in 2023 (2 of them were Executive Directors in 2022). The Entity Senior Management, excluding those partially seconded to CSEB from other Group entities, has earned 6,709 thousand euros as employees of the Credit Suisse Group in the year ended 31 December 2023 (6,490 thousand euros at 31 December 2022). The breakdown of the individual compensation of the Board members for their services is as follows:

Board member	Description	Thousand euros	
		2023	2022
Emilio Gallego Neira	Executive Director	-	-
Simon Harry Tasker (*)	Proprietary Director	-	-
Elodie Angelique Helene Blanc	Proprietary Director	-	-
Nicholas James Alexander Lovett (**)	Proprietary Director	-	-
Ana Paula Pessoa Machado (***)	Independent non-executive director	83	101
Francisco Rodríguez-Rey Alegria	Independent non-executive director	188	180
Paula Hadjisotiriou	Independent non-executive director	183	180
Gabriel Omar Alonso Savarino (**)	Independent non-executive director	90	180
Jonathan Magee (****)	Independent non-executive director	92	-
Juan Monte (****)	Proprietary Director	-	-
Tobias Vogel (****)	Proprietary Director	-	-
		-	-

(\*) member until November 2023

(\*\*) member until June 2023

(\*\*\*) member until July 2023

(\*\*\*\*) member since November 2023

During 2023 and 2022 the Entity has not granted any advances or loans to Board members, furnished any guarantees on their behalf, or paid any liability insurance premiums for damages that may be caused through their actions or omissions as directors. Moreover, the Entity has not contracted any pension or life assurance commitments to current or former board members or furnished any guarantees on their behalf, on their board membership capacity.

Board members have not entered into any transactions with the Entity during 2023 and 2022 outside normal trading or other than on arm's length terms.

The Board members and their related parties have not incurred in any conflict of interest that must be reported pursuant to section 229 of the recast Corporate Enterprises Act ("TRLSC").

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

(20) Auditors' Fees

The auditors of the Entity's annual accounts (PricewaterhouseCoopers Auditores, SL during the years ended December 31, 2023 and 2022) invoiced the net fees shown below for their professional services in the years ended 31 December 2023 and 2022:

	Thousand euros	
	31.12.2023	31.12.2022
Auditing services	483	430
Other account-checking services	151	120
Other services	-	-
	634	550

The amounts indicated above include all fees charged for the services of auditing the Entity's accounts provided in 2023 and 2022, regardless of the date of invoicing. No other professional services were provided for the Entity in 2023 and 2022 by other companies related to the audit firm.

(21) Risk Policy and Management

Credit Suisse Bank (Europe), S.A ("CSEB" or "the Entity") has implemented a 3 Lines of Defence risk model, where the 1st Line of Defence consists of functions that manage the risk gateway into the bank, responsible for identification, measurement, management, and reporting of risks they generate.

The 2nd Line of Defence consists of independent risk management and compliance control functions which are responsible for establishing and monitoring the risk management framework and associated control standards, and providing independent challenge over activities, processes and controls carried out by the 1st Line of Defence.

The 3rd Line of Defence provides independent assurance to the Board and senior management about the adequacy of the overall risk and control framework. The Entity Risk Management unit (CSEB Chief Risk Officer -CRO- and their team) is part of the 2nd Line of Defence and is responsible for risk control within CSEB as mandated by both the CSEB Board of Directors and the Group CRO (CS Group until 12 June 2023, UBS Group onwards).

The CSEB CRO organisation is based mostly in Madrid. The CSEB CRO reports into the CSEB Board Risk Committee and functionally into the CS AG CRO organisation via the CS AG EMEA CRO to ensure appropriate segregation of the line of defence. The CSEB CRO is a member of the Executive committee of CSEB and he chairs the CSEB Risk Management Committee. Functional Executives of the CSEB CRO team are based in Madrid and are senior experts in their field of expertise (e.g., Credit risk, Liquidity Risk, Operational Risk, Market Risk etc). CSEB risks are controlled under a CSEB specific risk management framework owned by the CSEB BoD through the CSEB Board, Risk Committee and monitored by the CSEB CRO and their team.

CREDIT SUISSE BANK,  
(EUROPE), S.ANotes to the financial statements  
2023

As of end of 2023, the key risks identified for CSEB are firstly **Credit Risk**, where CSEB is exposed to various Credit risks inclusive of counterparty credit risk exposure on over the counter (“OTC”) derivatives and exposures to Central Clearing Houses of which CSEB is a member.

Another key risk is **Operational Risk** which is an inherent risk for credit institutions. CSEB as a firm engaged in sophisticated and complex activities, relying on outsourced services provided by CS AG and third-party providers, operational risk remains a key focus for CSEB and is actively controlled by the risk framework rolled out and monitored by the CSEB CRO team. Other risks are present in the Entity yet with lower degree of materiality in particular as OTC derivatives and securities trading are performed on a back-to-back and path through basis. The other risks are also controlled by specific risk frameworks and risk monitoring tools rolled out to CSEB (and enforced under the authority of the CSEB CRO).

As of end of 2023 the CSEB CRO monitors other less material risks for CSEB such as **Market Risk**, where CSEB controls the composition of its portfolio and the potential market losses to be incurred from repricing of asset and or market variables which again is controlled by a CSEB market risk framework monitored daily by Madrid based CSEB CRO executives; **Model Risk** which is the risk of adverse consequences from decisions based on incorrect or misused model outputs and reports. **Reputational Risk** is mitigated as we seek to avoid any transaction or service that could damage the reputation of CSEB, CS Group, UBS Group or any of their affiliates.

**Environmental and Social Risks** and their assessment methodology are explained in the 2023 Sustainability Report, taking into account their impact on customers. Environmental and social risks are accounted for in the CSEB Risk Identification and Assessment Framework and the outcome of this assessment is described in the CSEB ICAAP. CSEB Controls in the form of risk flags are in place against the climate sensitive industries.

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

Risk concentration matrix

The concentration risk of the financial instruments by sector and geographical distribution as of 31 December 2023 and 2022 is presented below.

	Thousand euros				
	31.12.2023				
	Spain	Rest of the European Union	America	Rest of the World	Total
Central Banks and Credit Institutions	150,283	1,437,540	5,565	3,430,402	5,023,790
General Government	-	10,421	7,133	28,972	46,526
Central Government	-	10,421	7,133	28,972	46,526
Other Governments	-	-	-	-	-
Other financial corporations and entrepreneurs	62,651	365,074	37,070	66,054	530,849
Non-financial corporations and entrepreneurs	44,895	405,708	211,549	69,468	731,620
Real estate construction and development	-	-	-	-	-
Construction of civil works	-	-	-	-	-
Resto of purposes	44,895	405,708	211,549	69,468	731,620
Large corporations	44,895	405,708	211,549	69,468	731,620
SMEs and entrepreneurs	-	-	-	-	-
Rest of households	-	-	-	-	-
Housing	-	-	-	-	-
Consumer	-	-	-	-	-
Other purposes	-	-	-	-	-
	<u>257,829</u>	<u>2,218,743</u>	<u>261,317</u>	<u>3,594,896</u>	<u>6,332,785</u>

	Thousand euros				
	31.12.2022				
	Spain	Rest of the European Union	America	Rest of the World	Total
Central Banks and Credit Institutions	442,685	3,330,388	36,660	8,601,905	12,411,638
General Government	-	-	-	83,294	83,294
Central Government	-	-	-	83,294	83,294
Other Governments	-	-	-	-	-
Other financial corporations and entrepreneurs	55,206	1,902,748	44,322	150,221	2,152,497
Non-financial corporations and entrepreneurs	32,391	552,502	202,033	34,337	821,263
Real estate construction and development	-	-	-	-	-
Construction of civil works	-	-	-	-	-
Resto of purposes	32,391	552,502	202,033	34,337	821,263
Large corporations	32,391	552,502	202,033	34,337	821,263
SMEs and entrepreneurs	-	-	-	-	-
Rest of households	-	-	-	-	-
Housing	-	-	-	-	-
Consumer	-	-	-	-	-
Other purposes	-	-	-	-	-
	<u>530,282</u>	<u>5,785,638</u>	<u>283,015</u>	<u>8,868,757</u>	<u>15,468,692</u>

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

For the purposes of this report, Risk includes the following headings of the balance sheet:  
Demand deposits, financial assets held for trading and financial assets at amortised costs. Risks are shown at book value.

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

(22) Environmental information

The Entity directors consider any environmental risks that could arise from its activity minimal and adequately managed. No additional liabilities are expected to derive from its operations related with such risks. The Entity did not incur in any environmental expense or receive any grants related with those risks during the years ended 31 December 2023 and 2022.

(23) Information on payment deferrals to suppliers. Supplementary Provision Three “Reporting Duty” of Act 15/2010 of 5 July

Final Provision Two of Act 31/2014 of 3 December, amending the Corporate Enterprises Act to enhance corporate governance, amending Supplementary Provision Three of Act 15/2010 of 15 July, in turn amending Act 3/2004 of 29 December that established measures to combat arrears in commercial transactions, all commercial enterprises are required to disclose expressly in the notes to their annual accounts the average time they take to pay suppliers. Accordingly, the Entity indicates below its average period for payment (days payable outstanding) to suppliers and service providers as at 31 December 2023 and 2022:

	Days	
	31.12.2023	31.12.2022
Average payment period	14	24
Paid transactions ratio	14	24
Outstanding transactions ratio	25	46
	Thousand euros	
Total payments made	42,352	39,556
Total payments outstanding	689	511

It should be noted that although in accordance with Law 3/2004, of December 29, the maximum period for payment to suppliers is 60 days, Law 11/2013, of July 26, established the maximum period for payment in 30 days, extendable, by agreement between the parties, to a maximum of 60 days. In addition, in compliance with Law 18/2022, of September 28, on the creation and growth of companies that modified the Third Final Provision of Law 15/2010, of July 5, by which commercial companies that are not listed and do not present abbreviated annual accounts shall publish their average period of payment to suppliers, the monetary volume and number of invoices paid in a period less than the maximum established in the delinquency policy and the percentage they represent on the total number of invoices and on the monetary total of payments to their suppliers, the following data are published for the financial years 2023 and 2022:

	31.12.2023	31.12.2022
Monetary volume of invoices paid less than the delinquency period (thousands of euros)	4,110	365
Number of invoices paid less than the delinquency period	1,584	1,983
Percentage they represent over the total monetary volume	96%	72%
Percentage they represent over the total number of invoices	83%	80%

CREDIT SUISSE BANK,  
(EUROPE), S.A

Notes to the financial statements  
2023

(24) Customer service

Order ECO/734/2004 of March 11, regarding Departments and Services of customer service and the customer ombudsman of financial entities includes in its Article 17, among other items, the obligation to include a report of the customer service activity during the year on the financial statements.

During 2023 and 2022, the customer service has not received any claims for customers.

(25) Subsequent events

On February 12, 2024, the Entity's Sole Shareholder ratified the Director's actions to date and in the future to implement UBS Group's strategy.

On March 1, 2024, the agreement of the collective dismissal process for Paris Branch has been signed. Based on this agreement, 37 employees will be affected by the collective dismissal process. The estimation of the severance provision is 32,695 thousand euros that will be recorded in the Q2 2024 financials of the Entity. The approval from the labour authorities was received on April 4<sup>th</sup>, 2024.

On March 31, 2024, the voluntary exit plan for Milan Branch mentioned in Note 1 that was initiated on November 22nd, 2023, was finalised.

CREDIT SUISSE BANK  
(EUROPE), S.A.

Annual Banking Report

Financial year 2023

This information was prepared in compliance with Article accordance with Article 87 and Transitional Provision Twelve of Law 10/2014, of 26 June, on the regulation, supervision and capital adequacy of credit institutions, published in the Official State Gazette of 27 June 2014, which transposes to Spanish domestic legislation Article 89 of Directive 2013/36/EU of the European Parliament and Council, of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

Based on the above the required information is detailed below:

(a) Name, nature and geographical location of the activity.

This information is available in Note 1 to the financial statements of Credit Suisse Bank (Europe), S.A (henceforth, “the Entity”) for the year ended 31 December 2023. In this Note there is information on the Branches that operate in each jurisdiction, including their name, geographical location and the nature of their activity.

As shown in the information indicated above, the main activity carried on by the Entity is the carrying out of those activities permitted to credit institutions.

(b) Turnover

For the purposes of this report, turnover is equivalent to net operating income.

The data on turnover per country, shown in the previous table, was obtained from the statutory accounting records for 2023 of the Entity with the corresponding geographic location.

Entity	Country	Thousand euros
		Turnover
Credit Suisse Bank (Europe), S.A.	Spain	(21,492)
Credit Suisse Bank (Europe), S.A., Paris	France	88,803
Credit Suisse Bank (Europe), S.A., Milan	Italy	44,404
Credit Suisse Bank (Europe), S.A.,	Sweden	2,656
Credit Suisse Bank (Europe), S.A.,	Netherlands	7,744
		122,115

CREDIT SUISSE BANK  
(EUROPE), S.A.

Annual Banking Report

Financial year 2023

(c) Number of employees on a full time equivalent basis

Entity	Country	Employees
Credit Suisse Bank (Europe), S.A.	Spain	100
Credit Suisse Bank (Europe), S.A., Paris Branch	France	86
Credit Suisse Bank (Europe), S.A., Milan Branch	Italy	39
Credit Suisse Bank (Europe), S.A., Stockholm Branch	Sweden	2
Credit Suisse Bank (Europe), S.A., Amsterdam Branch	The Netherlands	4
		231

(d) Profit before taxes.

Profit before taxes amounts to -100,437 thousand euros for the year ended 31 December 2023.

(e) Income tax.

Income tax amounts to 12,975 thousand euros for the year ended 31 December 2023.

(f) Subsidies or state aid received.

The Entity has not received subsidies during 2023.

At 31 December 2023, the Group's return on assets (ROA) (net income/ average total assets) was estimated at -1.67%.

CREDIT SUISSE BANK  
(EUROPE), S.A.  
Directors' Report  
Financial year 2023

### **Evolution of the business**

During the 2023 financial year, there has been a global disinflationary process, even with a greater intensity than expected in some geographies, it has been somewhat greater than anticipated in advanced economies (especially in the United States and the Economic and Monetary Union). Inflation rates are expected to continue to fall globally in the coming quarters, an expectation that is fundamentally dependent on the failure to escalate the war conflicts in Ukraine and the Gaza Strip that could significantly raise energy prices. In November, inflation in the EMU stood at 2.4%, having intensified its pace of decline in the previous two months. However, inflationary pressures remain significant, with high contributions from food and, above all, from the services component, which contributes to keeping core inflation at 3.6%.

The behaviour of international financial markets has remained conditioned by expectations related to the future course of monetary policy. Such expectations have changed substantially throughout the fourth quarter of 2023, advancing and intensifying the expected reductions in official rates for 2024 in both the United States and the euro area. The European Central Bank has stopped the cycle of interest rate hikes, after ten consecutive increases in official interest rates until September 2023, the Governing Council (GC) of the ECB considers, based on its current assessment, that these are at levels that, held over a sufficiently long period, they will contribute substantially to bringing inflation to its medium-term target of 2% soon.

As a result, there have been significant declines in long-term interest rates during the second half of 2023, with strong gains in the main stock indices. Sovereign spreads have also generally declined in the euro area, especially for Greek and Italian debt, in a context of improved credit ratings.

### **Position of the Entity**

The Entity turned in a pre-tax profit of -100,437 thousand euros in 2023, compared with 3,652 thousand euros in the previous financial year.

### **Expectations for the upcoming fiscal years**

Since September 22, 2023, the Entity has been significantly reducing its business volume, as UBS is focusing on consolidating the new activity of clients through the legal entities of UBS. The cessation of the regulated activity is consistent with the wind down strategy for the Entity and the preferred option is to return the Bank license as a credit institution or to change the only shareholder of the Entity to UBS Europe SE. However, as of the date of these statutory accounts, no firm decision has been taken on the future and continuity of the Bank by the Entity's only Shareholder.

### **Acquisition of own Shares**

As at 31 December 2023 the Entity did not hold any own shares in its portfolio nor did it consider holding them at any time.

### **Investments in Research & Development**

The Entity does not anticipate any special research and development plans and there is no expense listed under this item in the accounts for 2023.

CREDIT SUISSE BANK  
(EUROPE), S.A.  
Directors' Report  
Financial year 2023

**Information on payment deferrals to suppliers**

Information on payment deferrals to suppliers is detailed in Note 23 of the accompanying notes to the financial statements.

**Customer service**

Customer service is detailed in Note 24 of the accompanying notes to the financial statements.

**Subsequent events**

Subsequent events are detailed in Note 25 of the accompanying notes to the financial statements.