

Credit Suisse

## 2018 U.S. Resolution Plan Public Section

### History

Version	Date	Comments
Final	6/28/2018	Credit Suisse U.S. 2018 Resolution Plan Public Section Submission to the Federal Reserve and Federal Deposit Insurance Corporation

## 2018 U.S. Resolution Plan Public Section Table of Contents

1 Public Section	4
1.1 Introduction	4
1.1.1 About Credit Suisse	4
1.1.2 Why CS is Resolvable	4
1.2 Detailed Description of Global and U.S. Resolution Strategies	7
1.2.1 Credit Suisse's Global and U.S. Resolution	7
1.2.2 Global Single Point of Entry Resolution Strategy	7
1.2.3 U.S. Single Point of Entry Solvent Wind-Down Strategy	9
1.2.3.1 Credit Suisse's U.S. Operations Following US Resolution Strategy	12
1.2.3.2 Credit Suisse's U.S. Resolution Strategy is Executable Across a Range of Failure Scenarios and Market Conditions	12
1.3 Actions Taken to Improve Resolvability	13
1.3.1 Structural Changes to Improve Resolvability	13
1.3.1.1 Legal Entity Rationalization (LER) Criteria	13
1.3.1.2 Separability	14
1.3.1.3 Governance Mechanisms	15
1.3.2 Enhancement to Ensure Financial Readiness	17
1.3.2.1 Financial Modelling and Forecasting (FMF)	17
1.3.2.2 Derivatives and Trading	18
1.3.2.3 Liquidity	19
1.3.2.4 Capital	20
1.3.3 Operational Capabilities	21
1.3.3.1 Shared and Outsourced Services	21
1.3.3.2 FMUs/PCS	21
1.3.3.3 Collateral	22
1.3.3.4 Qualified Financial Contracts (QFCs)	23
1.3.3.5 MIS Enhancements	24
1.4 Core Business Lines (CBLs)	25
1.4.1 Global Core Business Lines	25
1.4.2 Description of U.S. Core Business Lines	26
1.5 U.S. Material Legal Entities (MLEs)	28
1.5.1 Credit Suisse Holdings (USA), Inc.	29
1.5.2 Credit Suisse (USA), Inc.	30
1.5.3 Credit Suisse Securities (USA) LLC	30
1.5.4 Credit Suisse Capital LLC	31
1.5.5 Credit Suisse Management LLC	32
1.5.6 Credit Suisse AG, New York Branch	33
1.5.7 Credit Suisse Services (USA) LLC	34
1.5.8 Financial and Operational Interconnectedness	35
1.6 Summary Financial Information	37
1.6.1 Consolidated Credit Suisse Group AG Balance Sheet	37

1.6.2 Consolidated Credit Suisse Holdings (USA), Inc. Balance Sheet	38
1.6.3 Funding	39
1.7 Description of Derivative and Hedging Activities	40
1.7.1 Customer Needs	40
1.7.2 Economic Hedging	41
1.7.3 Booking Practices and Monitoring Risk Transfer and Collateral	41
1.7.4 Credit Suisse's Adherence to the ISDA Stay Protocol	41
1.8 Description of Non-US Operations	41
1.9 Material Supervisory Authorities	44
1.9.1 Federal Reserve Umbrella Supervision	44
1.9.2 New York Branch Regulation and Supervision	44
1.9.3 Broker-Dealer Regulation and Supervision	44
1.9.4 Material Supervisory Authorities Across the World	44
1.10 Principal Officers	45
1.11 Resolution Planning, Corporate Governance Structure and Processes Related to Resolution Planning	46
1.11.1 RRP Governance Structure	46
1.11.2 CSH USA Board Oversight	47
1.11.3 Legal Entity Board Oversight	48
1.11.4 Senior Management Governance Framework	48
1.11.5 RRP Governance and Controls	49
1.11.6 RRP Review and Challenge Governance Structure	49
1.11.7 Coordination with Parent on RRP Governance	49
1.12 Cautionary Statement Regarding Forward-Looking Information	51

## 1 Public Section

### 1.1 Introduction

#### 1.1.1 About Credit Suisse

Credit Suisse (referred to herein as Credit Suisse or CS) is a leading global financial services company that operates across a variety of geographical markets including Europe, Middle East and Africa (EMEA), the Americas and Asia Pacific (APAC). CS' business strategy flows from its core strengths including its position as a leading wealth manager, its specialist investment banking capabilities and its strong presence in its home market of Switzerland. Founded in 1856, CS is active in 50 countries across 150 different nations in EMEA, operating in both developed markets, such as Luxembourg, France, Germany, Italy, Spain, the Republic of Ireland and the U.K., and emerging markets, including Russia, Poland, Turkey and the Middle East. In the Americas, CS operates in the U.S., Canada, the Caribbean and Latin America. CS also has a strong presence in the APAC region's largest markets such as Australia, China, Hong Kong, Korea, Japan, Singapore, India, Indonesia and Malaysia.

This broad footprint helps CS to generate a geographically-balanced stream of revenues and assets, as well as to capture growth opportunities around the world. CS serves its clients through three regionally-focused divisions: Swiss Universal Bank (SUB), International Wealth Management (IWM) and Asia Pacific. These regional businesses are supported by the Global Markets (GM) and Investment Banking and Capital Markets (IBCM) divisions which specialize in investment banking capabilities. The Strategic Resolution Unit (SRU) division consolidates the remaining portfolios from the former non-strategic units plus additional businesses and positions that do not fit with CS' strategic direction. The various business divisions cooperate closely to provide holistic financial solutions, including innovative products and specially-tailored advice.

CS has a relatively less complex operating model in the U.S. compared to some of its peers. CS is not an insured deposit-taking institution and its biggest U.S. presence is in its broker-dealer related businesses. Typically broker-dealer related businesses are resolved with a rapid runoff of the businesses as long as the strategy is supported by adequate operational capabilities, such as the ability to transfer client accounts to peer institutions while causing minimal disruptions to the broader financial markets.

The public section of CS' Resolution Plan is divided as follows:

- Section 1.1 is an introduction to CS and the Resolution Plan
- Section 1.2 describes CS' global and U.S. resolution strategies
- Section 1.3 provides detail on actions CS has taken to improve its resiliency and resolvability; and
- Section 1.4 through Section 1.11 further describe CS' core business lines (CBLs), material legal entities (MLEs), financial information and governance, among other things

#### 1.1.2 Why CS is Resolvable

Since its 2015 U.S. Resolution Plan submission, CS has remained committed to the development of robust structural, financial, and operational capabilities to enhance its resiliency during a financial crisis. CS' financial resources provide it with the capital and liquidity to withstand serious financial stress. In addition to enhancing its resiliency, through business restructuring, a tactical shift in resolution strategy and capability development and enhancements, CS has taken significant strides in its commitment to building and maintaining its resolvability preparedness. As a result of significant progress toward these strategic objectives, CS has reduced its U.S. footprint and strengthened the Group's overall financial position. Overall, it is now a smaller, simpler, and safer institution, both globally and in the U.S.

The funding model proposed in the Resolution Plan also helps ensure CS' resolvability. The primary source of unsecured funding for the U.S. intermediate holding company (IHC) Credit Suisse Holdings (USA), Inc. (CSH USA) is Credit Suisse AG (CS AG or Parent) which significantly reduces the risk of a disorderly resolution scenario. The

CS Resolution Plan gives the U.S. MLEs access to the capital and liquidity they need to continue operating and honoring their obligations throughout the wind-down period. Some of this capital and liquidity is pre-positioned at these entities in business-as-usual (BAU) circumstances, well ahead of any financial distress.

Resolution planning has been the subject of intense management focus at CS over the past six years, both in the U.S. and globally. To demonstrate this commitment, in 2016 CS established a multi-year, comprehensive U.S. RRP Program of structured capability enhancements with various work-streams in order to support the preferred U.S. Single Point of Entry (SPOE) resolution strategy and meet the requirements outlined by the Board of Governors of the Federal Reserve System (FRB) and the Federal Deposit Insurance Corporation (FDIC), together the FRB and FDIC ("Agencies"). Through this strategically planned program, CS has established the strong foundation required for a credible and executable resolution strategy that stands independently without the need for external intervention and without disruption to the broader financial markets.

Structurally, CS has the necessary frameworks, structures, and planning in place to facilitate timely escalations and resolution actions under stress. Financially, CS ensures that each U.S. Material Legal Entity (MLE) has continued access to sufficient liquidity and capital resources needed to execute the strategy without government support. Operationally, CS ensures the continued availability of shared and outsourced services and key financial market utilities (FMUs) along with comprehensive management information reporting capabilities to support continued operations in the event of resolution. All the project work plans were further re-assessed through a re-planning effort once the 2018 FBO Guidance for resolution planning was announced by the Agencies. As a result of this multi-year effort, CS has been able to:

Make key structural enhancements by:

- Reducing the risk and size of CS' U.S. footprint, strengthening the financial and operational resiliency of its U.S. operations, and further limiting any potential negative impact on the U.S. financial system in any future stress scenarios
- Developing clear, actionable, and robust legal entity rationalization (LER) criteria that are embedded into processes for creating, maintaining, and optimizing its U.S. structure
- Facilitating recapitalization and the provision of liquidity support by maintaining a clean holding company and prepositioning intercompany debt and high-quality liquid assets (HQLA)
- Allowing for strategy optionality by performing a repeatable separability analysis of its U.S. operations to identify potential objects of sale that could be sold or transferred in resolution
- Creating a virtual data room to house critical documentation in order to provide a potential third-party buyer with timely data to support an assessment of a potential sale during resolution
- Creating a trigger framework to establish clear indicators that align with a crisis management timeline to support board and management decision-making and escalation and resource positioning
- Developing Governance Playbooks (i.e. U.S. Resolution Playbook, U.S. Resolution Communications Playbook and Rating Agency Playbook) to document the timing and execution of resolution actions and communications, both internally and externally
- Establishing the U.S. Resolution Crisis Committee (RCC) to ensure timely execution of actions documented in the U.S. Resolution Playbook beginning in later stages of stress and through Resolution
- Establishing a Support Agreement Structure that contemplates the provision of contributable resources to subsidiary MLEs in the lead-up to and during resolution
- Conducting comprehensive legal analysis of potential creditor challenges to the provision of support to mitigate the risk that support is not provided as planned

Make key financial enhancements by:

- Producing standalone MLE balance sheet data combined with additional line of business data attributes to provide granular jump-off points for resolution financial forecasting
- Developing the capability to estimate the financial resources required to support active and passive wind-downs of the derivatives portfolio as part of its resolution financial forecasting framework

- Developing the capability to measure the amount of liquidity and capital needed by each CSH USA MLE subsidiary to execute an orderly wind-down per the resolution liquidity execution need (RLEN) and resolution capital execution need (RCEN) requirements
- Developing the capability to monitor and balance the placement of financial resources in line with resolution liquidity adequacy and positioning (RLAP) and resolution capital adequacy and positioning (RCAP) requirements
- Expanding its financial forecasting systems capabilities, including leveraging the existing liquidity stress testing system Barometer 2.0, implementing the RRP Projection Aggregation and Collection Engine (PACE) and starting the implementation of the model execution platform (ProPL) with the aim of gradually automating the projection process and reducing the execution time
- Demonstrating well-developed derivatives booking practices for third party and inter-affiliate transactions, including risk management protocols and governance and controls
- Testing operational and stabilization capabilities, including prime brokerage account transfer feasibility analysis, playbooks and communication strategies
- Developing liquidity and capital triggers at key junctures of the resolution continuum linked to specific actions
- Integrating resolution-specific metrics, triggers, and related processes into BAU liquidity and capital risk management and governance processes

Make key operational enhancements by:

- Creating a U.S. service company, Credit Suisse Services (USA) LLC (U.S. Service Co.), which houses the bulk of cross-jurisdictional staff and resources deemed critical for a group-wide resolution to minimize the risk of discontinuity of critical shared services
- Identifying staff functions that are essential to maintaining CS' critical operations (COs) and developing critical employee retention options to ensure availability of the critical employees during stress and resolution
- Establishing a six-month liquidity buffer for U.S. Service Co. to ensure the provision of effective and continuous support through resolution
- Defining a resolution-critical infrastructure comprised of services provided by the Front Office and Corporate Functions, plus associated Personnel, Third-Party Contracts and Supporting Assets
- Establishing a Contractual Service Agreement (CSA) Framework as a mechanism for supporting the continued provision of services in a resolution event and ensuring that there is an appropriate understanding, control, and governance of internal service provisions
- Identifying key FMUs and developing Playbooks for each that describe how continuity of access will be facilitated throughout the resolution timeframe
- Establishing an FMU Governance Structure to facilitate effective oversight of FMU activities and access in BAU, stress, and during resolution
- Enhancing the ability to manage, identify and value the collateral its U.S. MLEs receive from and post to external parties and affiliates
- Improving the ability to readily access, aggregate, search, and regularly review key counterparty collateral agreement terms through improved legal documentation systems and reporting capabilities
- Enhancing its Management Information System (MIS) to ensure that timely, reliable entity-level data can be produced to better inform resolution decision making with the development of its Resolution-Critical MI Inventory

CS is also accelerating embedding of resolution capabilities into BAU processes as it continues to enhance its resolvability. These activities, along with the overall Resolution Plan development, are subject to appropriate governance, reviews, and approvals provided by not only senior management and the CSH USA Board of Directors (BoD), but also Global RRP office, the Global RRP Steering Committee, and the Credit Suisse Group AG (CSG AG) BoD. Resolution Planning, sponsored by the CSH USA CFO, continues to engage employees from all key parts of the organization under the leadership of senior business and functional subject matter experts, who hold responsibility for the day-to-day execution activities and the deliverables. Ultimately, the entire resolution planning

framework is overseen by the CSH USA BoD RRP Committee and the CSH USA BoD, in line with legal entity governance.

CS is confident that this Plan serves as a credible demonstration of its ability to resolve U.S. operations in an orderly fashion and without government support in the event of material financial distress. As demonstrated in subsequent sections, resolution planning is an evolving process that is incorporated into CS' ordinary course of business practices on an on-going basis. The remainder of the Public Section of CS' 2018 Resolution Plan provides a comprehensive view of CS' financial resiliency and readiness to cope with severe crisis situations.

## **1.2 Detailed Description of Global and U.S. Resolution Strategies**

### **1.2.1 Credit Suisse's Global and U.S. Resolution**

CS' global approach to resolution is a global SPOE strategy which involves only CSG AG going into resolution while all operating MLEs remain solvent, thereby maximizing value and minimizing the disruption to customers and the broader financial markets. Since the global strategy contemplates only CSG AG, the top-tier holding company, entering into resolution, the risk of competing insolvency regimes is significantly reduced, in comparison to a multiple point of entry (MPOE) strategy.

As it is impossible to determine how a crisis may unfold and how different parts of the Credit Suisse Group may be affected, Credit Suisse has evaluated a variety of potential scenarios under the global resolution strategy to achieve flexible, and more effective responses. The ultimate course of action would be determined by FINMA, Credit Suisse' primary regulator, in the deep stages of a crisis and over the resolution weekend.

It is critical to highlight that FINMA carries the ultimate power to put a Swiss bank into resolution and it requires CS to provide Swiss regulators with robust financial data to help make those decisions. Additionally, Swiss law states the decision to put a holding company into resolution cannot be reversed through legal challenges - the only element that creditors can challenge is potential damages / financial claims; the decision of bail-in or any subsequent restructuring decisions also cannot be reversed.

The U.S. and global Plans generally operate under the same principles. The primary difference is that the U.S. stand-alone strategy contemplates CSH USA, CS' IHC, entering bankruptcy, pursuant to the 2018 FBO Guidance, whereas the global strategy only contemplates the failure of CSG AG, CS' top-tier holding company, with U.S. operations included in the overall restructuring efforts to be orchestrated by FINMA. Ultimately, the goal of a global resolution is to keep regional operations solvent and provide resources to satisfy local regulatory obligations until entities are sold or wound down as required.

Given the broad scope of Credit Suisse's operations outside of Switzerland, the success of the preferred resolution strategy also hinges in part on global cooperation by regulatory authorities outside of Switzerland and the prevention of any actions that might disrupt the resolution process. Any restructuring steps taken after the successful bail-in at a Group level would also be coordinated by FINMA together with host regulators of overseas operations. As a result, CS does not believe that regulators outside Switzerland would find it in their own interests to interfere with the execution of the global resolution strategy.

### **1.2.2 Global Single Point of Entry Resolution Strategy**

As mentioned earlier, Credit Suisse's global preferred resolution strategy is SPOE, which ensures that creditors of the parent bank or top level holding company bear the losses, and allows the entire financial group to be recapitalized top-down. This is intended to allow time to financially restructure the affected bank, including all of its branches, without affecting the operating liabilities, so that it (and its branches and subsidiaries) can return to viability, ideally without interruption.

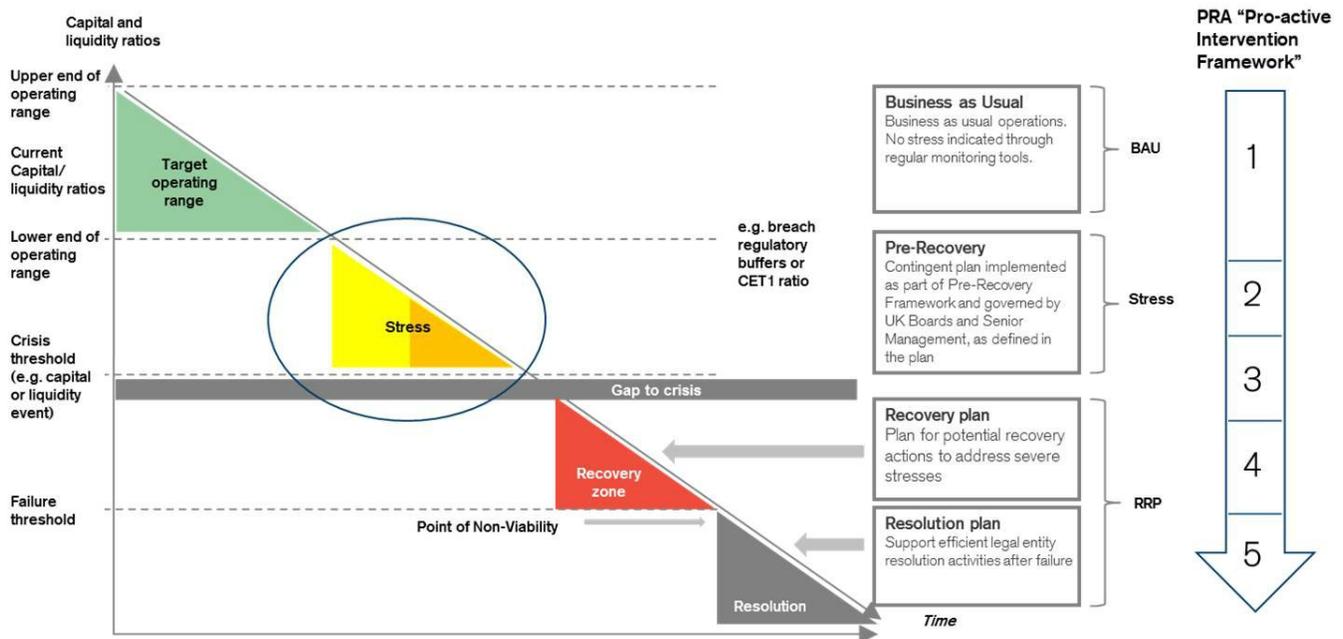
FINMA has confirmed that SPOE is also its preferred resolution strategy for the current group structure and business model of Switzerland's two global systemically important financial groups, Credit Suisse and UBS. These banks operate with a central treasury concept, i.e. the primary bank in the group covers almost the entire internal financing needs of each group. Stabilizing the primary bank via its parent company would therefore allow for stabilization of the whole group top-down. Following a solvent restructuring, the bank and its branches should be able to operate in a business as usual mode, thereby removing the incentive to avoid meeting obligations to depositors and other short-term creditors.

The global SPOE strategy is consistent with the bail-in strategy outlined in the joint paper published in 2012 on this topic by the Federal Deposit Insurance Corporation (FDIC) and the Bank of England. The global SPOE strategy is also consistent with the Swiss Banking Act's notion of a compulsory duty for companies to support each other within a group: The Banking Act presumes that within a financial group, members may be legally obligated and / or "factually" forced to assist other members of the group in certain circumstances, e.g. personnel or financial interconnections (such as via a central treasury concept) or the common use of a particular brand or acting in the market as a single company, irrespective of any relationship of control. Hence if a bank's subsidiary or any of its branches in a host country faces substantial losses, FINMA has the opportunity to intervene early on. Rather than actually waiting until the losses are passed on "up the chain" to the top tier holding company, FINMA could intervene and require or execute the recapitalization top-down in order to avoid further contagion within the group.

Under a global resolution approach, the focus is on a restructuring that minimizes disruption to the market but still maximizes value to new shareholders (previous creditors) by leaving a viable residual entity with appropriate risk profile and adequate financial resources, and a solvent sale or wind-down of other operations. As it is impossible, ex-ante, to determine how a crisis may unfold and how different parts of the bank may be affected, the global Plan would be finalized by FINMA in the deep stages of a crisis and over the resolution weekend.

Exhibit 1.2.2-1 is a depiction of the multi-stage approach to stress starting from BAU and ending in a resolution phase.

**Exhibit 1.2.2-1: Global SPOE: The Path from BAU to Resolution**



### 1.2.3 U.S. Single Point of Entry Solvent Wind-Down Strategy

Credit Suisse has adopted SPOE for its U.S. resolution strategy. Under the U.S. SPOE strategy, CSH USA enters bankruptcy while its MLE subsidiaries and CS AG, NY Branch remain solvent and wind-down positions outside of proceedings. Please note that the Credit Suisse U.S. resolution strategy described here applies only for this U.S. Resolution Plan and that the global strategy without CSH USA entering bankruptcy proceedings is anticipated to apply should recovery or resolution ever be required at the Group level. As noted in Section 1.2.2, the U.S. strategy differs from the preferred global strategy, in which no U.S. entity would enter bankruptcy proceedings. Credit Suisse decided to shift to an SPOE strategy for its U.S. Resolution Plan due to the strategy's advantages.

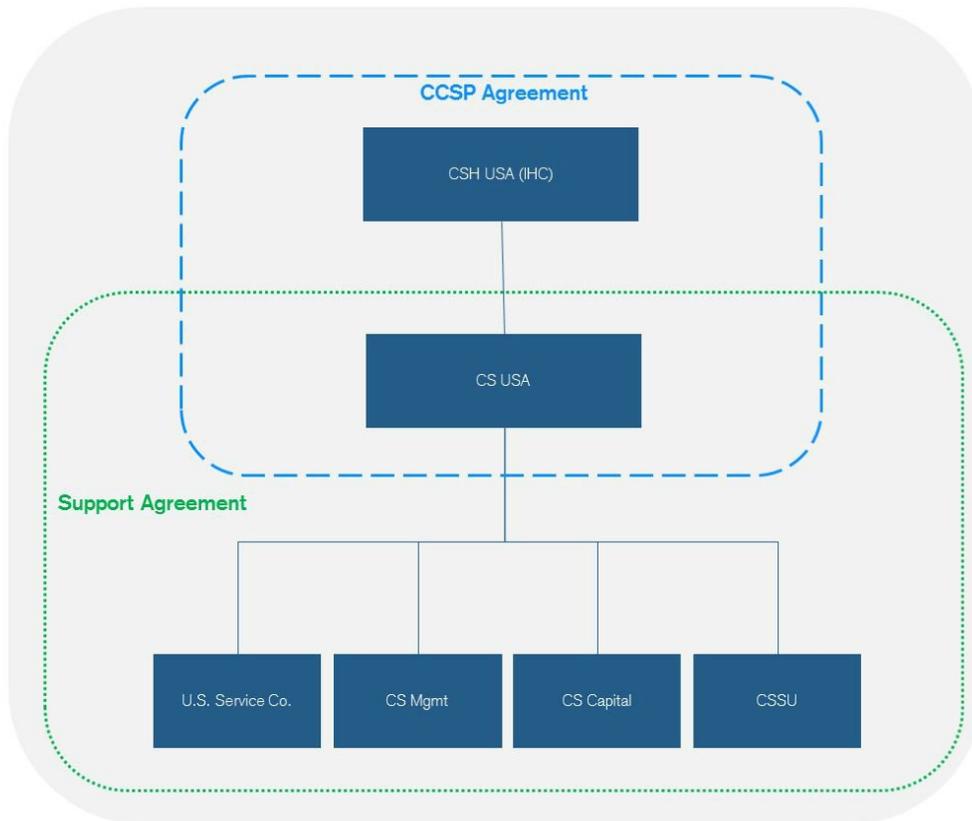
Structuring losses so they are realized by CSH USA means those losses will, ultimately, be borne by CSH USA's shareholder, CS AG. The continuity afforded by an SPOE strategy means CS can wind down its Critical Operations (COs) and CBLs in an organized fashion, minimizing disruption to broader U.S. financial markets. Because its operating MLEs will remain solvent, CS' resolution will not entail defaults on its obligations, collateral liquidations by repo and derivative counterparties, fire sales of assets to generate liquidity, trapped customer assets, or potentially competing insolvency proceedings and interests.

To make its SPOE strategy more effective, Credit Suisse transformed its structural, financial, and operational resolution capabilities (described in detail in Section 1.3). One such enhancement is the development of a "Support Agreement Structure", which provides a legal backstop to ensure the provision of contributable resources and minimizes the risk of successful creditor challenge. The Support Agreement Structure demonstrates Credit Suisse's commitment to ensuring its resolution strategy is effective. It is a key enhancement to ensuring the provision of adequate contributable capital and liquidity support in an SPOE resolution, providing clarity and certainty to CS' U.S. resolution strategy.

The Support Agreement Structure is depicted in Exhibit 1.2.3-1 and is comprised of:

- A Contingent Capital Share Purchase Agreement (CCSP Agreement) between CSH USA and CS USA, which contemplates CSH USA using excess assets to purchase additional equity in CS USA to build up contributable resources in CS USA; and
- A Support Agreement between CS USA and each of its MLE subsidiaries for the provision of capital and liquidity support by CS USA to its MLE subsidiaries

**Exhibit 1.2.3-1: Support Agreement Structure**



The Support Agreement Structure contractually obliges CSH USA to build up a pool of contributable resources at CS USA in BAU, and obliges CS USA to provide capital and liquidity support to its MLE subsidiaries following the occurrence of the quantitative runway trigger. To ensure support is timely provided, key actions are tied to the trigger framework CS has developed for board and management decision making in time of crisis. The Support Agreement Structure operates under pre-arranged contractual terms and would not require any further approval by any CS BoD or regulators.

CS USA's support obligation will arise if an MLE's prepositioned resources are insufficient to meet its modeled near-term need for capital or liquidity. This support strengthens CS' SPOE strategy by preserving and maximizing the value of CS' operating entities, enabling those entities to continue to function in resolution and meet obligations under their financial contracts. As described in Section 1.3.1.3, the Support Agreement Structure also provides certainty that support will be provided as planned by limiting the chance that CSH USA's few creditors would be able to challenge the provision of support because it is in place in BAU, the support-providing entity (CS USA) will remain solvent, and the CCSP Agreement is structured as a qualified financial contract (QFC), which means certain creditor challenges are precluded by safe harbors under the Bankruptcy Code.

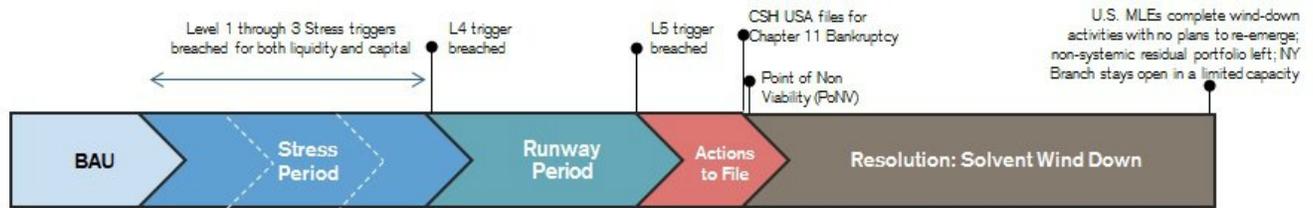
**The U.S. Resolution Continuum**

The following sections provide a narrative of how CS's strategy could play out in response to a hypothetical loss event. CS recognizes that actual events rarely unfold exactly as planned, and this Plan focuses as much on the planning process as on the creation of a plan to address a specific situation. CS' SPOE strategy is organized across five stages of resolution: BAU, Stress, Runway, Actions to File for Bankruptcy (Actions to File) (which concludes at the point-of-non-viability (PONV)) and Resolution: Solvent Wind Down (Resolution). These stages represent a continuum with calibrated triggers and increasing escalation mechanisms designed to ensure the timely delivery of information to permit informed decisions in response to the unfolding situation from BAU through the completion of resolution, including permitting sufficient time to prepare and file for bankruptcy. CS has developed governance mechanisms capabilities described in Section 1.3.1.3 which further detail the trigger framework and

escalation protocols, pre-bankruptcy support and governance playbooks to enable timely action in the event of material financial distress to mitigate any financial, operational, legal and regulatory challenges throughout the resolution continuum.

Exhibit 1.2.3-2 depicts key events across the resolution continuum.

**Exhibit 1.2.3-2: Resolution Continuum**



**BAU**

In BAU, CS is operating normally and none of the triggers associated with resolution have occurred.

**Stress Period**

The Stress Period begins with the breach of certain quantitative Stress triggers outlined in CS' CSH USA/CUSO Contingency Funding Plan (CFP) and CSH USA Capital Policy (Capital Policy), CS - 1574834 - 16 Policies - P-01424 CSH USA Capital Policy. CS experiences losses due to a combination of market and certain idiosyncratic stresses that cause internal stress triggers to be breached. Market conditions after entry into stress are consistent with the first quarter of the Dodd-Frank Act stress testing (DFAST) Severely Adverse Scenario. The severely adverse scenario is characterized by a severe global recession that is accompanied by a global aversion to long-term fixed-income assets. As a result, long-term rates do not fall and yield curves steepen in the United States and the four countries/country blocks in the scenario. In turn, these developments lead to a broad-based and deep correction in asset prices-including in the corporate bond and real estate markets. It is important to note that this is a hypothetical scenario designed to assess the strength of banking organizations and their resilience to unfavorable economic conditions.

The U.S. Resolution Crisis Committee (RCC), a committee made up of senior management who have key roles to play in the actions and decision-making required during the resolution continuum, would be called to action in the later stage of the Stress Period to identify any opportunities to correct liquidity or capital issues and prepare for potential runway actions. Management follows the protocols per the CFP and Capital Policy.

**Runway Period**

The Runway Period would begin following a breach of CS' quantitative runway trigger and may be driven by either or some combination of market and idiosyncratic stress, which results in a large reduction of available liquidity due to expected counterparty and market actions. The runway trigger is calibrated to occur early enough to attempt to recover the financial stability of CSH USA while preparing for the PoNV and its possible bankruptcy filing.

During the Runway Period, CS would continue convening the RCC to execute recovery actions while preparing for resolution. Key Runway Period actions include, and are not limited to, refreshing the first-day bankruptcy motions CS prepared in support of its Resolution Plan submission and initiating the provision of CS USA support to its subsidiary MLEs under the Support Agreement. In addition, the BoD of CSH USA would receive a recommendation from management and decide that, if the Actions to File trigger is reached, CSH USA should file for bankruptcy if relevant conditions are met.

## Actions to File for Bankruptcy Period

The breach of the Actions to File for Bankruptcy trigger indicates that CSH USA has exhausted all potential recovery options and a bankruptcy filing is imminent, if Parent or other support is not forthcoming. During this period, CS would finalize preparations for CSH USA's bankruptcy filing under Chapter 11 of the U.S. Bankruptcy Code, the CSH USA BoD confirming that all conditions have been met and approving CSH USA's filing for bankruptcy. Under the CCSP Agreement, CSH USA would downstream nearly all of its remaining assets, excluding amounts needed for bankruptcy and operating expenses, its interest in its subsidiaries and liquid assets to repay third party claims. CS USA would continue to provide capital and liquidity support as required to its subsidiary MLEs. The Actions to File Period would end at PONV, which is calibrated to ensure that CSH USA's MLE subsidiaries have sufficient assets to execute their wind-down actions.

## Resolution Period

In the Resolution Period, CSH USA proceeds through its bankruptcy proceedings, while the remainder of Credit Suisse's U.S. operations are wound down over an expected period of 12 months. The Resolution Period includes a stabilization period that begins when CSH USA enters bankruptcy proceedings and extends until qualitative and quantitative metrics indicate the operating subsidiary MLEs have been materially wound down. During the Resolution Period, CS USA will continue to provide capital and liquidity support to its subsidiary MLEs as required by the Support Agreement to help stabilize and maintain operations.

On day 1 of the stabilization period, CS assumes that the long-term credit ratings of all MLEs are further downgraded to 1 notch below investment grade (or an equivalent for unrated entities). The macroeconomic backdrop remains consistent with the severely adverse scenario that is outlined in the DFAST guidelines. CS continues to have no access to unsecured funding markets and secured funding activities are limited to Government Securities Clearing Corporation (GSCC) repo.

Once strong liquidity and capital positions have been reestablished and the MLEs have been materially unwound, the scenario moves from stabilization into post-stabilization. At this point, the severity of cash outflows continues to decline and macroeconomic conditions return to normal. Additionally, access to unsecured and secured funding markets are regained.

### 1.2.3.1 Credit Suisse's U.S. Operations Following US Resolution Strategy

At the completion of resolution, CS' U.S. presence would be limited to CS AG, NY Branch's sourcing of U.S. Dollar HQLA for CS AG through its U.S. Government / Agency business. All other U.S. entities would be dissolved.

CS' wind-down analysis indicates that some illiquid positions could not be unwound within the 12 month wind-down period. Assuming the residual portfolio persists following the dissolution of CSH USA, it would be distributed to CS AG as the shareholder of CSH USA. CS AG will determine how to dispose of the assets including, if required, by engaging a U.S. custodian to hold the assets on its behalf in the U.S. prior to disposal.

### 1.2.3.2 Credit Suisse's U.S. Resolution Strategy is Executable Across a Range of Failure Scenarios and Market Conditions

CS' U.S. resolution strategy combines a simple operating model with a straightforward wind-down strategy. More than half of CSH USA's balance sheet is made up of trading assets and securities financing transactions, a liquid asset mix that will be readily absorbed by the market. By provisioning its MLE subsidiaries with capital and liquidity, and bolstering that provisioning with contributable resources to respond to an MLE's capital or liquidity shortfall, CS has devised a structure that is agnostic as to the entity experiencing distress. And, by rapidly winding down its liquid positions, CS' U.S. operations will generate additional liquidity that can be apportioned to support MLEs still facing liquidity outflows.

The continuity afforded by the SPOE strategy means CS can wind down its COs and CBLs in an organized fashion, minimizing disruption to broader U.S. financial markets.

### 1.3 Actions Taken to Improve Resolvability

Accompanying CS' strategy shift has been a years-long series of projects to ensure CS has appropriate structural, operational and financial capabilities to support SPOE. To make its strategy work, CS has made changes to its funding arrangements, pre-positioned intercompany debt, and is enabling MLEs to hold HQLA directly. Liquidity and capital adequacy and positioning ensure that CS has sufficient assets in the right places to execute its wind-down strategy. These capabilities are backed by the Support Agreement Structure, which means that CS USA has the contributable resources needed to provide capital and liquidity support to its subsidiary MLEs.

To facilitate a smooth wind-down, CS established a resolution-resilient service company, backed by a liquidity buffer and contractual services framework and mapping, developed detailed wind-down strategies for its derivatives and trading activities, and enhanced arrangements to ensure continuity of access to key FMUs. Robust collateral management capabilities allow CS to continue its BAU collateral management activities with clients and counterparties during periods of stress. Essential structural features are backed by Legal Entity Rationalization (LER) Criteria, which hardwire resolvability considerations into BAU decisions.

To support resolution-related decision making, MIS ensure that resolution-critical information is timely escalated. CS has developed a series of triggers linked to specific actions and escalations, synchronizing its capital and liquidity modelling with actions for management, MLE boards and CS' Swiss parent entities. Finally, detailed separability analysis facilitates the sale of specific options of sale that would generate liquidity to provide additional flexibility in resolution.

#### 1.3.1 Structural Changes to Improve Resolvability

Credit Suisse's structural enhancements have been concentrated in three work-streams:

- The creation and implementation of LER criteria
- The identification of potential divestiture options, and
- The creation of governance mechanisms to identify and quickly respond to stress events through the appropriate board and management actions outlined in pre-determined trigger frameworks, escalation protocols and communications strategies as detailed in Governance Playbooks

##### 1.3.1.1 Legal Entity Rationalization (LER) Criteria

The integrity of CS' SPOE structure is supported by its LER criteria. These criteria were developed to protect essential features of CS' resolvability enhancements and facilitate resolvability notwithstanding changes to CS' business activities and structure.

CS' LER criteria support the objectives set out in the 2018 FBO Guidance. Its branch-related criteria seek to minimize the resolution importance of CS AG, NY Branch. They are designed to ensure that FMUs, resolution critical shared services, support for COs and other problematic interconnections are addressed to minimize potential resolution-negative effects. To the extent there are interconnections between the CS AG, NY Branch and U.S. non-branch MLEs, the LER criteria require that such interconnections not have a materially negative effect on Credit Suisse's U.S. resolution strategy.

To facilitate recapitalization and the provision of liquidity support contemplated by its SPOE strategy, Credit Suisse developed criteria to simplify funding and proscribe potential impediments to the provision of support. For example, to avoid defaults arising from CSH USA's entry into Chapter 11 proceedings, one LER criterion prohibits CSH USA from guaranteeing other entities.

To facilitate CS' U.S. wind-down strategy, Credit Suisse's LER criteria support continuity of services, access to facilities, IP, IT, etc., simplify the booking of derivatives to simplify derivative wind down, and contemplate ongoing efforts to ensure continuity of FMU access. While Credit Suisse does not have a U.S. insured depository institution (IDI), it has developed a criterion to ensure that, should an IDI be established, criteria will be developed to protect the IDI from risks arising from its U.S. non-bank affiliates. Finally, to minimize complexity, the criteria contemplate further reductions in the number of legal entities and prohibit fractional or split ownership of MLEs owned by U.S. entities.

CS builds LER criteria into its BAU processes associated with creating and maintaining entities and businesses. It draws on existing governance structures to ensure that Credit Suisse's compliance with its LER criteria is appropriately overseen and that information is timely provided to relevant governing bodies.

### 1.3.1.2 Separability

The Credit Suisse SPOE resolution strategy does not depend on the sale of any of its businesses, although sales may occur as Credit Suisse winds down its U.S. operations. Nevertheless, CS has conducted a thorough review of all businesses residing in CSH USA and its subsidiaries in order to provide the optionality of potential sales to support the resolution strategy. The steps taken to simplify the CS legal entity structure have greatly enhanced CS' ability to carry out such a sale.

CS evaluated potential objects of sale based on the following criteria:

- Feasibility of the divestiture considering, including the following key components:
  - Nature of the business and its operations
  - Interdependencies with other Credit Suisse businesses
  - Potential impact of resolution scenario on business operations and franchise value (e.g., on clients and employees)
  - Likelihood to find potential buyers for the businesses under a resolution scenario, among other things, taking into account precedent transactions and market intelligence
  - Execution certainty and speed of a potential divestiture
- Financial impact of the divestiture on the IHC, and
- Operational impact of the divestiture on remaining Credit Suisse franchises and wind-down of such remaining businesses

The Credit Suisse Corporate Development M&A team analyzed all key businesses and identified targets for a prospective divestiture and to assess the feasibility of a potential sale. CS has approached the separability analysis in a systematic manner. To be thorough, each of the potential businesses was analyzed and discussed with a number of internal and external subject matter experts (SMEs), including experts in Investment Banking and Legal.

The in-house expertise contributed to the success of the separability analysis, and CS expects to continue to leverage and build on this experience in future assessments, including those in a resolution scenario. The breadth of separability discussions was not limited to internal stakeholders. Credit Suisse also met with external advisors and external legal counsel for advice on requirements to provide optionality, expectations about the number and nature of potential objects of sale, and to review its initial gap assessment. All key findings were reviewed with the LER work-stream to ensure alignment between the approaches of the separability analysis with CS' LER criteria requirements.

In order to facilitate the resolution process and to provide a potential third-party buyer with timely data to support a first assessment and valuation of the business, a set of critical information and documents has been collected and stored in a central virtual data room, including:

- Legal entity structure listing of all subsidiaries

- Description of business segments
- Clients and products
- Finance and accounting information
- Legal and compliance information
- IT and operations information

Going forward, CS plans to conduct the separability analysis annually, which will also include a refresh of the virtual data room with new and/or updated relevant information and documents related to the divestiture options.

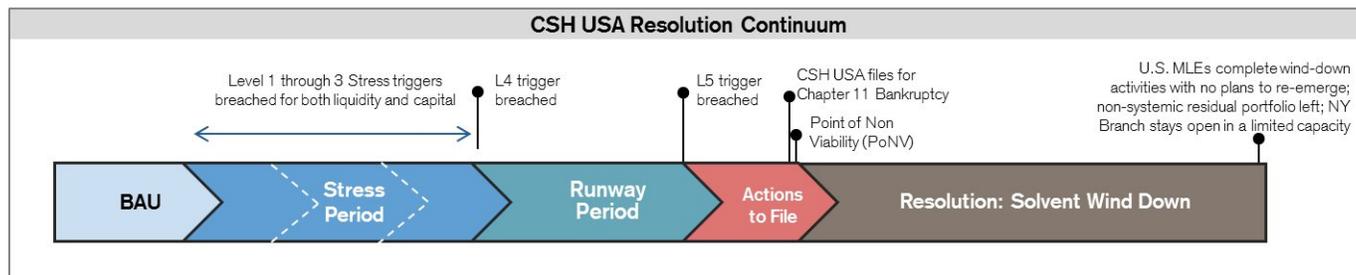
### 1.3.1.3 Governance Mechanisms

#### Trigger Framework

CS has defined quantitative triggers linked to specific actions to facilitate efficient and effective communication and decision-making as levels of stress increase. The trigger framework and escalation protocols ensure decisions are made promptly in the appropriate management or governance forum. In designing the trigger framework, CS leveraged its CSH USA/CUSO Contingency Funding Plan (CFP) and CSH USA Capital Policy (Capital Policy), CS - 1574834 - 16 Policies - P-01424 CSH USA Capital Policy, and supplemented existing stress triggers with resolution-specific triggers indicating the start of the Runway and Actions to File periods. The quantitative triggers take into consideration CS' liquidity and capital forecasting methodologies, including Resolution Liquidity Execution Needs (RLEN) and Resolution Capital Execution Needs (RCEN), and provide sufficient warning as liquidity and capital metrics fall below certain thresholds. CS' trigger framework links to specific actions set out in its Governance Playbooks, described below, to identify and link changes in severity levels to escalation protocols, specific actions and communications to be taken by the CSH USA BoD and senior management.

Exhibit 1.3.1.3-1 summarizes the approach in developing the trigger framework.

#### Exhibit 1.3.1.3-1: Trigger Framework



<p><b>Approach to Trigger Framework Development</b></p>	<ul style="list-style-type: none"> <li>■ Trigger framework has been developed based on the CSH USA resolution continuum shown above</li> <li>■ Leveraged the existing CFP and Capital Policy and expanded to include resolution-specific triggers</li> <li>■ Quantitative triggers been defined across the resolution continuum to help detect when further deterioration of capital or liquidity positions may require specific actions by CSH USA senior management and/or Board of Directors</li> <li>■ Triggers are used as the basis to escalate critical information to key decision makers and initiate CSH USA governance processes so that appropriate and timely actions can be taken</li> </ul>
---	--

#### Governance Playbooks

CS has created Governance Playbooks to detail the actions which are needed under CS' U.S. resolution strategy. The Playbooks serve as guides for the types of activities that would occur during Stress, Runway, Actions to File and Resolution Periods, although actual decisions and actions will be determined based on the facts and circumstances in existence at the time of the event.

The U.S. Resolution Playbook is designed to be a handbook for the CSH USA BoD and senior management to execute necessary actions across the resolution continuum to prepare for a potential resolution. The U.S. Resolution Playbook also provides an overview of fiduciary responsibilities, potential conflicts of interest and the employee retention strategy. The U.S. Resolution Communications Playbook discusses CS' proposed U.S. internal and external communications strategy, key audiences, distribution channels and the roles and responsibilities associated with providing communications throughout the resolution continuum. The Rating Agency Playbook discusses CS' proposed strategy for reestablishing investment grade ratings for its trading entities, should this be deemed necessary.

### **U.S. Resolution Crisis Committee**

To ensure resolution actions are taken timely, CS has established the U.S. Resolution Crisis Committee. The U.S. Resolution Crisis Committee, chaired by the CSH USA CEO, includes senior management and personnel who have key roles to play in the actions and decision-making required during the resolution continuum. By including a limited number of appropriate representatives from functions who play important roles in resolution activities, the U.S. Resolution Crisis Committee is able to make decisions in a timely manner, when required.

The U.S. Resolution Crisis Committee will be called to action following the occurrence of the Level 3 Stress trigger to drive and execute the actions documented in the U.S. Resolution Playbook; however, the CSH USA BoD can request that the Chair call the U.S. Resolution Crisis Committee to order at any time prior to discuss the current situation and prepare accordingly. The Chair determines the frequency by which the U.S. Resolution Crisis Committee convenes.

When necessary, the U.S. Resolution Crisis Committee will escalate issues and decisions upstream to CSH USA BoD and CSG AG/CS AG BoD. Likely escalation topics include issues related to U.S. resolution action execution, critical decisions with respect execution of U.S. resolution actions and communication of material risks to solvent wind-down execution.

### **Support Agreement Structure and Creditor Challenge Analysis**

As described in Section 1.2.3, CS has developed a Support Agreement Structure to facilitate its SPOE strategy by providing stress-resilient contractual framework to ensure the provision of contributable resources and minimize the risk of successful creditor challenge.

After CSH USA enters bankruptcy, its entry into the CCSP Agreement and transfers made thereunder could be subject to potential challenge by CSH USA as a debtor on behalf of its creditors (or potentially by its creditors). These challenges could be made under several bases, including claims of constructive fraudulent conveyance and intentional fraudulent conveyance, a claim that CSH USA preferred certain creditors over others, and/or claims for breach of fiduciary duty. CS considers the likelihood of such claims being brought to be low.

CSH USA's creditors will be protected by the CCSP Agreement, which contemplates that CSH USA retains sufficient liquidity to pay unaffiliated creditor claims substantially in full, giving such creditors little incentive to claim in bankruptcy. CS AG, CSH USA's largest creditor, has approved this Resolution Plan which includes the Support Agreement Structure, and is expected to agree to return to CSH USA any recoveries resulting from a successful creditor challenge claim. In addition, the Support Agreement Structure will be put in place in BAU - when CS USA and CSH USA are clearly solvent and have not entered the preference period that precedes a bankruptcy filing.

Further protection from any potential creditor challenges is provided by structuring the CCSP Agreement as a QFC, which provides the protections from creditor challenge defined by safe harbors under the Bankruptcy Code.

Challenges against CS USA are also unlikely to be brought or succeed. As CS USA is expected to remain solvent through the resolution period, it is unlikely to have challenges brought against it.

CS has conducted and documented a thorough review of these potential challenges with assistance from external bankruptcy counsel.

### 1.3.2 Enhancement to Ensure Financial Readiness

#### 1.3.2.1 Financial Modelling and Forecasting (FMF)

CS has improved its financial preparedness and resolvability since its prior U.S. resolution plan submission in 2015 to help ensure that CSH USA and its U.S. non-branch MLEs be resolved in an orderly manner without government support or material disruption to financial markets. Notable enhancements have been made to address potential financial vulnerabilities in resolution across derivatives and trading, liquidity, and capital. These enhancements incorporate heightened regulatory expectations for foreign banking organizations (FBOs), and they have been integrated into BAU liquidity and capital management and related governance.

These enhancements are differentiated by BAU initiatives and resolution-specific efforts that improved CS' financial preparedness and resolvability across the resolution continuum. The following section highlights BAU actions taken to improve business and legal entity structures and liquidity and capital management functions, thereby enhancing the CS' resolvability. Specifically, CS:

- Formalized the relationship between CSH USA and CS USA to allow for the provision of liquidity and capital support to underlying MLEs in resolution
- Migrated key prime business activities from CSH USA to the CS AG, Dublin Branch and certain secured funding activities from CSH USA to the CS AG, New York Branch to streamline financing and trading activities, simplify intercompany relationships and reduce CSH USA's balance sheet size and complexity
- Created the U.S. service company to identify the staff, third-party contracts and financial resources needed to support operational continuity of resolution-critical functions throughout the resolution period
- Created the SRU to cover business activities earmarked for wind-down and reduce non-strategic assets, thereby driving down capital and balance sheet usage and costs
- Strengthened entity and intercompany liquidity management, including an improved governance structure with appropriate net liquidity usage limits, reporting to provide transparency on intercompany flows and liquidity claims from affiliates, liquidity stress testing for material entities using Barometer 2.0 (B2.0), the internal liquidity management platform, and positioning liquidity buffers directly in certain material entities
- Strengthened capital management, including an improved CSH USA capital policy, CS - 1574834 - 16 Policies - P-01424 CSH USA Capital Policy, and supporting documentation, enhanced monitoring tools to ensure the entity can act as a financial intermediary in times of stress, re-calibrated capital goals to better align to CS' business and risk profile, and updated contingent capital action framework to include mandatory timeframes for remediation of capital target breaches, enhanced governance controls

The enhancements described above should be reviewed in conjunction with improvements made to the core resolution financial forecasting, positioning and related governance capabilities that provide the foundation to CS' financial readiness framework. These efforts have significantly strengthened CS' liquidity and capital resources to ensure that CS can withstand crises and to minimize risk to the U.S. financial system if it were to experience stress or fail. Five key objectives of the enhancements include:

- Ensuring that the source data is at the appropriate level of granularity, properly segmented and aligned to risk drivers to produce resolution financial models that inform management decision-making
- Developing and coordinating business unwind assumptions to feed financial forecasting projections in stress and resolution scenarios
- Developing financial forecasting models with the ability to estimate liquidity and capital needs in resolution

- as part of the RLEN and RCEN requirements
- Developing the capability to determine the appropriate amount and balance of liquidity and capital resources to be held at each MLE as part of the RLAP and RCAP requirements
- Ensuring that all key financial capabilities are repeatable and integrated into BAU processes and activities, where appropriate

The resulting financial capabilities have improved CS' financial preparedness, helping to ensure that CSH USA and its U.S. non-branch MLEs could be resolved in an orderly manner without government support or material disruption to financial markets in a potential failure scenario. Overall, a large number of key resolvability risks to CS' preferred SPOE resolution strategy are mitigated in part by capabilities related to financial modeling and forecasting.

### **1.3.2.2 Derivatives and Trading**

CS continues to enhance and refine its capabilities related to derivatives and trading activities by incorporating a more granular and risk-sensitive approach to the analysis, as well as ensuring that liquidity and capital impact of an orderly active wind-down are incorporated in the financial modeling for resolution planning. These capabilities are designed to ensure that CS is able to perform a successful wind-down of its derivatives and trading portfolios, leaving it with a very small residual portfolio, without causing disruptions to the broader financial markets. The active unwind of the trading portfolio is projected to reduce derivatives notional by 97% and trading inventory gross market values (long and short) by more than 99% during the resolution period.

#### **Derivatives Booking Practices**

CS has made several enhancements to its booking model and hedging practices. As part of this effort, resolution considerations have been integrated into BAU practices and related governance. CS enhanced its trading desk profile documents to include information providing transparency into systems and capabilities used to track and monitor risk transfers and limits.

#### **Communications Strategy**

CS has developed a Communications Strategy playbook which outlines CS' communication plan with key stakeholders, including clients, regulators, key FMUs, and clearing and settlement agent banks in a resolution scenario. While the CS' resolution strategy is not dependent on the maintenance, reestablishment or establishment of investment grade ratings for its trading entities, a Ratings Agency Playbook was also created to outline the key actions CS would take to uphold ratings under a stressed market environment.

#### **Account Transfer Feasibility Plan**

CS conducted account transfer feasibility study that evaluates the operational capabilities in place to facilitate transfer of prime brokerage accounts to peer prime brokers. The study was designed to consider and address clients' existing relationships with other prime brokers, the viability of automated and manual processes, and the anticipated behavior based on clients' positions with CS, in addition to the potential impacts to the scale and speed of the account transfers such as operational challenges, insufficient staffing and the execution of asymmetric unwinds. The quantitative results demonstrated CS does have the operational capability to adequately manage the transfer of customer accounts to peer brokers. CS would be able to facilitate the transfer of a significant amount of customer accounts within the first 20 days after a market stress event using an equal number of Automated Customer Account Transfer Service (ACATS) and manual transfers to facilitate the moves.

#### **Active and Passive Wind-down Analyses**

The 2018 FBO Guidance requires two sets of analysis for the unwind of derivative portfolios. Under the passive strategy, portfolios unwind mainly through client terminations and contractual maturities. Under the active strategy, entities actively manage the unwind through novations and terminations. In order to perform passive and active wind-down analyses, CS enhanced its strategic data sourcing of on-balance sheet and off-balance sheet

positions, including derivatives notional and market values by product type, counterparty type, and clearing channel, among other dimensions.

CS also enhanced its business wind-down framework to provide parameters on wind-down strategies and cost methodologies in line with regulatory and industry expectations as well as support the development of consistent wind-down assumptions across product categories and business lines. CS also enhanced its system capabilities by creating a new environment in PACE, which stores balance sheet jump-off points, collects projections and aggregates and reports projections. PACE functionality provides a controlled environment to submit wind-down results and then integrate those results with liquidity, balance sheet, income statement and capital forecasting and calculations.

### 1.3.2.3 Liquidity

Since 2015, CS has made significant progress in strengthening and enhancing entity and intercompany liquidity risk management. These enhancements include an improved governance structure for liquidity by major entity with appropriate net liquidity usage limits, reporting to provide transparency on intercompany flows and liquidity claims from affiliates, liquidity stress testing for material entities using the B2.0 platform, and positioning liquidity buffers directly in certain material entities.

The 2018 FBO Guidance introduced two new, distinct liquidity capabilities that are intended to enhance resolvability and liquidity risk management and monitoring framework: RLAP and RLEN. The results of both RLAP and RLEN calculations serve as key inputs to the liquidity positioning and trigger framework, which ensures that an appropriate amount of liquidity is available at each U.S. MLE, taking into account the risk profile of each entity, and that appropriate monitoring and escalation procedures are in place.

#### RLAP Capabilities

Since 2015, CS has made significant progress in strengthening and enhancing entity and intercompany liquidity risk management. These enhancements include an improved governance structure for liquidity by major legal entity with appropriate net liquidity usage limits, reporting to provide transparency on intercompany flows and liquidity claims from affiliates, liquidity stress testing for material entities using the B2.0 platform, and positioning liquidity buffers directly in certain material entities.

B2.0 is the internal liquidity stress model for both global and entity level metrics. The stress testing framework consists of functional responsibilities and governance, clearly defined and consistent scenario and assumption calibrations, intercompany considerations, and robust infrastructure and process controls. The migration from Barometer 1.0 to B2.0 liquidity management platform has provided Credit Suisse with a robust liquidity stress testing framework and tool that ensures compliance with BAU liquidity regulatory and firm standards, but also provides the added benefit of being leveraged for RLAP modeling.

The CS RLAP model calculates the stand-alone net liquidity position of each material entity and informs the required amount of liquidity to be positioned at each MLE and the IHC in order to survive a severe liquidity stress period. In addition, CS has:

- Developed an RLAP stress scenario consisting of both market and idiosyncratic stresses over a 30-day horizon leveraging CS' existing internal liquidity stress testing model (B2.0)
- Developed RLAP-specific assumptions across products, including third-party transactions, inter-affiliate transactions, and funding frictions across all MLEs
- Developed and implemented a liquidity positioning framework, as part of the RLAP capability, to ensure that adequate liquidity resources are either prepositioned or readily available to meet the liquidity requirements at each MLE

## RLEN Capabilities

The Credit Suisse RLEN model measures how much liquidity each MLE needs at the time of CSH USA's bankruptcy filing in order to effectively execute the preferred resolution strategy of each MLE. It is calculated as the sum of each MLE's Minimum Operating Liquidity and Peak Funding Need during the resolution period. RLEN informs stabilization framework's assessment of the minimum amount of liquid resources needed in each MLE and the amount of time each MLE would need to stabilize.

Sufficient liquidity, determined by the RLEN framework results, will be held in each MLE to ensure timely satisfaction of liabilities coming due. In addition, Credit Suisse has:

- Implemented RLEN capabilities to assess liquidity requirements to resolve each MLE in line with its SPOE resolution strategy
- Developed runway and RLEN specific assumptions across products, including third-party transactions, inter-affiliate transactions, and funding frictions across all MLEs, including foreign branch ring-fencing and jurisdictional considerations
- Embedded new resolution triggers into the governance mechanisms and crisis management continuum to facilitate the identification of a deterioration in market and financial conditions of Credit Suisse
- Developed the Support Agreement Structure, described in Section 1.3.1.3, to ensure subsidiary MLEs receive contributable capital and liquidity support as required

### 1.3.2.4 Capital

Credit Suisse has completed the buildout of key resolution capital capabilities that support and enhance the firm's resolvability in line with the expectations prescribed in the 2018 FBO Guidance. In general, these capital related capabilities are built on enhancements already underway as part of various initiatives to strengthen CS' capital planning process. The capital management framework at CSH USA aims to ensure that its capital resources are sufficient to support the underlying risks of its business activities to meet the objectives of management, and the expectations of market participants and to meet the requirements of regulators. The resolution planning capital capabilities requirements are met by leveraging and enhancing this framework. This approach not only helps to avoid duplication of efforts but also expedites integration of key elements of resolution-planning capital capabilities into BAU activities.

## RCAP Capabilities

CS implemented an RCAP framework to ensure that the MLEs remain well capitalized through the resolution period. The RCAP framework seeks to balance the certainty of pre-positioning capital directly at the subsidiary MLEs with the flexibility of retaining recapitalization resources at CSH USA and CS USA to downstream to the MLE subsidiaries in case of unanticipated losses. RCAP is informed by the amount of capital depleted during the runway period and the RCEN amount following the point of non-viability.

## RCEN Capabilities

CS leveraged capital planning capabilities to develop methodologies for periodically calculating RCEN, the amount of capital needed by each MLE at the time of CSH USA's bankruptcy in order to effectively execute the preferred resolution strategy. It is calculated as the sum of each MLE's well-capitalized target, as applicable and each MLE's cumulative capital depletion following the point of non-viability. As mentioned above, RCEN informs the amount of capital that will be held at each MLE to ensure the MLEs remain well-capitalized through the resolution period.

In addition, CS has:

- Leveraged capital planning processes and tools to forecast capital for the U.S. IHC in runway and the underlying MLEs in runway and resolution
- Developed RCEN estimation methodologies in accordance with firm standards and regulatory requirements

- Embedded new resolution triggers into governance mechanisms and crisis management continuum that are aligned to the capital goals, targets and triggers as part of the CSH USA capital policy, CS - 1574834 - 16 Policies - P-01424 CSH USA Capital Policy

### 1.3.3 Operational Capabilities

CS has the capabilities in place to maintain its operational continuity throughout the execution of its preferred SPOE strategy. To avoid disruptions during resolution and business unwind activities, CS has ensured that its MLEs will continue to have access to and maintain critical personnel, vendors, financial resources, FMUs, reporting, systems and data to support timely decision making.

To strengthen this continuity, CS has made significant investments in capabilities related to shared and outsourced services, payment, clearing, and settlement (PCS), collateral management, QFC, and MIS. While these capabilities support Credit Suisse's ongoing BAU activities under normal business operations, they also help prepare CS for the unlikely occurrence of a resolution event.

#### 1.3.3.1 Shared and Outsourced Services

Credit Suisse's resolution enhancements to the continuity of shared and outsourced services considerably enhances the credibility of its SPOE strategy. As the U.S. MLEs wind-down during runway and in resolution, resolution-critical services will support the orderly liquidation of positions and movement of cash and securities, as well as governance and supervision of activities, demonstrating CS' financial and operational resiliency. This operational continuity protects the broader financial markets from disruption during resolution.

CS has identified "resolution-critical infrastructure" as services provided by the Front Office and Corporate Functions, plus associated Personnel, Third-Party Contracts and Supporting Assets. Inter-entity Contractual Service Agreements (CSAs) have been established to provide a legal framework to support the intended provision of services to target MLEs throughout resolution. Created in collaboration with CS General Counsel, the CSA Framework is a mechanism for supporting continued provision of services in resolution and ensures that there is an appropriate understanding, control, and governance of internal service provisions. Underlying this framework is a detailed Service Catalogue and Matrix to provide service level granularity and consistency of approach across CS entities worldwide.

A key milestone in CS' operational preparedness was the creation of U.S. Service Co., conceived to minimize the risk of discontinuity of critical shared services. Backed by a liquidity buffer equal to six months' working capital and a centrally-managed global master service agreement structure, U.S. Service Co., now provides the vast bulk of resolution critical shared services, owns all relevant IT, infrastructure, equipment, and employs all back-and-middle office employees deemed essential to the provision of resolution critical shared services (to the extent permitted by its regulators). U.S. Service Co. is also separately capitalized and has its own governance structure.

U.S. Service Co. is one of four global service companies (including Switzerland, UK, and Singapore) that house the bulk of cross-jurisdictional staff and resources deemed critical for group-wide resolution. Certain services needed for U.S. wind-down are also provided by Poland and India-based Business Delivery Centers. For these services, too, Credit Suisse has established inter-entity agreements and governance to ensure that needed resources will be available and provided throughout the expected wind-down period.

#### 1.3.3.2 FMUs/PCS

CS has identified 17 FMUs that are key to its U.S. MLEs, COs and CBLs. These 17 FMUs cover payment, clearing and settlement activities associated with cash, securities and derivatives markets. The rules or governing agreements with these FMUs typically afford an FMU broad discretion to suspend or terminate membership or impose heightened financial and operational requirements in the event of financial distress or bankruptcy, although FMUs have not been known to suspend or terminate a member or participant in good standing since such action

may increase the potential for systemic disruption in the financial system. To ensure its MLEs retain access to these FMUs, CS has developed detailed FMU Playbooks that describe CS' relationship with each FMU, how that relationship will change through the resolution continuum and the actions the FMU may take in response to a member's financial distress. In response to heightened requirements imposed by an FMU, each Playbook details CS' operational and financial ability to meet heightened requirements.

FMU access is closely linked to CS' liquidity forecasting framework. CS coordinates funding needs during BAU and stress on a global basis and involves Operations, Settlements, Cash Management, Global Treasury Money Markets and Treasury Liquidity Planning. The resolution forecasting assumptions built into the RLAP and RLEN methodologies include FMU activity and contain assumptions for increased margin, expected customer behavior, market shifts, withdrawal of intraday credit, and wind-down activity during runway and in resolution. The liquidity pre-positioning framework incorporates assessments of available liquidity to cover these assumed FMU obligations to maintain sufficient liquidity at CSH USA and across the U.S. MLEs.

CS has also assessed additional capabilities which include the ability to pre-fund or limit Prime Brokerage client activities which may allow for continuity of access to payment, clearing and settlement services for CS' clients throughout the resolution continuum.

Exhibit 1.3.3.2-1 highlights the Key FMUs for CS U.S. operations.

**Exhibit 1.3.3.2-1: Key FMUs for CS U.S. Operations**

Key FMUs for CS' U.S. Operations		
CLS Bank International	Chicago Mercantile Exchange Inc.	The Depository Trust Company
Fedline Advantage	Fixed Income Clearing Corporation	ICE Clear Credit LLC
ICE Clear Europe	National Securities Clearing Corporation	Options Clearing Corporation
SWIFT	Euroclear Bank S.A. / N.V.	LCH Ltd.
J.P. Morgan Chase Bank, N.A.	Bank of New York Mellon Corporation	MUFG Bank, Ltd.
Citigroup Inc.	HSBC Bank PLC	

CS is developing an FMU Governance Structure to facilitate effective oversight of FMU activities in BAU, stress, and during resolution. CS will utilize the FMU Governance Structure in order to provide consistent decision making with respect to FMU access. In order to facilitate continued access to FMUs, CS will provide each FMU with access to senior executives who maintain the knowledge and decision-making authority in order to facilitate effective communication and timely coordination in response to these heightened requirements.

**1.3.3.3 Collateral**

CS has established capabilities to manage, identify and value the collateral its U.S. MLEs receive from and post to external parties and affiliates in order to effectively manage the counterparty credit risk associated with its clients and counterparties in BAU and stress scenarios. For the purposes of the resolution plan, collateral is defined as any financial asset that is posted or otherwise delivered to (or by) a CS entity from (or to) a client, customer or counterparty to secure or otherwise provide credit support for an obligation, including intercompany transactions, as well as any financial asset which is available as collateral for firm use.

The management of collateral begins when the firm enters into any collateralized transaction with a client or counterparty. CS has established operational capabilities and collateral processes to reduce counterparty risk, increase trading revenues and provide capital relief and funding for the firm. The firm sources and validates data from various reporting systems which enable monitoring, valuing, optimization and tracking across products. Operations teams leverage collateral management systems to monitor and manage margin calls, exposure, rehypothecated collateral, disputes and any fails as they occur.

In the event of a resolution scenario, CS anticipates collateral activity to heighten due to increased calls for collateral, changing collateral haircuts (e.g. valuation), departures of clients and counterparties and/or additional

scrutiny on legal rights to collateral. However, the maintenance of adequate liquidity at U.S. MLEs, in accordance with robust collateral management capabilities, allows CS to continue its BAU collateral management activities with its clients and counterparties during periods of stress without material disruption to the financial markets.

At CS, the monitoring and movement of collateral varies by the types of products and underlying transactions, and are grouped by: Bilateral Over-the-Counter (OTC) Derivatives; Repurchase Agreements (Repo) / Reverse Repo; To Be Announced (TBA) Mortgage Pools; Prime Brokerage (PB); Stock Borrow & Loan (SBL); Cleared Listed and OTC Margin; and Ultra-High Net Worth (UNHW). In a resolution scenario, CS anticipates maintaining BAU processes for all collateral management processes with an expectation of heightened collateral activity. Collectively, the following capabilities serve as the foundation for continuing BAU collateral management processes in a resolution scenario:

- Maintaining a comprehensive collateral management policy (CS - 1574834 - 28 Policies - P-01475 CUSO Collateral Policy - see CS - 1574834 - 29 Policies - P-01475 CUSO Collateral Policy Appendix for additional reference) that outlines how U.S. MLEs approach collateral and serves as a single source for governance
- Utilizing reporting capabilities to identify:
  - CS collateral sources (i.e. counterparties that have pledged collateral to CS) and uses (i.e. counterparties to whom collateral has been pledged from CS) at the CUSIP level
  - CUSIP and asset class level information on collateral pledged to specific Central Counterparty (Clearing) (CCP)
  - Legal entity and geographic jurisdiction where counterparty collateral is held
  - Collateral pledged and received across branches
- Developing processes to identify, on at least a quarterly basis, legal and operational differences and potential challenges in managing collateral within specific jurisdictions, agreement types, counterparty types, collateral forms or other distinguishing characteristics
- Upholding procedures to document all netting and re-hypothecation arrangements as well as producing risk measurements for cross-entity and cross-contract netting
- Maintaining processes and procedures to review, on at least a quarterly basis, material terms and provisions of International Swaps and Derivatives Association Master Agreements and the Credit Support Annexes
- Monitoring collateral requirements associated with counterparty credit risk exposures between affiliates, including foreign branches
- Upholding the ability to query and provide aggregate statistics for QFCs concerning cross-default clause
- Forecasting changes in collateral requirements and cash and non-cash collateral flows under a variety of stress scenarios on at least a quarterly basis

CS has embedded these activities into regular business practices and continues to improve its capabilities in this area, thereby enhancing CS' overall preparedness and readiness to respond to crisis situations and contributing to the ongoing resolvability of CS.

#### 1.3.3.4 Qualified Financial Contracts (QFCs)

Credit Suisse's General Counsel Division (GC) has the ability to aggregate its legal agreement data to generate reports that contain resolution-focused information, such as agreement identification, counterparty, CS legal entity, CS business line, jurisdiction, cross default clauses, downgrade triggers, collateral terms, netting arrangements and re-hypothecation arrangements. These data come from a broad range of QFCs, including those used for derivatives, securities lending agreements, forward contracts and short term funding contracts. Specifically, GC has:

- Upheld the ability to query and provide aggregate statistics for the vast majority of QFCs concerning cross-default clauses, downgrade triggers, and other key collateral-related contract terms
- Documented all netting and re-hypothecation arrangements with affiliates and external parties, including risk measurements for cross-entity and cross-contract netting

- Developed and implemented a quarterly review process to analyze collateral provisions and material terms of key executed trading agreements, including ISDAs and CSAs, and their amendments, to monitor for changes in market conditions

In addition, CS documents all netting and re-hypothecation arrangements with affiliates and external counterparties. The reporting capability of key resolution contractual terms and collateral terms provides the ability to understand counterparty risk and provide the requested information necessary for regulators to perform an orderly resolution during a resolution process. CS is also in the preliminary stages of reviewing enhancement proposals on key information systems to create an integrated records system, which will further assist in the ability to query and provide and provide aggregate statistics for QFC key resolution contractual terms (i.e. cross-default clauses, downgrade triggers, etc.).

GC also developed a quarterly review process to analyze collateral provisions and material terms of key executed trading agreements and their amendments to monitor for changes in market conditions. This review process helps to minimize regulatory risk, legal or contractual risk, operational risk and credit risk by analyzing the material terms of these key trading agreements, and the suitability of its templates on an on-going basis. Under CS' SPOE resolution strategy, only CSH USA fails and enters into insolvency proceedings and CSH USA has not been designated as a "Specified Entity" for purposes of Cross-Default; therefore, cross default termination rights in ISDA Master Agreements and other financial contracts are not expected to adversely affect the orderly resolution of CS.

CS is also enhancing its financial contract recordkeeping systems to assist management and to comply with the Treasury's QFC Recordkeeping rule.

Collectively, GC's existing infrastructure and processes serve as a framework for aggregating and evaluating legal rights. These activities are a part of the CS' regular business practices, thereby minimizing regulatory risk, legal risk, operational risk and credit risk, and enhancing resolvability.

### 1.3.3.5 MIS Enhancements

The importance of timely and reliable data from enterprise-wide MIS is key to maintaining operational continuity, especially during periods of financial stress. MIS is integral to CS' strategy, as it enables access to timely and reliable data to facilitate decision-making during and monitoring of CS' financial health, risks, and operations during resolution and business unwind activities. As such, CS has prioritized MIS capabilities as a key area of focus for planning objectives and has focused on building and enhancing the reporting capabilities to support MIS needs.

An extensive analysis was performed by CSH USA COO function in Q4 2017 that coordinated efforts across Credit Suisse to identify critical MIS capabilities. In addition to addressing the technology infrastructure needs for MIS, MIS capabilities were assessed across businesses and functions to identify specific management information (MI) needs in Resolution. MIS capabilities cover a wide range of activities that are critical for identifying and assessing CS' financial health and risk positions throughout the stress continuum. To determine criticality, CS considered BAU capabilities necessary to provide management with adequate information to make decisions and execute effectively during times of stress and resolution.

The MIS Inventory and can be categorized into the following broad categories: Legal Entity Organization, Financial Adequacy, Risk, Legal Agreements, Operations, Support Services and Business Management.

- Legal Entity Information - CS is able to produce Legal Entity-level organizational information which is a critical component of the needs in a resolution scenario, as it facilitates the analysis of organizational interconnections. This, in turn, eases the preparation of bankruptcy documentation, supports communication plans for regulatory authorities, and promotes an overall understanding of Credit Suisse's structure.

- Financial Adequacy Information - CS is able to monitor its financial position throughout the various stages of resolution. In addition, the MIS capabilities in place provide transparency into financial interconnections between legal entities to support the assessment of potential funding obligations in a period of stress.
- Risk Management Data - Risk data is a key component of the MI needs for Resolution. As such, an assessment of the specific needs across Credit Risk, Market Risk, Operational Risk, and Liquidity Risk was performed to understand the core capabilities in BAU, as well as the incremental needs in resolution. Based on capabilities in place and enhancements to existing capabilities, Risk data needs for Resolution were identified and captured as part of the broader repository of critical MI needs.
- Legal Agreements - The inventory of legal agreements includes those that directly impact Credit Suisse's operational preparedness of a resolution scenario and those that allow CS to identify interconnections associated with the execution of resolution strategy and enable certain recovery options.
- Operations Data - A broad set of capabilities critical to resolution are in place regarding Operations. Key focus areas considered for Resolution include Collateral Management and Trading / Position Management, FMU operations, as well as the broader set of capabilities derived from Group Operations and Global Markets (GM) Operations.
- Support Services Data - As a complement to the Operations function, certain support services are in place to help prepare the business for a resolution scenario. Service level agreements and retention of key personnel are imperative for operational continuity in times of stress. The availability of timely and complete information on such agreements and key personnel is thus another core component of the broader critical MIS capabilities at CS.

Once identified, the critical MIS were aligned to MLEs, CBLs, and COs and are captured in an internal shared drive-based Resolution-Critical MI Inventory, which includes descriptions of the MIS capabilities, relevant contact information, systems and technology attributes, and other resolution-relevant data. The MI documented within the inventory are categorized into the following groups: Legal Entity Organization, Financial Adequacy, Risk, Legal Agreements, Operations, and Support Services. During a periodic Resolution-Critical MIS Inventory review process, CS will refresh contact information, adjust MI inventory contents, collect samples, and obtain confirmations from accountable executives.

The collection of MIS and affirmation of the capabilities in place improves the resolvability process for Credit Suisse. Through the process of assessing the key MIS needs against capabilities across legal entity organization, financial adequacy, risk, legal, operations, business management and support services, substantial MIS enhancements have been made in the following areas:

- Credit Risk Management (CRM) enhanced their capabilities to report external and inter-affiliate credit exposures as well as gross and net risk positions
- GC developed the capability to produce a report containing legal agreement information for financial arrangements, in order to provide legal advice during resolution
- Treasury developed the capability to produce RLEN and RLAP, in order to forecast anticipated liquidity needs during resolution
- Credit Suisse developed calculations for RCAP and RCEN to support the execution of CS' orderly wind-down resolution strategy following the parent company's bankruptcy filing
- The U.S. Service Co developed the CSA Framework, which maintains services in case of resolution, and prevents termination of service agreements

## 1.4 Core Business Lines (CBLs)

Credit Suisse has developed a methodology for evaluating its CBLs on a global basis which includes both quantitative and qualitative criteria based on the regulatory requirements, guidance and feedback from all regional regulators. Quantitative criteria include assets, revenue, pre-tax income, assets under management and risk-weighted assets. Qualitative criteria included business strategy and market expectations.

### 1.4.1 Global Core Business Lines

Credit Suisse (CS) operates through three regionally focused divisions of Swiss Universal Bank, International Wealth Management and Asia Pacific. These regional businesses are supported by two other divisions specializing in investment banking capabilities: Global Markets and Investment Banking & Capital Markets.

CS adopted the definition of CBL based on the guidance provided by the regional regulators of CS, including the Federal Reserve Board (FRB), FDIC, FINMA, and the Prudential Regulation Authority (PRA). The quantitative and qualitative analysis resulted in the identification of 14 CBLs across Credit Suisse's global divisions, as set out in Exhibit 1.4.1-1.

#### Exhibit 1.4.1-1: Global Core Business Lines

Division	Core business line
Global Markets	Securitized Products
	Credit Products
	Cash Equities
	Prime Services
Investment Banking and Capital Markets	Corporate Bank
Swiss Universal Bank	C&IB
	Institutional Clients
	Private Clients
Asia Pacific	Financing Group
	Private Banking
	Solutions - Equities Products
International Wealth Management	Business Area Europe
	Business Area Emerging Europe
	Business Area Middle East & Africa

#### 1.4.2 Description of U.S. Core Business Lines

The CBLs within Credit Suisse's US operations fall under the Global Markets and Investment Banking & Capital Markets divisions. These divisions support five US CBLs. As defined in the final regulations implementing Section 165(d) of the Dodd-Frank Act, Credit Suisse's core business lines are those that, in the view of Credit Suisse, upon failure would result in a material loss of revenue, profit, or franchise value. The following sections provide a high-level description of each of these divisions, and the U.S. CBLs therein.

##### Global Markets Division

Global Markets provides a broad range of financial products and services to client-driven businesses and also supports the Group's private banking, Investment Banking & Capital Markets and Asia Pacific businesses and their clients. Credit Suisse's suite of products and services includes global securities sales, trading and execution, prime brokerage and comprehensive investment research. CS' clients include financial institutions, corporations, governments, institutional investors, such as pension funds and hedge funds, and private individuals around the world. The sections below summarize the Global Markets division's U.S. CBLs.

##### Securitized Products

Securitized products trades, securitizes, syndicates and underwrites various forms of securities, including residential mortgage-backed securities (RMBS), asset-backed securities (ABS) and commercial mortgage-backed securities (CMBS). CMBS, RMBS and ABS are based on underlying pools of assets and include both CMBS and RMBS government- and agency-backed as well as private-label loans. Core to the securitized products franchise is its asset financing business, which focuses on providing asset and portfolio advisory services, and financing solutions to clients across asset classes. CS is also an originator of commercial real estate loans and also own Select Portfolio Servicing, a residential mortgage servicing company, which CS has identified as a likely object of sale, as described in Section 1.3.1.2.

### Credit Products

Credit products is a leading, client-focused credit franchise, providing value-added products and solutions to both issuer and investor clients. CS' capital markets businesses are responsible for structuring, underwriting and syndicating a full range of products for our issuer clients, including investment grade and leveraged loans, investment grade and high yield bonds and unit transactions. CS is also a leading provider of committed acquisition financing, including leveraged loan, bridge finance and mezzanine finance and collateralized loan obligation formation. In sales and trading, CS is a leading market maker in private and public debt across the credit spectrum, including leveraged loans as well as high yield and investment grade cash. CS is also a market maker in the credit derivatives market, including the CDX suite, liquid single-name credit default swaps (CDS), sovereign CDS and credit default swaptions. CS offers clients a comprehensive range of financing options for credit products including, but not limited to, repurchase agreements, short covering, total return swaps and portfolio lending.

### Cash Equities

Cash equities provides a comprehensive suite of offerings, including: (i) research, analytics and other content-driven products and services to meet the needs of clients including mutual funds, investment advisors, banks, pension funds, hedge funds, insurance companies and other global financial institutions; (ii) sales trading, responsible for managing the order flow between our clients and the marketplace and providing clients with trading ideas and capital commitments, identifying trends and delivering the most effective trade execution; (iii) trading, which executes client orders and makes markets in listed and OTC cash securities, exchange-traded funds and programs, providing liquidity to the market through both capital commitments and risk management; and (iv) Credit Suisse's advanced execution services (AES), a sophisticated suite of algorithmic trading strategies, tools and analytics to facilitate global equity trading. By employing algorithms to execute client orders and limit volatility, AES helps institutions and hedge funds reduce market impact.

### Prime Services

Prime services offers hedge funds and institutional clients execution, financing, clearing and reporting capabilities across various asset classes through prime brokerage, synthetic financing and listed and OTC derivatives. In addition, prime services is a leading provider of advisory services across capital services, risk and consulting for both start-ups and existing clients.

## **Investment Banking & Capital Markets Division**

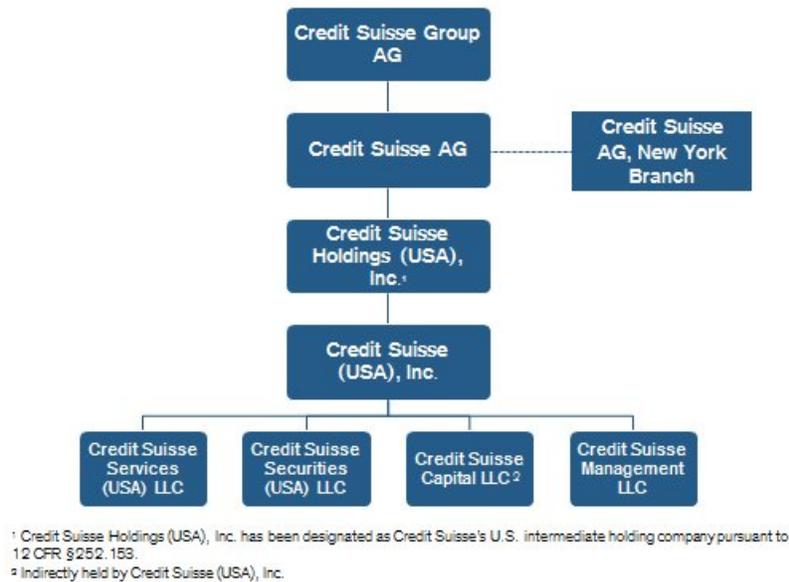
The Investment Banking & Capital Markets division offers a broad range of investment banking services to corporations, financial institutions, financial sponsors and ultra-high-net-worth individuals and sovereign clients. Our range of products and services includes advisory services related to mergers and acquisitions, divestitures, takeover defense mandates, business restructuring and spin-offs. The division also engages in debt and equity underwriting of public securities offerings and private placements. The Investment Banking & Capital Markets division houses Corporate Bank, one of the U.S. CBLs.

### Corporate Bank

The Corporate Banking Group comprises several distinct areas including corporate lending, portfolio management, enterprise valuation, portfolio management analysis and the transaction management group. Collectively these groups are responsible for negotiating new loans and amendments, and for managing loan risk exposure and capital limits associated with the resultant loan portfolio. Business activities consist of loan origination for Credit Suisse-led loan transactions and non-Credit Suisse-led loan participations.

## 1.5 U.S. Material Legal Entities (MLEs)

### Exhibit 1.5-1: U.S. Material Legal Entity Structure



### Process and Criteria for Determining Material Legal Entities

As of December 2017, CS was comprised of 1,300 legal entities, which includes some branches, representative offices and trusts in addition to limited liability companies, limited partnerships and corporations. In addition, CS has some 8,590 special purpose entities. An annual review of CS legal entities and branches was conducted in order to identify MLEs across all regions. CS legal entities and branches were evaluated for materiality using the following criteria:

- Entities and branches with third party balance sheet assets greater than CHF 10BN as of December 31, 2017
- Entities and branches that are essential to the CS global funding model
- Entities and branches in which a significant share of the business conducted by COs and CBLs is booked
- Entities and branches that provide significant services to the activities of a CO or CBL

The CS legal entities and branches in each of the regions identified as material were then classified into three categories: operating entities, financing entities and service entities. Operating entities are those entities in which a significant share of the business conducted by CS COs and CBLs is booked. Financing entities are entities that are essential to the CS global funding model. Service entities are entities that are essential from an operational perspective and provide significant services to CS COs and CBLs.

Exhibit 1.5-2 lists the U.S. Material Legal Entities (MLE) as the result of the above criteria:

## Exhibit 1.5-2: U.S. Material Legal Entities by Category

Category	Material Legal Entity	General Entity Description
Operating Entities	Credit Suisse Securities (USA) LLC	U.S. broker dealer; main U.S. operating company
	Credit Suisse Capital LLC	SEC registered OTC derivatives dealer, CFTC registered swap dealer
	Credit Suisse Management LLC	Enters into derivatives transactions primarily with London affiliates in order to hedge positions of the U.S. broker dealer
	Credit Suisse AG, New York Branch	New York branch of CS AG
Financing Entities	Credit Suisse Holdings (USA), Inc.	U.S. based holding company with IHC designation
	Credit Suisse (USA), Inc.	U.S. holding company; holds long term debt
Service Entities	Credit Suisse Services (USA) LLC	Provides resolution-critical functional services that support U.S. entities

Credit Suisse has determined the preferred strategy for each MLE and has fully outlined the treatment of each MLE in resolution. Exhibit 1.5-3 summarizes the purpose of each entity and the identified wind down strategy:

## Exhibit 1.5-3: Summary of Wind-Down Strategy for Each Entity

Entity	Type	Business Purpose	Wind-Down Strategy
CS Holdings (USA), Inc.	Financing Entity	Designated as the IHC	Enter bankruptcy proceedings
CS (USA), Inc.	Financing Entity	Invests in its core subsidiaries and also provides guarantees	Maintain: Remain operational until unwind of other U.S. MLEs is completed (driven by leases)
CS Securities (USA) LLC.	Operating Entity	Trades in cash securities, securities borrowing / lending	Unwind: Positions will be unwound as orderly and symmetrically as possible
CS Capital LLC (CS Capital)	Operating Entity	Prime Services approx. 95% of the value of trading assets	Unwind: Positions will be unwound as orderly and symmetrically as possible
CS Management LLC	Operating Entity	Hedges market risk on positions booked in other U.S. affiliates (e.g., CSSU)	Unwind: Positions will be unwound as orderly and symmetrically as possible
CS AG, NY Branch	Operating Entity	Lends to Ultra High Net Worth clients and market maker in U.S. government and agency securities, facilitating HQLA sourcing for affiliates	Maintain: U.S. Treasury - U.S. Government/Agency businesses Unwind: Securitized Products and other remaining businesses
CS Services (USA) LLC	Servicing Entity	Maintains critical staff / resources to support U.S. operating entities	Maintain through Resolution: CS Services to remain operational until support no longer required by U.S. MLEs

### 1.5.1 Credit Suisse Holdings (USA), Inc.

#### Introduction

CSH USA is a U.S. based holding company and a Delaware corporation. As a holding company, CSH USA does not interact with the external market in any significant manner. CSH USA is not subject to standalone regulatory capital requirements. As a parent holding company, CSH USA does not employ any staff and is reliant on staff in other entities.

The largest FBOs operating in the United States - such as CS - are required to consolidate U.S. legal entity ownership interests under a single, top-tier IHC. As of July 1, 2016, CSH USA was designated as Credit Suisse's IHC. CSH USA is the top-tier entity for CS U.S.-domiciled subsidiaries required to be held by it. The U.S. BoD was established on April 1, 2016.

As the holding company for U.S. subsidiaries, CSH USA does not directly interact with the CBLs. In addition, no COs are specifically booked into CSH USA.

As of December 31, 2017, on consolidated basis CSH USA had total assets of \$142BN, primarily consisting of reverse repos, trading assets and loans. As of December 31, 2017, on a consolidated basis CSH USA had total liabilities of \$117BN, primarily consisting of debt/deposits, customer shorts and repos.

## Financial Information and Funding Resources

CSH USA is wholly owned by CS AG.

Funding Management for CSH USA is based on the Global Liquidity Risk Management Policy (CS - 1574834 - 15 Policies - P-01391 Liquidity Risk Management Mandate), Liquidity Risk Management Mandate and the CFP. Within Credit Suisse, CSG AG is the primary unsecured fund raisers in the external markets in the form of TLAC eligible (HoldCo or AT1 paper). The proceeds are then down-streamed from CSG AG to CS AG. CS AG then passes these funds to its subsidiaries, such as CSH USA.

### 1.5.2 Credit Suisse (USA), Inc.

#### Introduction

CS USA is a U.S.-based holding company and a Delaware corporation. CS USA is wholly owned by CSH USA. CS USA directly owns a number of subsidiaries including the following MLEs: CSSU, CS Mgmt LLC and Credit Suisse Capital Holdings, Inc. which owns the MLE, CS Capital LLC.

CS USA primarily has subordinated lending to broker dealers (CSSU and CS Capital LLC) and also invests in its core subsidiaries. CS USA also provides guarantees to its core subsidiaries, which offer assurances to the counterparties as they interact with external third parties. CS USA receives all of its unsecured funding from the centralized funding model operated by CS AG, now flowing through CSH USA. CS USA previously issued debt, which is publicly traded and is managed through transactions with CS affiliates. CS USA is not subject to standalone regulatory capital requirements.

There are no CBLs originated or booked into CS USA, as it is primarily used as a holding company for U.S. subsidiaries.

#### Financial Information and Funding Resources

Funding management for CS USA is based on the Global Liquidity Risk Management Policy (CS - 1574834 - 15 Policies - P-01391 Liquidity Risk Management Mandate) and the CFP. Within Credit Suisse, CSG AG is the primary unsecured fund raisers in the external markets in the form of TLAC eligible instruments (HoldCo or AT1 paper). The proceeds are then down-streamed from CSG AG to CS AG. CS AG then passes these funds to its subsidiaries, such as CS USA.

As of December 31, 2017, CS USA had total assets of \$25BN, primarily consisting of investments of its subsidiaries and loans. As of December 31, 2017, CS USA had total liabilities of \$10BN, primarily consisting of debt/deposits.

### 1.5.3 Credit Suisse Securities (USA) LLC

#### Introduction

CSSU is a wholly-owned subsidiary of CS USA and an indirect wholly-owned subsidiary of CSH USA whose ultimate parent is CSG AG.

CSSU is a Delaware limited liability company and a U.S. broker-dealer registered with the Securities and Exchange Commission (SEC). Its principal business is its investment banking and capital markets and global markets business lines, including a variety of capital raising, market making, advisory and brokerage services for governments, financial institutions, high-net-worth individuals, corporate clients and affiliates. CSSU is also an underwriter, placement agent and dealer for money market instruments, commercial paper, mortgage and other asset-backed securities, as well as a range of debt, equity and other convertible securities of corporations and other issuers.

CSSU, as a registered broker-dealer, is regulated primarily by the SEC and is subject to the SEC’s net capital rule, which requires broker dealers to maintain a specified level of minimum net capital in relatively liquid form. CSSU is also subject to the SEC’s customer protection rule, which requires broker dealers to segregate cash and / or securities to protect customer assets. Additional CSSU regulators include: Commodities Futures Trading Commission (CFTC) (given CSSU is a designated Futures Commission Merchant (FCM)), FINRA, and the Federal Reserve Bank of New York (FRBNY).

There are a number of CBLs that book transactions into CSSU. Most of the CBLs are part of the Global Markets Division and make up the large majority of the CBLs that have been identified. Exhibit 1.5.3-1 describes the different CBLs that book into CSSU:

**Exhibit 1.5.3-1: CBLs that Book Transactions into CSSU as of December 31, 2017**

Division	CBL
Global Markets	Securitized Products
Global Markets	Credit Products
Global Markets	Cash Equities
Global Markets	Prime Services
Investment Banking & Capital Markets	Net Corporate Bank

As of December 31, 2017, CSSU had total assets of \$154BN, primarily consisting of reverse repos and trading assets and total liabilities of \$143BN, primarily consisting of repo, debt/deposits, trading liabilities, customer shorts and open trades.

**Financial Information and Funding Resources**

CSSU is fully owned by CS USA.

Funding management for CSSU is based on the Global Liquidity Risk Management Framework and the CFP. Treasury operates a centralized funding model, and grants CSSU access, even in a stress scenario, to the Group’s global pool to meet funding requirements. Within Credit Suisse, CSG AG is the primary unsecured fund raisers in the external markets in the form of TLAC eligible instruments (HoldCo or AT1 paper). The proceeds are then down-streamed from CSG AG to CS AG. CS AG then passes these funds to its subsidiaries, such as CSSU, on a term and overnight basis as part of the self-sufficient liquidity risk management framework in CSSU. CSSU is treated as an adequately regulated entity by the FINMA and it can therefore receive funding from CS AG without restriction from a large exposure perspective.

CSSU receives most of its unsecured funding from CSH USA. As a broker-dealer, CSSU also funds on the secured markets directly for part of its on-going operations.

**1.5.4 Credit Suisse Capital LLC**

**Introduction**

CS Capital LLC is a wholly-owned subsidiary of CS Capital Holdings, Inc., which is a wholly-owned subsidiary of CS USA and an indirect wholly-owned subsidiary of CSH USA, whose ultimate parent is CSG AG.

CS Capital LLC is a U.S. broker-dealer registered with the SEC as an OTC derivatives dealer and a Delaware limited liability company. In addition, CS Capital LLC also operates as a registered swap dealer with the CFTC, effective August 2017. An OTC derivatives dealer is a special category of broker-dealer engaged in an OTC derivatives business. As an OTC derivatives dealer, CS Capital LLC does not carry securities accounts for customers and therefore is exempt from the provisions of the SEC’s customer protection rule. CS Capital LLC is subject to Appendix F of the SEC’s net capital rule (15c3-1), which requires broker dealers to maintain a specified level of minimum net capital in relatively liquid form. CS Capital LLC is not required to be and is not a member of

any self-regulatory organization or exchange and is not a member of the Securities Investor Protection Corporation (SIPC).

As part of CS Capital LLC derivatives business, it enters into option transactions including collars, forward transactions including variable prepaid forwards and swap transactions, including interest rate swaps and total return swaps.

CS Capital LLC writes option contracts both to meet counterparty needs and for economic hedging purposes. These written options do not expose CS Capital LLC to credit risk because CS Capital LLC, not its counterparty, is obligated to perform. CS Capital LLC also enters into collars, whereby a counterparty buys a put option on a stock and finances the put with the sale of a call option at the same or higher strike price. To mitigate the credit risk on these collars, CS Capital LLC receives the stock as collateral. CS Capital LLC economically hedges the market exposure from the put in the collar transactions by shorting equities.

There are two CBLs that book transactions into CS Capital LLC. Most of the transactions that are booked are related to derivative transactions, as that is the primary function of this entity. While the majority of the booking is done as direct bookings, there are some back-to-back transactions booked into CS Capital LLC, specifically related to swaps.

Exhibit 1.5.4-1 lists the different CBLs that are booked into CS Capital LLC:

**Exhibit 1.5.4-1: CBLs that Book Transactions into Credit Suisse Capital LLC as of December 31, 2017**

Division	CBL
Global Markets	Cash Equities
Global Markets	Prime Services

Although derivative transactions are booked into CS Capital LLC, the staff and systems used to clear and settle these transactions reside in CSSU, U.S. Service Co., Credit Suisse Securities Europe Ltd (CSSEL) and Credit Suisse International (CSI). Therefore, we do not define CS Capital LLC as operating any COs. For these activities, key resources such as staff are legally tied to CSSU which creates an interdependency between U.S. Service Co., CS Capital LLC and CSSU.

As of December 31, 2017, CS Capital LLC had total assets of \$46BN, primarily consisting of trading assets and reverse repos. As of December 31, 2017, CS Capital LLC had total liabilities of \$45BN, primarily consisting of trading liabilities, debt/deposits and repo.

**Financial Information and Funding Resources**

Funding management for CS Capital LLC is based on the Global Liquidity Risk Management Framework and the CFP. Treasury operates a centralized funding model and grants CS Capital LLC access, even in a stress scenario, to CS' global funding pool to meet its funding requirement. Within Credit Suisse, CSG AG is the primary unsecured fund raisers in the external markets in the form of TLAC eligible instruments (HoldCo or AT1 paper). The proceeds are then down-streamed from CSG AG to CS AG. CS AG then passes these funds to its subsidiaries, such as CS Capital LLC on a term and overnight basis as part of the self-sufficient liquidity risk management framework in CS Capital LLC. CS Capital LLC is treated as an adequately regulated entity by FINMA and it can therefore receive funding from CS AG without restriction from a large exposure perspective.

CS Capital receives most of its unsecured funding from CSH USA.

**1.5.5 Credit Suisse Management LLC**

**Introduction**

CS Mgmt LLC is a Delaware limited liability company based in the United States. CS Mgmt LLC is a wholly-owned subsidiary of CS USA and an indirect wholly-owned subsidiary of CSH USA whose ultimate parent is CSG AG.

The primary purpose of CS Mgmt LLC is to carry out derivative transactions to hedge positions of U.S. affiliates, primarily with other CS affiliates. CS Mgmt LLC is not subject to standalone regulatory capital requirements.

The CBLs that book into CS Mgmt LLC include Securitized Products (SP), Credit Products and Prime Services (PS). These bookings are primarily related to hedging activities. Exhibit 1.5.5-1 describes the different CBLs that book into CS Mgmt LLC:

**Exhibit 1.5.5-1: CBLs that Book Transactions into CS Mgmt LLC as of December 31, 2017**

Division	CBL
Global Markets	Securitized Products
Global Markets	Credit Products
Global Markets	Prime Services

Although derivative are booked into CS Mgmt LLC, the staff and systems used to clear and settle these transactions reside in CSSU, U.S. Service Co., CSSEL and CSi. Therefore, we do not define CS Mgmt LLC as operating any COs. For these activities, key resources such as staff are legally tied to CSSU which creates an interdependency between U.S. Service Co., CS Mgmt LLC and CSSU.

As of December 31, 2017, CS Mgmt LLC had total assets of \$15BN, primarily consisting of loans and trading assets. As of December 31, 2017, CS Mgmt LLC had total liabilities of \$14BN, primarily consisting of debt/deposits.

**Financial Information and Funding Resources**

CS Mgmt LLC is wholly-owned by CS USA.

Funding Management for CS Mgmt LLC is based on the Global Liquidity Risk Management Policy (CS - 1574834 - 15 Policies - P-01391 Liquidity Risk Management Mandate), Liquidity Risk Management Mandate and the CFP. Treasury operates a centralized funding model and grants CS Mgmt LLC access, even in a stress scenario, to CS' global funding pool to meet its funding requirement. Within Credit Suisse, CSG AG is the primary unsecured fund raisers in the external markets in the form of TLAC eligible instruments (HoldCo or AT1 paper). The proceeds are then down-streamed from CSG AG to CS AG. CS AG then passes these funds to its subsidiaries, such as CS Mgmt LLC.

**1.5.6 Credit Suisse AG, New York Branch**

**Introduction**

CS AG, New York Branch (NYB) is a branch office of CS AG. NYB is a client-facing entity and as such serves a number of important functions on behalf of CS AG. NYB lends to Ultra High Net Worth clients (principally "non-purpose lending"), and to a limited set of corporate clients. Since November 2017, NYB is Credit Suisse's FRBNY Primary Dealer. As such, NYB is a market maker in U.S. government and agency securities, facilitates HQLA sourcing for affiliates, offers client financing via repos and offers secondary trading of residential mortgage-backed securities guaranteed by U.S. Government Sponsored Entities. It is one CS' vehicles for accessing unsecured short-term funding in the United States via the issuance of Certificates of Deposit (CDs) and Commercial Paper (CP). NYB carries CS AG's external credit ratings.

NYB is licensed by the New York State Department of Financial Services (NYDFS) subject to laws and regulations applicable to a foreign bank operating a New York branch and, as such, is supervised and examined by the

NYDFS. Under the New York Banking Law, NYB is required to maintain a certain amount of eligible assets with banks in the State of New York.

There are two CBLs that book transactions into NYB. The CBLs are part of the Investment Banking and Capital Markets, and Global Markets Divisions. Exhibit 1.5.6-1 summarizes these CBLs:

**Exhibit 1.5.6-1: CBLs that Book Transactions to CS AG, New York Branch as of December 31, 2017**

Division	CBL
Investment Banking & Capital Markets	Net Corporate Bank
Global Markets	Securitized Products

Although intercompany derivatives transactions are booked into NYB, the staff and systems used to clear and settle these transactions reside in CSSU and U.S. Service Co. Therefore, we do not define NYB as operating any COs. For these activities, key resources such as staff are legally tied to CSSU and U.S. Service Co., which creates an interdependency between NYB and CSSU.

As of December 31, 2017, NYB had total assets of \$157BN, primarily consisting of trading assets, reverse repo, open trades and cash & equivalents. As of December 31, 2017, NYB had total liabilities of \$152BN, primarily consisting of debt/deposits, repo and trading liabilities.

**Financial Information and Funding Resources**

The NYB is a branch of CS AG and therefore part of the legal entity CS AG. CS AG is a fully owned subsidiary of CSG AG, the holding company.

Funding is managed centrally by CS AG Treasury and CS' funding strategy is approved by the CARMC and overseen by CS AG BoD. The funding policy is designed to ensure that funding is available to meet all obligations in times of CS' specific or combined market stress. CS has a conservative asset / liability management strategy aimed at maintaining a funding structure with long-term and stable deposit funding, in addition to cash, well in excess of illiquid assets. To address short-term liquidity stress, CS maintains a buffer of cash and highly liquid securities. CS has increased its unsecured long-term debt and liquid assets to amounts greater than the minimum required for funding the businesses in response to regulatory requirements and to adequately manage liquidity risk.

**1.5.7 Credit Suisse Services (USA) LLC**

**Introduction**

U.S. Service Co. was formed as the U.S. service company in 2016, an independent subsidiary and MLE within the CSH USA entity structure. The U.S. Service Co. has its own governance and has an established liquidity buffer to ensure provision of effective and continuous support and operability through the orderly wind down of Credit Suisse operations. The U.S. Service Co. has a Board of Managers that supervises the entity's activities and financial and operational readiness, and U.S. Service Co. key officers (e.g. CFO, COO, Treasurer) have been assigned.

The U.S. Service Co. is one of four service companies globally (including Switzerland, UK, and Singapore) that house the majority of cross-jurisdictional staff and resources deemed critical for Credit Suisse Group-wide resolution. Together with Poland and India-based Business Delivery Centers, some resolution-critical services needed to support the U.S. wind-down plans are provided by these entities to ensure that needed resources will be available and provided throughout the expected wind-down period.

There is no CBL and CO activity originated or booked into U.S. Service Co. as it is exclusively used as a servicing company for U.S. entities.

**Financial Information and Funding Resources**

U.S. Service Co. has no direct capitalization and does not provide any banking or financial services to clients.

Funding management for CS Group is based on the Global Liquidity Risk Management Framework. Commencing Q2 2017, U.S. Service Co. began receiving revenue by charging other CS entities for corporate functions provided. Charges will consist of costs incurred plus mark-up at arm's length. Reconciliation and settlement of the charges are performed monthly and are settled in cash. CSAs are in place between U.S. Service Co. and services receiving entities to support intra-entity charging and the provision of services in stress and resolution.

## 1.5.8 Financial and Operational Interconnectedness

### Global Funding Model

Credit Suisse operates on a global funding model that allows for intra-group funding balances to exist between Credit Suisse entities. Funding and liquidity for each Credit Suisse entity are managed in accordance with Credit Suisse's Global Liquidity Risk Management Framework and the CFP. This framework is designed to maintain sufficient funds for the parent and its subsidiaries to meet their contractual and regulatory requirements during the ordinary course. Under the global funding model, material entities have full access to the Group's global funding pool to meet any funding requirements (including during the event of a stress scenario). This model enables Credit Suisse to meet the needs of its global client base while prudently managing its liquidity risk. Unsecured funding is raised by CS AG and CSG AG and down-streamed to the various MLEs.

Pursuant to the funding and liquidity analysis performed by Credit Suisse in preparation for its U.S. Plan, Credit Suisse has demonstrated that each MLE will have sufficient access to funding and liquidity in resolution. This analysis is further supported by Credit Suisse's Support Agreement Structure, described in Section 1.2.3.

### Global Booking Model

Credit Suisse utilizes a global model to book trades. The model is driven by a number of considerations including:

- Clients preferences to deal with one entity for specific transactions (or due to the fact the client is restricted by local laws to only deal with a specific local entity)
- Risk management consolidation
- Efficient use of resources, expertise and / or regulatory capital
- Local exchange memberships being made available across the organization
- Transfer pricing

For derivatives trades, bookings can be classified as direct or remote:

- Direct bookings occur when a trade is directly booked into an entity by a trader who is employed by that same entity
- Remote bookings occur when a trade is booked into an entity by a trader who is employed by a different entity

The cross border nature of the global booking model also gives rise to financial interconnectedness across entities.

### Guarantees

In an inter-company guarantee, a Credit Suisse entity (the guarantor) takes responsibility for the payment of a debt or performance of an obligation if another Credit Suisse entity (the covered entity) fails to perform. There are two scenarios in which inter-company guarantees may affect a guarantor or a covered entity. First, if the covered entity defaults on its payment or performance obligations, the guarantor will be responsible for fulfilling the covered entity's obligations.

Second, if the guarantor fails, this may trigger automatic default clauses within certain QFCs of the covered entity (e.g. ISDA Master Agreements for OTC derivatives) - although, as described in Section 1.3.1.1, an LER criterion prohibits CSH USA from guaranteeing its affiliates. Counterparties will be permitted to net, settle and close out regardless of whether the covered entity had continued to perform under the contract. The central funding and capital model seeks to ensure that funding and capital resources are sufficient to support the underlying risks of the business activity. The model also seeks to meet the objectives of management and the requirements of regulators, ratings agencies and market participants.

The description of the central funding and capital model in this resolution plan should not be construed as a statement that CS AG or any of its affiliates is guaranteeing the obligations of any other CS affiliates.

### **Cross-Defaults and Liquidation**

The exercise of cross-default provisions by Credit Suisse's counterparties is not expected to pose any challenges to the implementation of Credit Suisse's resolution strategies. CS's SPOE strategy only contemplates a bankruptcy filing by CSH USA and CS' QFCs do not generally include cross-defaults referencing CSH USA (e.g. CSH USA is not a "Credit Support Provider" under any of CS' ISDAs). In addition, because the other U.S. MLEs remain solvent and CSH USA does not enter into qualified financial contracts, direct defaults should have no impact.

### **Risk Transfers**

As part of its operations, Credit Suisse entities engage in risk transfers with other Credit Suisse entities predominantly to manage risk in its trading and banking books, facilitate funding initiatives and manage the risk of debt / capital issuances. However, the central funding and capital model seeks to ensure that funding and capital resources are sufficient to support the underlying risks of the business activity. The model also helps meet objectives of management and the requirements of regulators, ratings agencies and market participants. As a result, inter-company guarantees are not expected to be an impediment to Credit Suisse's orderly resolution.

### **Financial Market Utility Access**

For effective resolution, it is critical that CS maintains access to FMUs (including CCPs, CSDs, Nostro agents, Custodians) throughout the resolution continuum. CS has undertaken a detailed analysis of the default and suspension-related provisions within the rules, contracts and agreements governing CS' key FMU memberships to assess the potential impact of adverse actions that may be taken by FMUs. Based on this review, CS has determined that FMUs have substantial discretion to impose heightened financial and operational requirements, or to restrict or revoke CS' access in reaction to CS' financial distress.

These provisions are cataloged in a centralized digital repository along with key contacts for FMU providers. The adverse actions CS considered, included scenarios involving heightened financial and operational requirements, suspension or termination of membership or services, and the effect of those actions on the firm, customers and counterparties. Understanding likely actions and their effects would allow a member to adequately plan for such an adverse situation, and may help mitigate any related obstacles to the resolution of CS.

To facilitate continuity of services, CS maintains a liquidity buffer and operates a highly responsive funding model. CS has also held bilateral discussions with certain key FMUs significant to its operations to better understand how each is likely to exercise its discretion. CS has learned from these discussions that FMUs are unlikely to terminate or suspend memberships while a member continues to meet financial, reporting and other membership requirements. CS' liquidity buffer, comprised of HQLA, is expected to provide sufficient liquidity for CS to continue to meet its obligations during the runway period and in resolution.

### **Shared and Outsourced Services**

To ensure operational continuity through the resolution period, the resolution strategy for CSH USA and its related MLEs seeks to ensure provision of critical services and resources that support the orderly wind down of the U.S.

business activities across those MLEs, CBLs and COs.

These critical services are comprised of intra-group services provided by Front Office and Corporate Functions personnel, further supported by third-party vendors and other owned or licensed assets. Inter-entity CSAs have been established to provide a legal framework to support the intended provision of services to target Material Legal Entities throughout the wind-down period.

U.S. Service Co. was formed as the U.S. service company, an independent subsidiary and MLE within the CSH USA entity structure to ensure provision of effective and continuous support and operability through the orderly wind down of Credit Suisse operations. The U.S. Service Co. is one of four service companies globally that hold the majority of cross-jurisdictional staff and resources to ensure that needed resources will be available and provided throughout the expected wind-down period.

The U.S. Service Co. and its non-U.S. peers have established plans for liquidity buffers if needed in resolution. The liquidity buffers are intended to ensure that critical services can withstand any payment disruptions and can continue to be provided during the wind down on an uninterrupted basis.

## 1.6 Summary Financial Information

CS has taken key steps so that resource needs are understood and met at all times and each entity can remain resilient under financial stress. CS has successfully increased its resiliency through pre-positioned liquidity and capital raises as well as disciplined capital management.

Over the past several years, CSH USA has significantly increased its capital position through an issuance of \$21.7BN of common stock in 2016, an issuance of \$550MM of non-cumulative perpetual preferred stock in 2016 and received additional paid-in capital of \$2.5BN in the fourth quarter of 2017. In addition to increasing regulatory capital, CSH USA further improved its capital position through a reduction in RWA and Leverage, decreasing RWA from \$97.8BN as of September 30, 2016 to \$65.3BN as of December 31, 2017 and decreasing total assets from \$223.0BN as of September 30, 2016 to \$141.4BN as of December 31, 2017.

CS USA and subsidiary entities also maintain liquidity in the form of cash and unencumbered HQLA. Short term liquidity in CSH USA is in the form of a portfolio of secured lending against HQLA. The amount of HQLA is expected to cover both expected and unexpected outflows due to CS and/or broader market stress. Treasury also monitors secured funding activity conducted by the business divisions to ensure an optimal liquidity profile of the secured funding book. The allocation of HQLA within CSH USA is based on the relative risk of each entity and a preference to maintain a portion at CS USA in order to maintain flexibility in a crisis.

### 1.6.1 Consolidated Credit Suisse Group AG Balance Sheet

The consolidated balance sheet for Credit Suisse Group AG as of December 31, 2017, is presented in Exhibit 1.6.1-1. The balance sheet has been prepared using information in Credit Suisse Group AG's Annual Report 2017. The consolidated financial statements and other financial information for Credit Suisse have been prepared in accordance the regulations of the Swiss Code of Obligations and are stated in Swiss francs (CHF).

**Exhibit 1.6.1-1: Consolidated Balance Sheet for Credit Suisse Group AG (in CHF million) as of December 31, 2017**

	in /end of			% change	
	2017	2016	2015	17 / 16	16 / 15
<b>Statements of operations (CHF million)</b>					
Net interest income	6,557	7,562	9,299	(13)	(19)
Commissions and fees	11,817	11,092	12,044	7	(8)
Trading revenues	313	1,340	321	(77)	
Other revenues	1,209	1,356	1,114	(11)	22
Net revenues	20,900	20,323	23,797	3	(15)
Provision for credit losses	210	252	324	(17)	(22)
Compensation and benefits	10,177	10,572	11,546	(4)	(8)
General and administrative expenses	6,835	9,770	8,574	(30)	14
Commission expenses	1,430	1,455	1,623	(2)	(10)
Goodwill impairment	0	0	3,797	-	(100)
Restructuring expenses	455	540	355	(16)	52
Total other operating expenses	8,720	11,765	14,349	(26)	(18)
Total operating expenses	18,897	22,337	25,895	(15)	(14)
Income/(loss) before taxes	1,793	(2,266)	(2,422)	-	(6)
Income tax expense	2,741	441	523	-	(16)
Net income/(loss)	(948)	(2,707)	(2,945)	(65)	(8)
Net income/(loss) attributable to non-controlling interests	35	3	(1)	-	-
Net income/(loss) attributable to shareholders	(983)	(2,710)	(2,944)	(64)	(8)
<b>Statement of operations metrics (%)</b>					
Return on regulatory capital	3.9	(4.7)	(4.5)	-	-
Cost/income ratio	90.4	109.9	108.8	-	-
Effective tax rate	152.9	(19.5)	(21.6)	-	-
<b>Earnings per share (CHF)</b>					
Basic earnings/(loss) per share	(0.41)	(1.27)	(1.65)	(68)	(23)
Diluted earnings/(loss) per share	(0.41)	(1.27)	(1.65)	(68)	(23)
<b>Return on equity (%)</b>					
Return on equity attributable to shareholders	(2.3)	(6.1)	(6.8)	-	-
Return on tangible equity attributable to shareholders <sup>1</sup>	(2.6)	(6.9)	(8.4)	-	-
<b>Balance sheet statistics (CHF million)</b>					
Total assets	796,289	819,861	820,805	(3)	0
Risk-weighted assets <sup>2</sup>	271,680	268,045	289,946	1	(8)
Leverage exposure <sup>2</sup>	916,525	950,763	987,628	(4)	(4)
<b>Number of employees (full-time equivalents)</b>					
Number of employees	46,840	47,170	48,210	(1)	(2)

<sup>1</sup> Based on tangible shareholders' equity attributable to shareholders, a non-GAAP financial measure, which is calculated by deducting goodwill and other intangible assets from total shareholders' equity attributable to shareholders as presented in our balance sheet. Management believes that the return on tangible shareholders' equity attributable to shareholders is meaningful as it allows consistent measurement of the performance of businesses without regard to whether the businesses were acquired.

<sup>2</sup> Disclosed on a look-through basis.

For further information on Credit Suisse's financial statements, refer to the Consolidated financial statements - Credit Suisse Group in the Annual Report 2017 available in the Investor Relations section of Credit Suisse's website at [www.credit-suisse.com/corporate/en/investor-relations.html](http://www.credit-suisse.com/corporate/en/investor-relations.html)

## 1.6.2 Consolidated Credit Suisse Holdings (USA), Inc. Balance Sheet

Exhibit 1.6.2-1 summarizes the balance sheet position of CSH USA as of December 31, 2017. For ease of comparison with other entities detailed in this document figures are stated on a U.S. GAAP basis rather than on the basis of local regulatory reporting.

**Exhibit 1.6.2-1: Balance Sheet Information for CSH USA (in USD million) as of December 31, 2017**

Statement of financial position	Consolidated basis <sup>1</sup>			Company basis <sup>2</sup>		
	Third party <sup>3</sup>	Intercompany <sup>4</sup>	All	Third party <sup>3</sup>	Intercompany <sup>4</sup>	All
Cash and due from banks	1,334	2,207	3,541	—	2,710	2,710
Interest-bearing deposits with banks	—	—	—	—	—	—
Central bank funds sold, SLB, Repo	33,708	25,868	59,576	—	—	—
Securities received as collateral	3,150	2,399	5,549	—	—	—
Trading assets	24,519	659	25,179	—	—	—
Investment securities	—	—	—	—	—	—
Other investments <sup>5</sup>	—	—	—	—	—	—
Real estate held for investment	—	—	—	—	—	—
Loans HTM	327	8,529	8,855	—	50,392	50,392
Premises and equipment	1,024	—	1,024	—	—	—
Goodwill	6,289	—	6,289	5,550	—	5,550
Intangible assets	—	—	—	—	—	—
Brokerage receivables	19,890	201	20,091	—	—	—
Other assets	10,975	334	11,309	2,883	20,627	23,510
Discontinued operations - assets	—	—	—	—	—	—
Head office and Branches - assets	—	—	—	—	—	—
<b>Total assets</b>	<b>101,217</b>	<b>40,196</b>	<b>141,413</b>	<b>8,434</b>	<b>73,729</b>	<b>82,163</b>
Deposits	—	—	—	—	—	—
Central bank funds purchased, SLB, Repo	7,107	8,604	15,712	—	—	—
Obligation to return collateralized securities	3,150	2,399	5,549	—	—	—
Trading account liabilities	6,634	68	6,703	—	—	—
Short-term borrowings	245	8,419	8,664	—	11,066	11,066
Long-term debt	2,247	50,518	52,765	5	42,475	42,481
Brokerage payables	17,875	4,166	22,041	—	—	—
Other liabilities	5,048	267	5,315	31	3,654	3,685
Discontinued operations - Liabilities	—	—	—	—	—	—
Head office and Branches - liabilities	—	—	—	—	—	—
Redeemable preferred securities	—	—	—	—	—	—
<b>Total liabilities</b>	<b>42,308</b>	<b>74,441</b>	<b>116,749</b>	<b>37</b>	<b>57,195</b>	<b>57,232</b>
Non-controlling interests	124	—	124	—	—	—
Shareholders equity	—	24,541	24,541	—	24,931	24,931
<b>Total equity</b>	<b>124</b>	<b>24,541</b>	<b>24,665</b>	<b>—</b>	<b>24,931</b>	<b>24,931</b>
<b>Total liabilities and equity<sup>6</sup></b>	<b>42,431</b>	<b>98,982</b>	<b>141,413</b>	<b>37</b>	<b>82,126</b>	<b>82,163</b>

<sup>1</sup> Consolidated basis – These figures represent the consolidated accounting position of the entity, where assets / liabilities of subsidiaries, and the impact of consolidated SPEs are consolidated as applicable. Figures are prepared on a U.S. GAAP basis.

<sup>2</sup> Company basis – These figures represent standalone legal entity level. Figures are prepared on a U.S. GAAP basis.

<sup>3</sup> Third party accounts are defined as any account for which the counterparty is not an entity that is consolidated within CS.

<sup>4</sup> Intercompany accounts are defined as any account for which the counterparty is an entity that is consolidated within CS. All amounts recorded as intercompany accounts are fully eliminated for the CSG consolidated financial statements.

<sup>5</sup> Other Investment, Intercompany value includes investments in other consolidated subsidiaries

<sup>6</sup> Sum of individual parts may not add up due to rounding

### 1.6.3 Funding

Globally, Credit Suisse has a conservative asset / liability management strategy aimed at maintaining a funding structure with long-term wholesale and stable deposit funding and cash well in excess of illiquid assets. To address short-term liquidity stress, Credit Suisse maintains a buffer of cash and highly liquid securities. Credit Suisse has also increased its unsecured long-term debt and liquid assets to amounts greater than the minimum required for funding the businesses in response to regulatory requirements and to adequately manage liquidity risk. These liquid assets are available to settle short-term liabilities.

#### Funding Sources

Credit Suisse funds its balance sheet primarily through core customer deposits, long-term debt (including structured notes) and shareholders' equity. Customer deposits and equity are Credit Suisse's most stable forms of funding.

Credit Suisse places a priority on maintaining and growing customer deposits, as they have proven to be a stable and resilient source of funding even in difficult market conditions. Core customer deposits are from clients with whom Credit Suisse has broad and longstanding relationships and exclude deposits from banks and certificates of deposit. Credit Suisse's core customer deposit funding is supplemented by the issuance of long-term debt.

Credit Suisse diversifies its long-term funding sources by issuing structured notes, which are debt securities on which the return is linked to commodities, stocks, indices or currencies or other assets. Credit Suisse generally hedges structured notes with positions in the underlying assets or derivatives. Funding also comes from other collateralized financings, including repurchase agreements and securities lending agreements. The level of Credit Suisse's repurchase agreements fluctuates, reflecting market opportunities, client needs for highly liquid collateral, such as U.S. treasuries and agency securities, and the impact of balance sheet and risk-weighted asset limits. In addition, matched book trades, under which securities are purchased under agreements to resell and are simultaneously sold under agreements to repurchase with comparable maturities, earn spreads, are relatively risk-free and are generally related to client activity.

A substantial portion of Credit Suisse's balance sheet is match funded and requires no unsecured funding. Match funded balance sheet items consist of assets and liabilities with close to equal liquidity durations and values so that the liquidity and funding generated or required by the positions are substantially equivalent, reducing the risk of illiquidity arising from maturity mismatch.

Cash and due from banks and reverse repurchase agreements are highly liquid. A significant part of Credit Suisse's assets, principally unencumbered trading assets that support the securities business, are comprised of securities inventories and collateralized receivables that fluctuate and are generally liquid. Loans, which comprise the largest component of illiquid assets, are funded by core customer deposits, with an excess coverage of 18% as of the end of 2017, compared to 14% as of the end of 2016, primarily reflecting stable loans and a small increase in deposits. Funding for other illiquid assets, including real estate, private equity and other long-term investments as well as the haircut for the illiquid portion of securities with long-term debt and equity, in which Credit Suisse seeks to maintain a substantial funding buffer.

## **1.7 Description of Derivative and Hedging Activities**

### **1.7.1 Customer Needs**

CS provides its clients with various services and products, including derivatives, to help them efficiently manage their risks as part of normal course of business. CS considers derivatives as the financial instruments or contracts meeting all of the following three characteristics: (1) their value changes in response to changes in an underlying price, such as interest rate, security price, foreign exchange rate, credit rating / price or index; (2) they require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and (3) their terms require or permit net settlement (US GAAP).

CS trades derivatives over the counter and on exchanges. CS' OTC derivative instruments are either third-party bilateral or third-party cleared. CS' third-party bilateral derivative activities include credit, equity, foreign exchange (FX) rate, interest rate or other related products. CS' third-party cleared derivative activities are related to credit and other products. As stated, CS enters into interaffiliate derivative transactions to establish positions across MLEs that manage risk based on CS' risk appetite. CS also transacts listed derivatives where transactions may include buying and selling futures and options contracts.

Global Markets is the primary driver of CS' global derivatives and trading activities, and specifically within the U.S. MLEs. CS' Global Markets business offers a broad range of financial products and services to client-driven businesses while supporting CS' wealth management businesses. To best service its clients, Global Markets' product suite includes global securities, trading and execution, prime brokerage and comprehensive investment research.

### 1.7.2 Economic Hedging

CS' risk management practices include risk appetite frameworks utilized to determine the size and nature of risk limits (e.g. market risk limits) which are applied at the MLE level and also at the line of business (LoB) level. In accordance with CS' risk limits, lines of business developed hedging strategies to effectively hedge derivatives and trading portfolios against a variety of risk exposures and sensitivities that arise during the normal course of business. In BAU, each line of business is responsible for monitoring risk exposures and appropriately applying its hedging strategy to mitigate against specific risk types with a variety of derivative products. In addition, in some instances, macro overlay hedges are also used for the purpose of effectively managing capital levels. Overall, CS' hedging strategy is to effectively manage market risk on its derivatives and trading portfolios within its established risk appetite.

### 1.7.3 Booking Practices and Monitoring Risk Transfer and Collateral

CS MLEs transact in both OTC and listed derivatives. Intercompany bookings are primarily driven by risk management practices, regulatory restrictions and client market interface preferences, while third party derivative positions are those positions booked with clients or external counterparties (e.g., exchanges). CS has developed new and enhanced existing derivatives and trading capabilities to address the 2018 FBO Guidance, as well as prior resolution plan guidance related to derivatives and trading.

Key highlights include:

- Registering CS Capital as a CFTC swap dealer in August 2017, thus allowing clients direct access to book trades in the United States and to realize efficiencies in terms of reducing interaffiliate trades with CSi
- Migrating Equities Prime business activities from CSH USA to CS AG, Dublin Branch as well as U.S. Treasury Primary Dealer activities and the Government Agency Guaranteed Desk from CSH USA to CS AG, New York Branch and thus streamlining financing and trading activities and optimizing intercompany booking flows
- Introducing CSH USA-specific market risk hedging for X-Value Adjustment (XVA) Management to hedge instantaneous market shocks and created the SRU to strategically wind-down legacy positions

Overall, resolution considerations related to derivatives and hedging activities have been and will continue to be integrated into BAU practices, risk management routines and related governance structures.

### 1.7.4 Credit Suisse's Adherence to the ISDA Stay Protocol

CS is an active member of industry-wide efforts to mitigate the ability of counterparties exercising termination rights to undermine orderly resolution. These efforts yielded the ISDA 2014 Resolution Stay Protocol, which provided a mechanism for two adhering parties to amend all of their ISDA Master Agreements in a way that facilitates orderly resolution. The ISDA 2015 Universal Resolution Stay Protocol expanded the scope of the ISDA 2014 Resolution Stay Protocol to include securities financing transactions. Additionally, CS is participating in industry-wide efforts to develop the ISDA 2018 U.S. Resolution Stay Protocol, which is expected to facilitate market-wide compliance with regulatory Requirements in the United States that require the opt-in to special resolution regimes and the limitation of certain termination rights.

## 1.8 Description of Non-US Operations

In addition to the Global Markets and Investment Banking and Capital Markets described in Section 1.4, Credit Suisse has Swiss Universal Bank, International Wealth Management divisions, and Asia Pacific divisions.

## **Swiss Universal Bank**

The Swiss Universal Bank division offers comprehensive advice and a wide range of financial solutions to private, corporate and institutional clients primarily domiciled in our home market Switzerland, which offers attractive growth opportunities and where we can build on a strong market position across our key businesses. Our Private Clients business has a leading franchise in our Swiss home market and serves ultra-high-net-worth individuals, high-net-worth individuals, affluent and retail clients. Our Corporate & Institutional Clients business serves large corporate clients, small and medium-sized enterprises, institutional clients, external asset managers and financial institutions.

## **International Wealth Management**

The International Wealth Management division through its Private Banking business offers comprehensive advisory services and tailored investment and financing solutions to wealthy private clients and external asset managers in Europe, the Middle East, Africa and Latin America, utilizing comprehensive access to the broad spectrum of Credit Suisse's global resources and capabilities as well as a wide range of proprietary and third-party products and services. Our Asset Management business offers investment solutions and services globally to a broad range of clients, including pension funds, governments, foundations and endowments, corporations and individuals.

## **Asia Pacific**

In the Asia Pacific division, our wealth management, financing and underwriting and advisory teams work closely together to deliver integrated advisory services and solutions to our target ultra-high-net-worth, entrepreneur and corporate clients. Our Wealth Management & Connected business combines our activities in wealth management with our financing, underwriting and advisory activities. Our Markets business represents our equities and fixed income trading business in Asia Pacific, which supports our wealth management activities, but also deals extensively with a broader range of institutional clients.

**Financial Overview**
**Exhibit 1.8-1: Financial Overview of Credit Suisse Business Divisions (in CHF million)**

Overview of Results in / end of 2017 (CHF million)	Swiss Universal Bank	International Wealth Mgmt	Asia Pacific	Global Markets	Investment Banking & Capital Markets	Corporate Center	Core Results	Strategic Resolution Unit	Credit Suisse
<b>Net revenues</b>	<b>5,396</b>	<b>5,111</b>	<b>3,504</b>	<b>5,551</b>	<b>2,139</b>	<b>85</b>	<b>21,786</b>	<b>(886)</b>	<b>20,900</b>
<b>Provision for credit losses</b>	<b>75</b>	<b>27</b>	<b>15</b>	<b>31</b>	<b>30</b>	<b>0</b>	<b>178</b>	<b>32</b>	<b>210</b>
Compensation and benefits	1,833	2,216	1,602	2,532	1,268	394	<b>9,845</b>	332	<b>10,177</b>
Total other operating expenses	1,723	1,517	1,158	2,538	472	427	<b>7,835</b>	885	<b>8,720</b>
of which general and administrative expenses	1,375	1,203	831	1,839	423	368	<b>6,039</b>	796	<b>6,835</b>
of which restructuring expenses	59	70	63	150	42	14	<b>398</b>	57	<b>455</b>
<b>Total operating expenses</b>	<b>3,556</b>	<b>3,733</b>	<b>2,760</b>	<b>5,070</b>	<b>1,740</b>	<b>821</b>	<b>17,680</b>	<b>1,217</b>	<b>18,897</b>
<b>Income/(loss) before taxes</b>	<b>1,765</b>	<b>1,351</b>	<b>729</b>	<b>450</b>	<b>369</b>	<b>(736)</b>	<b>3,928</b>	<b>(2,135)</b>	<b>1,793</b>
Return on regulatory capital	13.7	25.8	13.8	3.2	13.7	–	<b>9.3</b>	–	<b>3.9</b>
Cost/income ratio	65.9	73.0	78.8	91.3	81.3	–	<b>81.2</b>	–	<b>90.4</b>
Total assets	228,857	94,753	96,497	242,159	20,803	67,591	<b>750,660</b>	45,629	<b>796,289</b>
Goodwill	610	1,544	1,496	459	633	0	<b>4,742</b>	0	<b>4,742</b>
Risk-weighted assets <sup>1</sup>	65,572	38,256	31,474	58,858	20,058	23,849	<b>238,067</b>	33,613	<b>271,680</b>
Leverage exposure <sup>1</sup>	257,054	99,267	105,585	283,809	43,842	67,034	<b>856,591</b>	59,934	<b>916,525</b>
<b>2016 (CHF million)</b>									
<b>Net revenues</b>	<b>5,759</b>	<b>4,698</b>	<b>3,597</b>	<b>5,497</b>	<b>1,972</b>	<b>71</b>	<b>21,594</b>	<b>(1,271)</b>	<b>20,323</b>
<b>Provision for credit losses</b>	<b>79</b>	<b>20</b>	<b>26</b>	<b>(3)</b>	<b>20</b>	<b>(1)</b>	<b>141</b>	<b>111</b>	<b>252</b>
Compensation and benefits	1,937	2,119	1,665	2,725	1,237	277	<b>9,960</b>	612	<b>10,572</b>
Total other operating expenses	1,718	1,438	1,181	2,727	454	482	<b>8,000</b>	3,765	<b>11,765</b>
of which general and administrative expenses	1,375	1,145	836	2,001	424	399	<b>6,180</b>	3,590	<b>9,770</b>
of which restructuring expenses	60	54	53	217	28	7	<b>419</b>	121	<b>540</b>
<b>Total operating expenses</b>	<b>3,655</b>	<b>3,557</b>	<b>2,846</b>	<b>5,452</b>	<b>1,691</b>	<b>759</b>	<b>17,960</b>	<b>4,377</b>	<b>22,337</b>
<b>Income/(loss) before taxes</b>	<b>2,025</b>	<b>1,121</b>	<b>725</b>	<b>48</b>	<b>261</b>	<b>(687)</b>	<b>3,493</b>	<b>(5,759)</b>	<b>(2,266)</b>
Return on regulatory capital	16.5	23.3	13.7	0.4	10.7	–	<b>8.5</b>	–	<b>(4.7)</b>
Cost/income ratio	63.5	75.7	79.1	99.2	85.8	–	<b>83.2</b>	–	<b>109.9</b>
Total assets	228,363	91,083	97,221	239,700	20,784	62,413	<b>739,564</b>	80,297	<b>819,861</b>
Goodwill	623	1,612	1,546	476	656	0	<b>4,913</b>	0	<b>4,913</b>
Risk-weighted assets <sup>1</sup>	65,669	35,252	34,605	51,713	18,027	17,338	<b>222,604</b>	45,441	<b>268,045</b>
Leverage exposure <sup>1</sup>	252,889	94,092	108,926	284,143	45,571	59,374	<b>844,995</b>	105,768	<b>950,763</b>
<b>2015 (CHF million)</b>									
<b>Net revenues</b>	<b>5,721</b>	<b>4,552</b>	<b>3,839</b>	<b>6,826</b>	<b>1,787</b>	<b>561</b>	<b>23,286</b>	<b>511</b>	<b>23,797</b>
<b>Provision for credit losses</b>	<b>138</b>	<b>5</b>	<b>35</b>	<b>10</b>	<b>0</b>	<b>(1)</b>	<b>187</b>	<b>137</b>	<b>324</b>
Compensation and benefits	1,985	2,115	1,557	3,105	1,265	351	<b>10,378</b>	1,168	<b>11,546</b>
Total other operating expenses	1,923	1,709	1,870	5,642	836	511	<b>12,491</b>	1,858	<b>14,349</b>
of which general and administrative expenses	1,597	1,429	790	2,322	432	465	<b>7,035</b>	1,539	<b>8,574</b>
Goodwill impairment	0	0	756	2,661	380	0	<b>3,797</b>	0	<b>3,797</b>
Restructuring expenses	42	36	3	96	22	0	<b>199</b>	156	<b>355</b>
<b>Total operating expenses</b>	<b>3,908</b>	<b>3,824</b>	<b>3,427</b>	<b>8,747</b>	<b>2,101</b>	<b>862</b>	<b>22,869</b>	<b>3,026</b>	<b>25,895</b>
<b>Income/(loss) before taxes</b>	<b>1,675</b>	<b>723</b>	<b>377</b>	<b>(1,931)</b>	<b>(314)</b>	<b>(300)</b>	<b>230</b>	<b>(2,652)</b>	<b>(2,422)</b>
Return on regulatory capital	13.8	15.4	6.7	(11.2)	(15.4)	–	<b>0.5</b>	–	<b>(4.5)</b>
Cost/income ratio	68.3	84.0	89.3	128.1	117.6	–	<b>98.2</b>	–	<b>108.8</b>
Total assets	220,359	96,085	85,929	234,276	18,712	64,621	<b>719,982</b>	100,823	<b>820,805</b>
Goodwill	610	1,573	1,522	464	639	0	<b>4,808</b>	0	<b>4,808</b>
Risk-weighted assets <sup>1</sup>	60,352	32,880	26,835	62,838	16,150	18,467	<b>217,522</b>	72,424	<b>289,946</b>
Leverage exposure <sup>1</sup>	238,180	101,628	98,632	276,656	40,898	63,090	<b>819,084</b>	168,544	<b>987,628</b>

<sup>1</sup> Disclosed on a look-through basis

Further information on Credit Suisse's business is included in the 'Credit Suisse at a glance' and 'Divisions' sections under I- Information on the company in Credit Suisse's Annual Report 2017.

## **1.9 Material Supervisory Authorities**

Credit Suisse's operations are regulated by authorities in each of the jurisdictions in which it has offices, branches and subsidiaries. Central banks and other bank regulators, financial services regulators, securities regulators and exchanges and self-regulatory organizations are among the regulatory authorities that oversee the operation of Credit Suisse's core business lines. Material entities are overseen by a range of supervisory authorities based on the nature of the MLE's operations.

### **1.9.1 Federal Reserve Umbrella Supervision**

The FRB regulates CSH USA and its subsidiaries as the umbrella supervisor of Credit Suisse's U.S. operations.

### **1.9.2 New York Branch Regulation and Supervision**

NYB is licensed by the New York Superintendent of Financial Services, examined by the New York State Department of Financial Services and subject to laws and regulations applicable to a foreign bank operating a New York branch. Under the New York Banking Law, the NYB must maintain eligible assets with banks in the state of New York. The amount of eligible assets required, which is expressed as a percentage of third-party liabilities, would increase if the NYB were no longer designated well rated by the Superintendent. The New York State Department of Financial Services may also increase requirements on NYB based on concerns about the credit quality of CS AG generally.

The NYB is also subject to examination by the FRB and is subject to federal banking law requirements and limitations on the acceptance and maintenance of deposits.

### **1.9.3 Broker-Dealer Regulation and Supervision**

CSSU is regulated as a U.S. broker-dealer. The SEC is the federal agency primarily responsible for the regulation of broker-dealers, investment advisers and investment companies. In addition, broker-dealers are subject to regulation by securities industry self-regulatory organizations, including the Financial Industry Regulatory Authority, and by state securities authorities. CSSU is also registered as a futures commission merchant and subject to the capital, segregation and other requirements of the CFTC and the National Futures Association. As a U.S. registered OTC derivatives dealer, CS Capital LLC is primarily regulated by the SEC and CFTC but is not a member of SIPC.

### **1.9.4 Material Supervisory Authorities Across the World**

Exhibit 1.9.4-1 includes Credit Suisse's material supervisors worldwide.

**Exhibit 1.9.4-1: Material Supervisory Authorities of Credit Suisse**

Supervisory authority	Jurisdiction
Swiss Financial Market Supervisory Authority (FINMA)	Switzerland
Federal Reserve Bank of New York (FRBNY)	United States
Federal Deposit Insurance Corporation (FDIC)	United States
US Securities and Exchange Commission (SEC)	United States
New York State Department of Financial Services	United States
Financial Industry Regulatory Authority (FINRA)	United States
US Commodity Futures Trading Commission (CFTC)	United States
New York Stock Exchange (NYSE)	United States
National Futures Association	United States
UK Prudential Regulation Authority (PRA)	United Kingdom
UK Financial Conduct Authority (FCA)	United Kingdom
Australian Securities and Investments Commission (ASIC)	Australian
Securities Commission of the Bahamas	Bahamas
Central Bank of the Bahamas	Bahamas
Cayman Islands Monetary Authority (CIMA)	Cayman Islands
Hong Kong Securities and Futures Commission (SFC)	China
Hong Kong Monetary Authority (HKMA)	China
China Banking Regulatory Commission (CBRC)	China
China Securities Regulatory Commission (CSRC)	China
Guernsey Financial Services Commission	Guernsey
Software Technology Parks of India	India
India Department of Telecommunication	India
India Development Commissioner, Special Economic Zone	India
Japan Financial Services Agency (FSA)	Japan
Monetary Authority of Singapore (MAS)	Singapore
Singapore Exchange Limited	Singapore

For further information on Credit Suisse's regulators and supervisors, refer to the 'Regulation and supervision' section of Credit Suisse's 2017 Annual Report.

**1.10 Principal Officers**

Exhibit 1.10-1 includes the members of the Executive Board for Credit Suisse as of December 31, 2017. The Executive Board is responsible for the day-to-day operational management of Credit Suisse. It develops and implements the strategic business plans for Credit Suisse overall as well as for the principal businesses, subject to approval by the BoD of CSG AG. It further reviews and coordinates significant initiatives, projects and business developments in the divisions, regions and in the Shared Services functions and establishes Group- wide policies. As of December 31, 2017, the composition of the Executive Board of CSG AG and CS AG was identical, with the exception of Thomas Gottstein, who is a member of the Executive Board of the CSG AG, but not CS AG.

**Exhibit 1.10-1: Members of the Executive Board as of December 31, 2017**

Name	Executive Board Member Since	Role
Tidjane Thiam, Chief Executive Officer	2015	Group CEO
James L. Amine, CEO Investment Banking & Capital Markets	2014	Divisional Head
Pierre-Olivier Bouée, COO	2015	Corporate Function Head
Romeo Cerutti, General Counsel	2009	Corporate Function Head
Brian Chin, CEO Global Markets	2016	Divisional Head
Peter Goerke, Chief Human Resources Officer	2015	Corporate Function Head
Thomas P. Gottstein, CEO Swiss Universal Bank	2015	Divisional Head
Iqbal Khan, CEO International Wealth Management	2015	Divisional Head
David R. Mathers, Chief Financial Officer	2010	Corporate Function Head
Joachim Oechslin, Chief Risk Officer	2014	Corporate Function Head
Helman Sitohang, CEO Asia Pacific	2015	Divisional Head
Lara J. Warner, Chief Compliance and Regulatory Affairs Officer	2015	Corporate Function Head

For further information on Credit Suisse's Executive Board, refer to IV - Corporate Governance - Executive Board in Credit Suisse's Annual Report 2017 and any subsequent press release on changes in the Executive Board.

Exhibit 1.10-2 sets out the members of the CS Holdings USA BoD as of April 28, 2018 which has been designated as Credit Suisse's U.S. intermediate holding company pursuant to 12 CFR §252.153.

**Exhibit 1.10-2: Credit Suisse Holdings (USA) Inc. Board of Directors as of April 28, 2018**

Name	Principal occupation
Ackermann, Hilary	Non-Executive Director; Chair of CSH USA Risk Committee
Amine, James L.	CSG Executive Board (ExB) member; CEO of Investment Banking and Capital Markets
Chin, Brian	CSG ExB member; CEO of Global Markets
Leamon, Jerry	Non-Executive Director/Chair of CSH USA Audit Committee
Oechslin, Joachim	CSG ExB member; Global Chief Risk Officer
Richards, Bruce T.	Non-Executive Director, Chair of CSH USA Board of Directors
Tiner, John	Non-Executive Director; Member of CSG BoD and Chair of CSG BoD Audit Committee
Varvel, Eric M	Head of Global Asset Management; President and CEO of CSH USA

**1.11 Resolution Planning, Corporate Governance Structure and Processes Related to Resolution Planning**

**1.11.1 RRP Governance Structure**

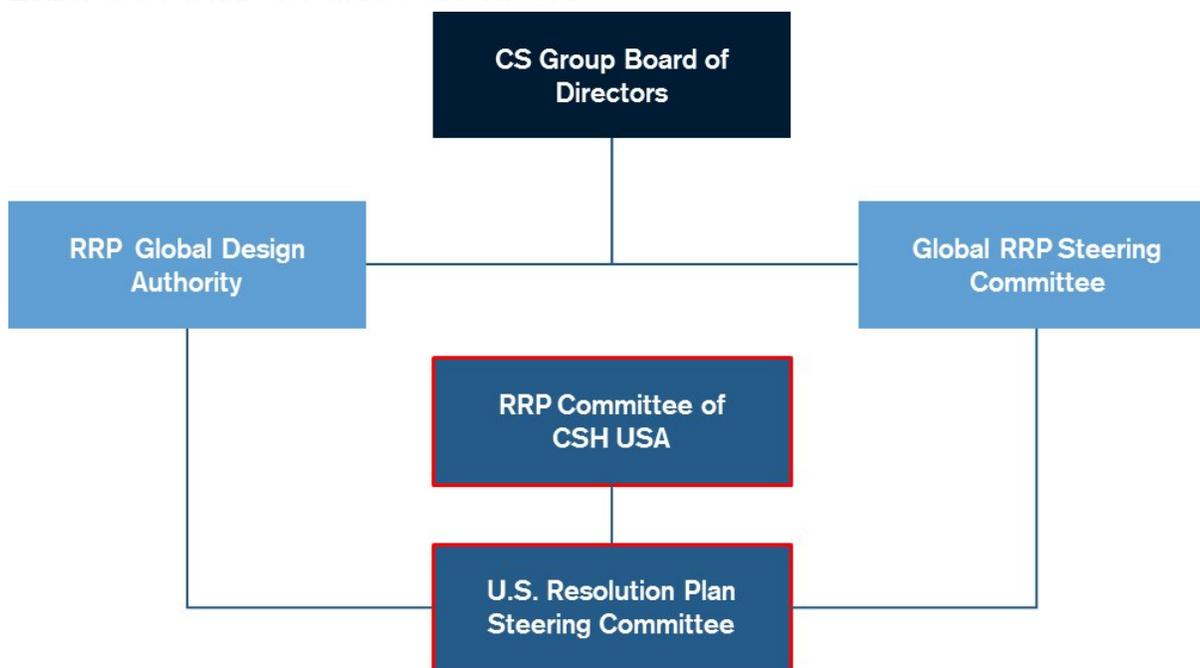
CS is keenly aware that a plan is only effective if overseen by a robust governance framework and subjected to rigorous review and challenge at key junctures of the Plan's production cycle. As a result, Resolution Plan development, review, approval and maintenance at CS receive the appropriate scrutiny not only from senior management and CSH USA BoD in the U.S., in addition to also the Global RRO, the Global RRP Steering Committee (StC.), comprising of senior management at CS AG, and the CSG AG/CS AG BoD.

CS has established a Capital and Resolution Planning Office (CRPO) to oversee its U.S. resolution planning processes and associated governance. The CRPO is responsible for resolution plan development and ensuring review and approval of the plan by appropriate governance bodies. Key components of this governance framework build on BAU processes and established roles and responsibilities.

The overall governance of the resolution planning at CS is embedded within the Group's CFO organization, with lead responsibility sitting with the Group CFO. The regional governance structures follow the same principles as the global governance, with regional CFOs or equivalent, being responsible for ensuring that all regional regulatory requirements are adequately addressed in the global resolution planning framework. In addition to the U.S. Resolution Plan Stc., U.S. resolution planning activities are reviewed and approved by the RRP Committee of the CSH USA BoD as illustrated below in Exhibit 1.11.1-1. CSH USA BoD and CS Group Board of Directors also

approve the Resolution Plan.

**Exhibit 1.11.1-1: RRP Governance Structure in the U.S.**



Key governing committees for Americas Recovery and Resolution Planning

Overall, resolution planning activities in the United States are aligned with the global recovery and resolution planning framework. As a result, U.S. resolution planning activities are conducted in a collaborative manner with input from the Parent. This collaboration helps to ensure that there is the proper integration of global and U.S. resolution strategies and the assumptions are aligned. Significant decisions related to the resolution strategy (for instance, the structure of the support agreement) are also discussed and agreed by the Global RRP Steering Committee.

Before submission to the regulators, the resolution plan was discussed by members of the Global RRP Steering Committee, and then presented to the members of the Audit and Risk Committee of the BoD of CS AG for review, feedback and approval. In addition to reviewing the 2018 Resolution Plan and its key components with the Recovery and Resolution Planning Committee (RRPC) of the CSH USA BoD and securing the approval of the RRPC, the active and passive unwind strategies, assumptions, forecast methodologies, and results were reviewed and approved by business management of the respective CBLs.

**1.11.2 CSH USA Board Oversight**

The purpose of the RRPC is to assist the CSH USA BoD in fulfilling its oversight responsibilities with regard to the preparedness for rapid and orderly resolution of CSH USA, including the development, review, and approval of the Resolution Plan. These responsibilities include, but are not limited to:

- Overseeing the preparation of the Resolution Plan by providing review and critical assessment of the assumptions, strategies, methodologies, and processes with respect to the resolution strategy and, upon request providing the CSH USA BoD with an approval or non-approval recommendation for the Resolution Plan or any portions thereof
- Considering the interplay of U.S. and global resolution planning requirements and strategies, including any potential conflicts in their respective assumptions or strategies, and implications for CSH USA and Group

- Acting as a point of contact for the BoD for all matters related to resolution planning, including, as appropriate, for steps identified in the Resolution Plan requiring escalation by senior management to the CSH USA BoD during any period of stress or otherwise as identified in the Resolution Plan
- Monitoring strategic issues regarding the structure and operations of CSH USA as they relate to resolution preparedness and resolvability

### 1.11.3 Legal Entity Board Oversight

In addition to reviewing the 2018 Resolution Plan and its key components with the RRPC of the CSH USA BoD and securing the approval of the RRPC, the individual MLE resolution plans were reviewed and approved by their respective board(s) (or authorized management as in the case of the NYB). Specifically for each MLE the following materials were reviewed and approved by the appropriate MLE oversight board/management:

- Overall assumptions, SPOE Strategy
- MLE strategy in the context of business unwind approach and assumptions
- Financial analysis and forecasts
- Key governance protocols and approvals
- Interactions with the Agencies and other relevant topics

### 1.11.4 Senior Management Governance Framework

As mentioned in RRP Governance Structure overview, the Resolution Planning StC forms the core of the senior management governance framework of resolution planning. The StC draws senior management from key parts of CS. Meeting on a bi-monthly basis, the responsibilities of the StC are to:

- Provide executive-level decision-making and steering against the key program objectives and escalated issues
- Communicate key messages clearly between the program management and the CSH USA BoD RRPC
- Approve and provide resources to perform resolution planning activities
- Assess and approve specific papers presented concerning key design and program options and end deliverables
- Support external stakeholder engagement - both within and outside CS (specifically, with FINMA, the FRB and the FDIC)
- Review identified impediments in the development of plans and assess required actions to address impediments
- Provide review and effective challenge of U.S. Resolution Plan assumptions, strategy, methodologies, and processes and ensure accuracy and quality of U.S. Resolution Plan
- Review progress and ensure U.S. Resolution Capabilities Program and U.S. Resolution Plan timelines are met
- Assist in the transition to embed U.S. Resolution capabilities into BAU
- Review and approve U.S. Resolution Plan (and relevant sections)

The U.S. Resolution Plan Delivery Working Group (DWG) sits below the StC and provides the foundation required for providing a day-to-day robust governance and oversight function with respect to planning, delivery and budget management for the U.S. Resolution Plan Program. In that capacity, the Working Group:

- Reviews progress of Program deliverables and Plan submission
- Reviews issues and risks escalated from the work-streams and propose solutions/actions required to resolve/mitigate them
- Provides review and effective challenge of U.S. Resolution Plan Program assumptions, strategy, methodologies, and processes

- Provides regional decision making around scope, plan and budget for the Program as appropriate
- Identify and agree on matters to be escalated to the U.S. Resolution Plan Steering Committee

### 1.11.5 RRP Governance and Controls

The Control Activities Framework (CAF) and CSH USA Control Framework are designed to support the development of an effective internal control system that adapts to changing business and operating environments, mitigates inherent risks to acceptable levels, and supports effective governance of the organization. RRP components will be subject to these existing control frameworks, ensuring that process activities are in accordance with company-wide defined standards.

### 1.11.6 RRP Review and Challenge Governance Structure

To facilitate review and challenge (R&C) of the analysis performed by the work-streams and the plan document narratives and supporting materials the CRPO has developed a framework to ensure multiple levels of review for each significant input analysis and component of the plan. There are two primary categories of review: 1) Process and Analysis (Deliverables associated with the Capabilities Program) Review and Challenge, and 2) Documentation Review and Challenge.

- General Process & Analysis (Deliverables of the Capabilities Program): The process and analysis deliverables associated with the capabilities program work-streams were reviewed through the above mentioned resolution plan governance program. At a minimum, work-stream analysis and key deliverables were reviewed and approved by the appropriate operational owner and a first level reviewer (or accountable executive). In addition, applicable BAU governance group(s) were also employed to review specific analysis. As a second level of review each major work-stream component was reviewed by the CPRO, StC, and Global RRO through the above mentioned governance structure and committees (DWG and StC).
- FMF Process & Analysis (Deliverables of the Capabilities Program): Due to the complexity volume of analysis performed within the Financial Modeling and Forecasting (FMF) work-stream a series of dedicated sessions were conducted with an expanded StC (expanded to include additional subject matter experts for treasury, liquidity, and capital) to review and approve the assumptions, methodology, and results associated with the following areas: Derivatives and Trading, Capital, Liquidity, Balance Sheet, and Income statement.
- R&C of the 2018 Resolution Plan Document: This component includes all the editorial activities that form part of the R&C of the actual Resolution Plan before it is submitted to the regulators. In general, the appropriate Accountable Executives (AEs), First Level Reviewers (FLRs) and Operational Owners (OOs) were identified and given responsibility for the accuracy of information and analysis provided in the document. Sections of the Resolution Plan were then allocated to members of the document review working group with subject matter knowledge who are responsible performing a second level of review. Finally, all sections of the plan were provided to the CSH USA BoD - RRP Committee with the exception of certain supporting documents.

### 1.11.7 Coordination with Parent on RRP Governance

The Global Head of the RRO is based in Switzerland and leads a global team with representatives in Switzerland, the United States, the UK and APAC. The Global RRO comprises of two groups: one team focused on content knowledge (RRO content experts), and the other team responsible for the liaison with the approx. 400 internal stakeholders that provide input into the Global RRP document (RRO project managers). Each team also has specific individuals with a regional focus for each of Switzerland, Americas, EMEA and APAC.

The responsibilities of Global RRO content experts are to:

- Provide input to the assigned section

- Ensure consistency of the Global RRP document
- Own Global RRP policy, CS - 1574834 - 7 Policies - GP-00073 Global Recovery and Resolution Plan, and Global RRP Maintenance Manual, CS - 1574834 - 6 Procedures - Global RRP Maintenance Manual
- Coordinate with Regional CFO / COO's in liaison with regulators regarding RRP topics

The responsibilities of Global RRO project managers are to:

- Manage document production of the global and Swiss RRP documents
- Develop project plans and ensure that deadlines are met
- Coordinate gathering of global data components that feed regional as well as global RRP documents
- Respond and coordinate cross-regional internal information requests
- Coordinate cross-regional regulatory information requests
- Maintain the global style manual and other related documents

Both groups play a crucial role in reviewing and challenging the delivered RRP content. The global team also help promote the embedding of RRP concepts across CS. They also participate and contribute to key meetings with CS' lead regulators - FINMA, the FRB / FDIC, and the BoE / PRA - to inform them about global RRP topics and receive their guidance and input.

The Global RRO is also responsible for managing the interaction with regulators in specific jurisdictions (particularly in Asia & Europe) in relation to activities such as local RRP consultation and as part of the general supervisory interaction. Lastly, the Global RRO coordinates all meetings and communications with CS auditors, KPMG, as well as FINMA to provide them with ongoing insights into RRP activities and key components.

The Global RRO reaches out and coordinates its activities with the regional RRP offices, where required, and vice-versa. The scope of this cooperation touches governance, administrative as well as strategic components of recovery and resolution planning. Overall, the cross-border cooperation is managed via a combination of weekly touch-points between the global and regional RRP teams, interactions between the heads of RRP offices and the global head of RRO, cross-representation on the regional RRP StC meetings and BoD-level communications between various global entities of Credit Suisse. The level of interaction varies and depends on the specific regional RRP requirements.

From a U.S. perspective, key areas of cooperation include, among others, the following components:

- Approval of the U.S. Resolution Plan: CSH USA BoD approved the Resolution Plan based on recommendation from CSH USA CEO. The global RRP StC and the Audit Committee of the CS AG BoD reviewed and approved the 2018 U.S. Resolution Plan. The lead up to the approval was filled with multiple updates by the Head of U.S. Resolution Planning, U.S. CFO, as well as the NYB Manager to the Global RRP StC and CS AG Board. Key topics of discussion include, among others, the workings of the U.S. SPOE resolution strategy, structure of the TLAC framework, assumptions behind the business unwind strategies for the U.S. line of businesses, the Support Agreement structure, management of the U.S. residual portfolio and unwind strategy for the NYB - a branch of CS AG.
- Coordination on Regulatory Interactions on RRP topics: Senior members of the Global RRO often participate in interactions with regulators from the U.S. Agencies on resolution planning topics, specifically those which are global in nature. For CS, examples of these topics include determination of the MLEs, COs, and CBLs, the interaction between the U.S. and Global RRO, FMU playbooks, review and challenge and board approval protocols for the U.S. Plan. Similarly, senior management of the U.S. CRPO often participates in briefings for international regulators, mainly FINMA and the PRA, to provide insights into topics such as the U.S. resolution strategy, funding and liquidity management, and the setup of U.S. Service Co.
- Collaboration on Global Resolution Capabilities: Key components of the CS Resolution Capabilities program

are global in scope. For example, the scope of the PCS work-stream is global and applies to all MLEs. In addition, FMU Reporting & Analytics (FMUR) capabilities are applied to the global population of CS FMU relationships under PCS categories. Not surprisingly, development of such a global capability requires close daily collaboration on resource sharing, program management, and other activities between the United States and other CS RRP jurisdictions.

- **Coordination on Global Oversight Activities:** Although the bulk of the review and challenge of the U.S. Resolution Plan was conducted by governance bodies in the U.S., key components of the submission were also reviewed, debated and approved by senior management, committees and governance bodies at CS AG. Key topics include, among others, the workings of the U.S. SPOE resolution strategy, the structure of the TLAC framework, assumptions behind the business unwind strategies for the U.S. LOBs, the Support Agreement structure, management of the U.S. residual portfolio and unwind strategy for the NYB.
- **Collaboration on Data Gathering Activities:** Key informational elements for the updates of the MLE, CBL and CO sections, including those in the U.S. Resolution Plan, utilizes data sourced from this setup. The information is gathered, reviewed, and distributed by the network of global RRP program managers and content experts.

## 1.12 Cautionary Statement Regarding Forward-Looking Information

This public section contains statements that constitute forward-looking statements. These statements are based on a hypothetical resolution scenario. They are subject to uncertainty and changes in circumstances and are not binding on a bankruptcy court or other resolution authority. In addition, in the future Credit Suisse, and others on Credit Suisse's behalf, may make statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the following:

- Credit Suisse's plans, objectives, ambitions, targets or goals
- Credit Suisse's future economic performance or prospects
- The potential effect on Credit Suisse's future performance of certain contingencies
- Assumptions underlying any such statements

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

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

- The ability to maintain sufficient liquidity and access capital markets
- Market volatility and interest rate fluctuations and developments affecting interest rate levels
- The strength of the global economy in general and the strength of the economies of the countries in which Credit Suisse conducts its operations, in particular the risk of continued slow economic recovery or downturn in the United States or other developed countries or in emerging markets in 2018 and beyond
- The direct and indirect impacts of deterioration or slow recovery in residential and commercial real estate markets
- Adverse rating actions by credit rating agencies in respect of Credit Suisse, sovereign issuers, structured credit products or other credit-related exposures
- The ability of Credit Suisse to achieve its strategic goals, including those related to cost efficiency, income/(loss) before taxes, capital ratios and return on regulatory capital, leverage exposure threshold, risk-weighted assets threshold, return on tangible equity and other targets, objectives and ambitions

- The ability of counterparties to meet their obligations to Credit Suisse
- The effects of, and changes in, fiscal, monetary, exchange rate, trade and tax policies, as well as currency fluctuations
- Political and social developments, including war, civil unrest or terrorist activity
- The possibility of foreign exchange controls, expropriation, nationalization or confiscation of assets in countries in which Credit Suisse conducts its operations
- Operational factors such as systems failure, human error, or the failure to implement procedures properly
- The risk of cyber attacks on Credit Suisse's business or operations
- Actions taken by regulators with respect to Credit Suisse's business and practices and possible resulting changes to its business organization, practices and policies in countries in which Credit Suisse conducts its operations
- The effects of changes in laws, regulations or accounting or tax standards, policies or practices in countries in which Credit Suisse conducts its operations
- The potential effects of proposed changes in our legal entity structure
- Competition or changes in Credit Suisse's competitive position in geographic and business areas in which it conducts its operations
- The ability to retain and recruit qualified personnel
- Credit Suisse's ability to maintain its reputation and promote its brand
- The ability to increase market share and control expenses
- Technological changes
- The timely development and acceptance of Credit Suisse's new products and services and the perceived overall value of these products and services by users
- Acquisitions, including the ability to integrate acquired businesses successfully, and divestitures, including the ability to sell non-core assets
- The adverse resolution of litigation, regulatory proceedings, and other contingencies
- Other unforeseen or unexpected events and our success at managing these and the risks involved in the foregoing

Credit Suisse cautions you that the foregoing list of important factors is not exclusive. When evaluating forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, including the information set forth in I- Information on the company - Risk factors in Credit Suisse's Annual Report 2017.

