Credit Suisse Bank (Europe), S.A.

(previously Credit Suisse Securities, S.V., S.A.)

Financial statements
December 31, 2021
Directors' Report
Year ended December 31, 2021

(Along with the Auditors' Report)

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

Balance Sheet

as of 31 December 2021

(Thousand euros)

ASSETS	Note	2021	2020 (*)
Cash, cash balances at central banks and other demand deposits	**5**	**177,972**	**170,182**
Financial assets held for trading	**6**	**5,770,799**	**2,264,919**
Derivatives		2,514,679	1,468,299
Equity instruments		1,770	16,840
Loans and advances		3,254,350	779,780
Financial assets at amortised cost	**7**	**4,268,909**	**2,754,321**
Loans and advances		4,268,909	2,754,321
Tangible assets	**8**	**44,839**	**4,346**
Property, plant and equipment		44,839	4,346
Intangible assets	**9**	**7,989**	**9,655**
Other intangible assets		7,989	9,655
Tax assets	**10**	**34,580**	**26,150**
Current tax assets		16,310	4,908
Deferred tax assets		18,270	21,242
Other assets	**11**	**99,543**	**49,159**
TOTAL ASSETS		**10,404,631**	**5,278,732**

The accompanying notes form an integral part of the Financial Statements as of December 31, 2021.

(*) Data as of December 31, 2020 is presented solely and exclusively for comparison purposes and differs from that included in the 2020 annual accounts. Restated balances see note 2.b).

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

Balance Sheet

as of 31 December 2021

(Thousand euros)

LIABILITIES AND EQUITY	Note	2021	2020 (*)
Financial liabilities held for trading	**6**	**5,343,024**	**1,967,733**
Derivatives		2,334,037	1,273,855
Short positions		685,509	405,901
Deposits		2,323,478	287,977
Financial liabilities measured at amortised cost	**12**	**3,988,291**	**2,477,085**
Deposits		3,738,154	2,310,856
Other financial liabilities		250,137	166,229
Provisions	**13**	**5,948**	**11,132**
Pensions and other post-employment defined benefit obligations		5,329	7,567
Other provisions		619	3,565
Tax liabilities	**10**	**19,612**	**5,605**
Current tax liabilities		19,612	5,540
Deferred tax liabilities		-	65
Other liabilities	**14**	**144,082**	**147,519**
TOTAL LIABILITIES		**9,500,957**	**4,609,074**
SHAREHOLDERS' EQUITY	**15**	**904,096**	**671,842**
Capital		**18,000**	**5,276**
Paid up capital		18,000	5,276
Share premium		**29,724**	**29,724**
Other reserves		**824,118**	**636,396**
Profit or loss attributable to owners of the parent		**32,254**	**446**
ACCUMULATED OTHER COMPREHENSIVE INCOME	**15**	**(422)**	**(2,184)**
Items that will not be reclassified to profit or loss		**(422)**	**(2,184)**
Actuarial gains or (-) losses on defined benefit pension plans		(422)	(2,184)
TOTAL EQUITY		**903,674**	**669,658**
TOTAL EQUITY AND TOTAL LIABILITIES		**10,404,631**	**5,278,732**

MEMORANDUM ITEMS (OFF BALANCE SHEET)	16		
Loan commitments granted		-	-
Financial guarantees granted		-	-
Other Commitments granted		8,892,274	6,287,639

The accompanying notes form an integral part of the Financial Statements as of December 31, 2021.

(*) Data as of December 31, 2020 is presented solely and exclusively for comparison purposes and differs from that included in the 2020 annual accounts. Restated balances see note 2.b).

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

Statement of profit and loss

31 December 2021

(Thousand euros)

	Note	2021	2020 (*)
Interest income	**17.b**	29,755	8,665
Financial assets at amortised cost		18,480	5,154
Other assets		11,275	3,511
(Interest expenses)	**17.b**	(44,823)	(26,842)
A) INTEREST MARGIN		**(15,068)**	**(18,177)**
Fee and commission income	**17.c**	308,681	155,064
(Fee and commission expenses)	**17.c**	(121,481)	(73,874)
Gains or (-) losses on financial assets and liabilities held for trading, net	**17.d**	7,079	16,932
Gains or (-) losses on derecognition of non-financial assets, net		-	(32)
Exchange differences [gain or (-) loss], net		79	74
Other operating income	**17.e**	52,354	91,390
(Other operating expenses)		(2,856)	(184)
B) OPERATING INCOME, NET		**228,788**	**150,797**
(Administrative expenses)		(169,338)	141,703
(Staff expenses)	**17.f**	(121,432)	(82,040)
(Other administrative expenses)	**17.g**	(47,906)	(59,663)
(Depreciation)	**8 y 9**	(9,841)	(3,055)
(Provisions or (-) reversal of provisions)	**13**	(1,786)	(4,960)
(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)	**7**	(1,715)	3
(Financial assets at amortised cost)		(1,715)	3
(Impairment or (-) reversal of impairment on non-financial assets)		-	(66)
(Other intangible assets)		-	(66)
C) PROFIT OR (-) LOSS BEFORE TAX FROM CONTINUING OPERATIONS		**46,108**	**1,016**
(Tax expense or (-) income related to profit or loss from continuing operations)	**18**	(13,854)	(570)
D) PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS		**32,254**	**446**
Profit or (-) loss before tax from discontinued operations		-	-
E) PROFIT OR (-) LOSS FOR THE YEAR		**32,254**	**446**

The accompanying notes form an integral part of the Financial Statements as of December 31, 2021.

(*) Data as of December 31, 2020 is presented solely and exclusively for comparison purposes and differs from that included in the 2020 annual accounts. Restated balances see note 2.b).

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

Statements of changes in equity for the year ended 31 December de 2021

(Thousand euros)

A) Statement of comprehensive income for the year ended 31 December 2021

	2021	2020 (*)
PROFIT OR (-) LOSS FOR THE YEAR	**32,254**	**446**
OTHER COMPREHENSIVE INCOME	**1,762**	**(2,184)**
Items that will not be reclassified to profit or loss	2,517	(2,184)
Actuarial gains or (-) losses on defined benefit pension plans	3,086	(2,912)
Income tax relating to items that will not be reclassified	(755)	728
Items that may be reclassified to profit or loss	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR	**34,016**	**(1,738)**

The accompanying notes form an integral part of the Financial Statements as of December 31, 2021.

(*) Data as of December 31, 2020 is presented solely and exclusively for comparison purposes and differs from that included in the 2020 annual accounts. Restated balances see note 2.b).

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

Statement of changes inequity for the year ended 31 December de 2021
(Thousand euros)

B) Statement of changes in equity

	Capital	Share premium	Other reserves	Profit or loss for the year	Accumulated other comprehensive Income	Total
As at 31 December 2019 (*)	4,808	-	668,065	(4,507)	-	668,366
Total comprehensive income/expense for the year	-	-	-	446	(2,184)	(1,738)
Business Transfer Agreement (Note 1 and 15)	468	29,724	(27,162)	-	-	3,030
Distribution of the profit/(loss) for the year	-	-	(4,507)	4,507	-	-
As at 31 December 2020 (*)	5,276	29,724	636,396	446	(2,184)	669,658
Total comprehensive income/expense for the year	-	-	-	32,254	1,762	34,016
Issuance of ordinary shares	12,724	-	(12,724)	-	-	-
Distribution of the profit/(loss) for the year	-	-	446	(446)	-	-
Other shareholder’s contributions (Note 15.b)	-	-	200,000	-	-	200,000
As at 31 December 2021	18,000	29,724	824,118	32,254	(422)	903,674

The accompanying notes form an integral part of the Financial Statements as of December 31, 2021.
(*) Data as of December 31, 2020 is presented solely and exclusively for comparison purposes and differs from that included in the 2020 annual accounts. Restated balances see note 2.b).

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

Statement of cash flows
For the year ended 31 December 2021

(Thousand euros)

	Note	2021	2020 (*)
A. CASH FLOWS FROM OPERATING ACTIVITIES		**(340,296)**	**13,874**
Profit or loss for the year		**32,254**	**446**
Adjustments made to obtain the cash flows from operating activities		**27,208**	**(11,203)**
Depreciation and amortisation cost	8 and 9	9,841	3,055
Other adjustments		17,367	(14,258)
Net increase/(decrease) in operating assets		**(5,070,852)**	**420,922**
Financial assets held-for-trading		(3,505,880)	702,639
Financial assets at amortized cost		(1,514,589)	(244,111)
Other operating assets		(50,383)	(37,606)
Net increase/(decrease) in operating liabilities		**4,683,402**	**(395,259)**
Financial liabilities held-for-trading		3,375,291	(990,934)
Financial liabilities at amortized cost		1,314,210	476,731
Other operating liabilities		(6,099)	118,944
Income tax recovered/(paid)		**(12,308)**	**(1,032)**
B. CASH FLOWS FROM INVESTING ACTIVITIES		**(1,914)**	**(19,142)**
Payments		**(1,914)**	**(19,142)**
Tangible assets	8	(953)	(1,012)
Intangible assets	9	(961)	(11,930)
Other payments related to investing activities		-	(6,200)
C. CASH FLOW FROM FINANCING ACTIVITIES		**350,000**	**-**
Proceeds		**350,000**	-
Subordinated liabilities		150,000	-
Other proceeds related to financing activities		200,000	-
D. EFFECT OF FOREIGN EXCHANGE RATE DIFFERENCES		-	-
E. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)		**7,790**	**(5,268)**
F. CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**170,182**	**175,450**
G. CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**177,972**	**170,182**
MEMORANDUM ITEMS			
COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**177,972**	**170,182**
Cash		-	-
Cash equivalents at central banks		35,018	-
Other financial assets		142,954	170,182

The accompanying notes form an integral part of the Financial Statements as of December 31, 2021.

(*) Data as of December 31, 2020 is presented solely and exclusively for comparison purposes and differs from that included in the 2020 annual accounts. Restated balances see note 2.b).

CREDIT SUISSE BANK,
(EUROPE), S.A

Notes to the financial statements

(1) Nature and Core Business Activities

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

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

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

On effective date 1st March 2020, the Entity, as transferee, along with CREDIT SUISSE INTERNATIONAL ("CSI"), CREDIT SUISSE SECURITIES (EUROPE) LIMITED ("CSSEL") (both as "transferors"), CREDIT SUISSE AG and CREDIT SUISSE SERVICES AG signed the "Business Transfer Agreement ("BTA"), in which the transferors agree to, on one hand, sell part of their business and, on the other hand, agree to the contribution of their Branches' businesses to the Entity.

The transferred business consists of the business carried on by the transferors including Global Markets and Investment Banking and Capital Markets to the extent such business relating to EU Regulated Activities. The price of the business transfer has been set at 11,800,000.00 euros (Note 9).

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

- 168,284 Consideration Shares to Credit Suisse International with an aggregate value of €10,850,952.32, with a price of 64.48 euros per share
- 299,264 Consideration Shares to Credit Suisse Securities Europe Limited with an aggregate value of €10,850,952.32, with a price of 64.48 euros per share.

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

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

Share Purchase Agreement

On February 28, 2020, the "Share Purchase Agreement" was made public, by which CSSEL and CSI sold their shares to Credit Suisse AG for 30,193 thousand euros effective March 1, 2020.

The effect of the Business Transfer Agreement on the Entity's equity has been as follows:

Item	Amount (Thousand euros)
Issued Capital	468
Share issue premium	29,724
Reserves	(30,192)
CSI / CSSEL transferred Branch Reserves	3,030
Total	3,030

As of December 31, 2021, and 2020, the Entity has the following Branches in the European Union:

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

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

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

(i) To transform the Entity into a credit institution under the terms set out in the Authorisation.

(ii) To increase the share capital of the Entity to 18,000 thousand euros through the issue of 12,723,656 shares at an issue price of 1 euro each, being charged to the voluntary reserves of the Entity (Note 15.a).

(iii) To amend and redraft the articles of the articles of association of the Entity, insofar as they form part of the Authorisation.

(iv) To change the business name of the Entity to Credit Suisse Bank (Europe), S.A.

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

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

The Sole Shareholder of the Entity which holds 100% of its share capital is Credit Suisse AG. The Entity forms part of the Credit Suisse Group (Note 15), whose parent company is Credit Suisse, A.G. The Entity's activity should be assumed to have been carried out in the context of the global strategy of the Credit Suisse Group, undertaking a relevant part of its activity with entities forming part of said Group (see Note 19). In this regard, the relations existing between the Entity and the other entities of the Credit Suisse Group sometimes give rise to transactions being carried out which follow a global strategy of the Group (Notes 15 and 19).

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

a) The carrying out of all kinds of activities, operations, acts, agreements and services specific to the activities of a credit institution and the banking and financial business, in general, or which are directly or indirectly related with it, or complementary thereunto, provided that their carrying out by a credit institution is permitted or not prohibited by the legislation in force, specifically including all those activities contained in the Annex to Law 10/2014 on the organisation, supervision and solvency of credit institutions;

b) The acquisition, tenure, enjoyment and disposal of all kinds of securities. The Entity may carry out the activities which form part of the corporate purpose of the Entity, wholly or partially, indirectly, in any of the forms admissible by Law and, in particular, through ownership of shares or stakes in any company, entity or firm, within the limits of the legislation in force.

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

(a) Maintenance of a minimum percentage of resources deposited at a central bank of a country participating in the single currency (euro) to cover the minimum reserves coefficient.

(b) Maintenance of a minimum equity level. In summary, the regulations determine the requirement to maintain sufficient equity to cover any requirements deriving from risks taken (Note 15.c).

(c) Regulation (EU) no. 575/2013 issued on 26 June 2013 on the prudential requirements of credit institutions and investment companies (henceforth, CRR) requires, in its article 412, compliance with the liquidity requirement which is implemented through the Delegated Regulation (EU) 2015/61. The liquidity ratio as at 31 December 2021 exceeds 100%, which is the minimum required. At 31 December 2020, as a broker dealer, the Entity complied with the liquidity requirements set by the CNMV.

(d) Deposit Guarantee Fund. As indicated in Note 1, since 1st August 2021 the Entity has been operating as a Credit institution and so it forms part of the Deposit Guarantee Fund in Spain (henceforth, "DGF"). The DGF is divided up into two segregated compartments (i) the deposit guarantee compartment whose funds shall be used for those tasks ordered by Directive 2014/49/EU and (ii) the securities' guarantee compartment which assumes the other duties previously assigned to the DGF.

The annual contribution for the deposit guarantee compartment was set at 1.8 per thousand of the basis for calculation of the monetary deposits guaranteed as at 31 December 2021, as stated in section 2.a) of article 3 of the Royal Decree 2606/1996, calculating the contribution in line with the deposits guaranteed and their risk profile.

With regard to its annual contribution for 2021 to the securities' guarantee compartment, it was set at 2 per thousand of the basis for calculation which consists of 5 per cent of the securities guaranteed as at 31 December 2021, as stated in section 2.b) of article 3 of the Royal Decree 2606/1996.

During the financial year of 2020 no contributions to the DGF accrued as it was not regarded as a Credit institution. As at 31 December 2021 the Entity did not have any deposits nor securities guaranteed by the DGF.

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

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

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

The contributions accruing under this item in the financial years of 2021 and 2020, in accordance with a communication received by the FROB, amounted to 2,564 and 1 thousand euros, respectively, and have been recorded as "Other operating expenses" in the statement of profit and loss (Note 17.e).

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

(a) Fair view

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

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

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

These annual accounts, drawn up and authorised for issue by the Entity directors, are pending approval by the sole shareholder of the Entity. Nevertheless, the directors consider that they will be approved without modification by the sole shareholder. The 2020 annual accounts were approved at the annual general meeting of April 30, 2021.

(b) Comparison of information

As indicated above, the annual accounts for 2021 are submitted in line with the templates set out in Circular 4/2017 and subsequent amendments which constitute the development and adaptation to the sector of Spanish credit institutions of the IFRS-EU. The annual accounts of the Entity for 2020 were drawn up in line with the standards determined in Circular 7 issued on 26 November 2008 by the National Securities' Market Commission (CNMV) and so in the present annual accounts the balance sheet, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement pertaining to 31 December 2020 have been adapted to the templates included in Circular 4/2017 issued by the Bank of Spain to allow comparability with the figures for 2021.

In addition, the adaptation to Circular 4/2017 has given rise to the adoption by the Entity of the accounting standards on Financial Instruments and Leases. The Entity has analysed the impacts and they have been detailed below.

Financial Instruments

The accounting standard maintains, but simplifies, the template for mixed valuation and determines three valuation categories for financial instruments: amortised cost, fair value through profit and loss and fair value with changes in other comprehensive income (equity). The basis for classification depends on the business model of the Entity and the characteristics of the contractual cash flows of the financial assets. Moreover, the investments in equity instruments must be valued at the fair value through profit and loss, with the irrevocable option of submitting the changes in fair value under other comprehensive income (equity), provided that the instrument is not held for trading. In this latter case, the changes in value of said equity instruments would be posted to equity, without having to pass through the profit and loss account, even when there is an impairment.

As the Entity has first adopted circular 4/2017 owing to the change in designation to a credit institution since 1st August 2021, the adoption impacts the Entity’s 2021 financial statements, and therefore it has been applied prospectively (Note 7.c).

Leases

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

The right-of-use asset is amortised on a straight-line basis for the shortest of the periods generated either for the working life of the asset or the lease period. Lease payments shall be discounted using the implicit rate of interest in the lease and their maintenance shall have a subsequent valuation similar to that of a financial liability that will be applied against earnings during the lease period in order to produce a constant periodic interest rate on the remaining balance of liabilities for each period. The recognition of the expense on interest will be decreasing.

As the Entity has first adopted circular 4/2017 owing to the change in designation to a credit institution since 1st August 2021, the adoption impacts the Entity’s 2021 financial statements, and therefore it has been applied prospectively (Note 8).

The balance sheet and the statement of profit and loss as at 31 December 2020 that were issued by the Directors on 25 March 2021 have been restated to adopt the presentation standards required by the new accounting framework applicable to the Entity as a credit institution. The previous and restated versions of both statements are presented below and the headings can be reconciled via the alphabetical key provided.

BALANCE SHEET STATEMENT: ASSETS

	Statement in 2020 Annual Accounts			Restated Statement	
	2020			**2020**	
Cash	**-**		**Cash, cash balances at central banks and other demand deposits**	**170,182**	**c**
Financial assets held for trading	**1,485,140**	**a**	Other demand deposits	170,182	
Equity instruments	16,840		**Financial assets held for trading**	**2,264,919**	**a - c**
Trading Derivatives	1,468,299		Derivatives	1,468,299	
Available-for-sale financial assets	**1**	**b**	Equity instruments	16,840	
Equity instruments	1		Loans and advances	779,780	
Loans and receivables	**3,741,665**	**c**			
Loans and receivables from financial intermediaries	3,731,626		**Financial assets at amortised cost**	**2,754,321**	**c**
Loans and receivables from private individuals	10,039		Loans and advances	2,754,321	
Other financial assets	-		**Tangible assets**	**4,346**	**d**
Tangible assets	**4,346**	**d**	Property, plant and equipment	4,346	
For own use	4,346		**Intangible assets**	**9,655**	**e**
Intangible assets	**9,655**	**e**	Other intangible assets	9,655	
Other intangible assets	9,655		**Tax assets**	**26,150**	**f**
Tax assets	**26,150**	**f**	Current tax assets	4,908	
Current	4,908		Deferred tax assets	21,242	
Deferred	21,242		**Other assets**	**49,159**	**b - c - g**
Other assets	**11,775**	**g**			
TOTAL ASSETS	**5,278,732**		**TOTAL ASSETS**	**5,278,732**	

CREDIT SUISSE BANK,
(EUROPE), S.A

Notes to the financial statements

BALANCE SHEET STATEMENT: LIABILITIES AND EQUITY

	Statement in 2020 Annual Accounts	
	2020	
Financial liabilities held for trading	**1,273,855**	**a**
Financial liabilities designated at fair value through profit or loss	**4,628**	**a**
Financial liabilities measured at amortised cost	**3,224,745**	**b**
Debts with financial intermediaries	3,222,315	
Debts with private individuals	2,430	
Tax Liabilities	**5,605**	**c**
Current	5,540	
Deferred	65	
Provisions	**11,132**	**d**
Other liabilities	**89,109**	**e**
TOTAL LIABILITIES	**4,609,074**	
SHAREHOLDERS' EQUITY	**669,658**	
Capital	**5,276**	**f**
Issued Capital	5,276	
Share Premium	**29,724**	**h**
Reserves	**634,212**	**h**
P&L YTD(+/-)	**446**	**i**
TOTAL EQUITY	**669,658**	

	Restated Statement	
	2020	
Financial liabilities held for trading	**1,967,733**	**a - b**
Derivatives	1,273,855	
Short positions	405,901	
Deposits	287,977	
Financial liabilities measured at amortised cost	**2,477,085**	**b**
Deposits	2,310,856	
Other financial liabilities	166,229	
Provisions	**11,132**	**d**
Pensions and other post-employment defined benefit obligations	7,567	
Other provisions	3,565	
Tax liabilities	**5,605**	**c**
Current tax liabilities	5,540	
Deferred tax liabilities	65	
Other liabilities	**147,519**	**b - e**
TOTAL LIABILITIES	**4,609,074**	
SHAREHOLDERS' EQUITY		
Capital	**5,276**	**f**
Share premium	**29,724**	**f**
Other reserves	**636,396**	**h**
Profit or loss attributable to owners of the parent	**446**	**i**
ACCUMULATED OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss	**(2,184)**	**h**
Actuarial gains or (-) losses on defined benefit pension plans	(2,184)	
TOTAL EQUITY	**669,658**	

STATEMENT OF PROFIT AND LOSS

	Statement in 2020 Annual Accounts 2020	
Interest income (+)	8,665	a
Interest expense (-)	(26,842)	b
INTEREST MARGIN (+/-)	**(18,177)**	
Dividend income	-	
Fee and commission income	177,065	c
(Fee and commission expenses)	(116,271)	d
Earnings from financial operations (net) (+/-)	16,932	e
Trading portfolio (+/-)	16,932	
Exchange differences [gain or (-) loss], net	74	f
Other operating income	91,390	g
(Other operating expenses)	(184)	h
GROSS MARGIN (+/-)	**150,829**	
Staff expenses (-)	(82,040)	i
(Other administrative expenses)	(59,663)	j
Depreciation (-)	(3,055)	k
(Provisions or (-) reversal of provisions)	(4,960)	l
(Impairment or (-) reversal of impairment on financial assets)	3	m
Loans and receivables (+/-)	3	
OPERATING INCOME (+/-)	**1,114**	
(Impairment or (-) reversal of impairment on non-financial assets)	(66)	n
Intangible assets (+/-)	(66)	
Profits/(Losses) in the derecognition of assets not classified as non-current held for sale (+/-)	(32)	o
PROFIT OR (-) LOSS BEFORE TAX FROM CONTINUING OPERATIONS	**1,016**	
(Tax expense or (-) income related to profit or loss from continuing operations)	(570)	p
PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS	**446**	
Profit or (-) loss after tax from discontinued operations	-	
PROFIT OR (-) LOSS FOR THE YEAR	**446**	

	Restated Statement 2020	
Interest income	8,665	a
Financial assets at amortised cost	4,798	
Other assets	3,867	
(Interest expenses)	(26,842)	b
A) INTEREST MARGIN	**(18,177)**	
Fee and commission income	155,064	c/g
(Fee and commission expenses)	(73,874)	d
Gains or (-) losses on financial assets and liabilities held for trading, net	16,932	e
Gains or (-) losses on derecognition of non-financial assets, net	(32)	o
Exchange differences [gain or (-) loss], net	74	f
Other operating income	70,994	g
(Other operating expenses)	(184)	h
B) OPERATING INCOME, NET	**150,797**	
(Administrative expenses)	(141,703)	
(Staff expenses)	(82,040)	i
(Other administrative expenses)	(59,663)	j
(Depreciation)	(3,055)	k
(Provisions or (-) reversal of provisions)	(4,960)	l
(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)	3	m
(Financial assets at amortised cost)	3	
(Impairment or (-) reversal of impairment on non-financial assets)	(66)	n
(Other intangible assets)	(66)	
C) PROFIT OR (-) LOSS BEFORE TAX FROM CONTINUING OPERATIONS	**1,016**	
(Tax expense or (-) income related to profit or loss from continuing operations)	(570)	p
D) PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS	**446**	
Profit or (-) loss after tax from discontinued operations	-	
E) PROFIT OR (-) LOSS FOR THE YEAR	**446**	

(c) Functional currency and presentation currency

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

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

The accounting estimations and judgements made by the Entity in 2020 and 2019 were the same as those used in the previous year.

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

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

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

Although these estimates made by the Entity directors were based on the best information available at 31 December 2021, events that take place subsequently may make it necessary to raise or lower them in future years. The effect on the annual accounts of any adjustments that may be required in future years would be recognised prospectively.

In relation to the COVID-19 pandemic evolution, the Entity management has continued assessing its possible implications on the abovementioned estimations and has concluded that said estimations have not been significantly impacted in 2021 and 2020. The Directors consider that the going concern accounting principle continues to apply under these circumstances.

(e) Going concern

In the preparation of these financial statements the Directors have considered that the Entity's activity will continue in the foreseeable future. Therefore, the application of accounting standards is not aimed to determine the value of the Entity's equity for its sale or liquidation.

The Directors have assessed that the Entity is a going concern.

(3) Recognition and Measurement rules

(a) Financial instruments

(i) Recognition, Measurement and Classification of Financial Instruments

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

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

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

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

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

(ii) Classification of financial assets

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

a) Financial assets at amortised cost.

b) Financial assets at fair value with changes through other comprehensive income.

c) Financial assets at fair value through profit or loss:

  i) Financial assets held for trading.

  ii) Non-trading financial assets mandatorily at fair value through profit or loss

d) Financial assets at fair value through other comprehensive income

e) Derivatives – hedge accounting.

f) Investments in subsidiaries, joint ventures and associates.

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

a) The business model of the Entity for financial asset management and

b) The characteristics of the contractual cash flows of the financial assets.

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

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

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

a) it is managed with a business model whose objective is to hold financial assets to receive contractual cash flows and

b) the contractual conditions give rise to cash flows on specified dates which are solely payments of principal and interest on the outstanding principal amount.

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

a) it is managed with a business model whose objective combines the receipt of contractual cash flows from financial assets and sale and

b) the contractual conditions give rise to cash flows on specified dates which are solely payments of principal and interest on the outstanding principal amount.

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

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

a) They originate or are acquired with a view to their short-term realisation.

b) They form part of a group of financial instruments identified and managed jointly, whereof there is evidence of recent actions to obtain short-term profits.

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

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

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

(iii) Classification of financial liabilities

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

a) Financial liabilities at amortised cost.

b) Financial liabilities held for trading.

c) Financial liabilities designated at fair value through profit or loss.

d) Derivatives – hedge accounting.

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

- The portfolio of financial liabilities held for trading must include all the financial liabilities that comply with any of the following characteristics:

a) They have been issued with the intention of reacquiring them in the near future.

b) They are short positions in securities, according to the definition under letter f), section 1 of standard 53 of Circular 4/2017 of the Bank of Spain.

c) They form part of a portfolio of financial instruments identified and managed jointly, whereof there is evidence of recent actions to obtain short-term profits.

d) They are derivative instruments which do not comply with the definition of a financial guarantee contract nor have they been designated as hedging instruments.

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

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

a) They have been irrevocably designated upon their initial recognition by the Group in accordance with the limits determined in Circular 4/2017.

b) They have been designated upon their initial recognition or subsequently as an item hedged for credit risk management through the use of a credit derivative valued at fair through profit and loss.

(iv) Initial valuation of financial instruments

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

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

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

(v) Subsequent valuation of financial assets

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

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

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

(vi) Subsequent valuation of financial liabilities

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

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

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

(vii) Value impairment of the financial assets

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

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

a) Debt instruments

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

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

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

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

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

The Entity classifies as normal risk under special surveillance those transactions for which their credit risk has increased significantly since their initial recognition, but which do not constitute a breach event. Provisions owing to impairment shall be equal to the expected credit losses during the lifetime of the transaction. Income from interest shall be calculated by applying the effective interest rate to the gross book value of the transaction.

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

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

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

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

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

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

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

b) Equity instruments

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

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

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

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

(b) Transactions and balances in foreign currency

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

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

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

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

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

Exchange gains and losses arising from non-monetary financial assets and liabilities are recognised together with the change in fair value. However, the exchange component of the change in the exchange rate of foreign currency non-monetary financial assets classified as available for sale and qualified as hedged items in fair value hedges of that component is recognised under profit or loss.

(c) Tangible assets

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

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

	Depreciation method	Years of estimated useful life 31.12.2021
Facilities and equipment	Straight-line	5
Furniture and fixtures	Straight-line	5
Data processing equipment	Straight-line	3

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

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

(d) Intangible assets

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

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

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

	Depreciation method	Years of estimated useful life 31.12.2020
Computer applications	Straight-line	7

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

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

(e) Leases

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

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

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

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

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

(f) Security deposits

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

(g) Fees, interest and income from capital instruments

- Fees

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

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

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

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

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

- Interest and income from capital instruments

Interest is recognised using the effective interest rate method.

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

(h) Employee benefits

- Contributions to pension schemes

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

As of December 31, 2021, the balance sheet includes a provision for pension commitments amounting to 1,792 and 3,527 thousand euros in the Branch in Paris and 3.527K in the Branch in Milano (4,112 and 3,456 thousand euros in Paris and Milano as at December 31, 2021) (Note 13).

- Termination benefits

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

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

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

As of December 31, 2020, the balance sheet included a restructuring provision amounting to 2,950 thousand euros. (Note 13). As of December 31, 2021, there are no provisions booked related to restructuring.

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

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

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

(i) Corporate income tax

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

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

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

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

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

(j) Provisions and contingent liabilities

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

The amounts recognised on the balance sheet pertain to the best estimate at year-end of the disbursements required to cancel the present obligation, taking into account the risks and uncertainties related with the provision and, when material, the financial effect produced by the discount, provided the payments to be made in each period can be reliably determined. The discount rate is a pre-tax rate, considering the time value of money as well as the specific risks that were not taken into account in the future flows related with the provision.

(k) Contributions to the Investment Guarantee Fund

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

During 2021 the Entity accrued contributions to the Investment Guarantee Fund in a sum of 40 thousand euros (40 thousand euros in 2020), registered within “Other operating expenses” on the statement of income.

(l) Related party transactions

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

(m) Total Statement of Changes in Equity

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

- Reclassifications which includes changes in equity arising as a result of the retrospective restatement of the balances of the financial statements due to changes in accounting criteria or to the correction of errors.

- Income and expenses recognised in the financial year: it includes the aggregate of all the items indicated above recognised in the statement of recognised income and expenses.

- Other changes in equity: this shows the other items recognised under equity, such as the distribution of profit, trading in equity instruments, payments made with capital instruments, transfers between equity items and any other increase or reduction in equity.

(n) Cash flow statement

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

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

- Operating activities: the typical activities of investment firms and credit institutions and other activities that are not investment or financing activities.

- Investment activities: the acquisition and disposal by other means of long-term assets and other investments not included in cash and cash equivalents.

- Financing activities: activities that result in changes in the size and composition of the equity and liabilities not included in operating activities.

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

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

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

(4) Profits distribution

The proposal for distribution of profit for the year ended 31 December 2021, submitted by the Directors and pending approval by the Sole Shareholder, is as follows:

	Thousand euros
Basis for distribution	
Profit / (loss) for the year	32,254
Distribution	
Legal reserve	2,638
Voluntary Reserve	29,616
	32,254

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

The composition of this item at 31 December 2021 and 2020 is indicated below:

	Thousand euros	
	2021	2020 (*)
Cash balances at Central Banks	35,018	-
Other demand deposits	142,954	170,182
	177,972	170,182
Euros	100,420	35,682
Foreign currency	77,552	134,500
	177,972	170,182

(*) Restated balances (Note 2.b)

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

Other demand deposits as of 31 December 2021 and 2020 includes on demand balances with credit institutions. This item includes balances with Group entities (Note 19).

(6) Financial Assets and Liabilities Held for Trading

The composition of this item at 31 December 2021 and 2020 is indicated below:

	Thousand euros			
	2021		2020 (*)	
	Assets	Liabilities	Assets	Liabilities
Derivatives	2,514,679	2,334,037	1,468,299	1,273,855
Equity instruments	1,770	-	16,840	-
Loans and advances	3,254,350	-	779,780	-
Deposits	-	2,323,478	-	287,977
Short positions	-	685,509	-	405,901
	5,770,799	5,343,024	2,264,919	1,967,733

(*) Restated balances (Note 2.b)

(a) Derivatives

A breakdown of derivative instruments by risk type as of December 31, 2021 is provided below.

	Thousand euros	
	Assets	Liabilities
Risk on equities	917,965	657,352
Risk on interest rate	1,001,752	1,095,316
Risk on currency	140,509	140,762
Other risks	454,453	440,607
	2,514,679	2,334,037
Of which: with group companies (Note 19)	996,046	837,797

A breakdown of derivative instruments by risk type as of December 31, 2020 is provided below.

	Thousand euros	
	Assets	Liabilities
Risk on equities	893,065	539,951
Risk on interest rate	521,379	668,288
Risk on currency	33,179	33,139
Other risks	20,676	32,477
	1,468,299	1,273,855
Of which: with group companies (Note 19)	665,416	490,053

The held-for-trading derivatives as of December 31, 2021 are disclosed below by type of derivative instrument.

	Thousand euros	
	Assets	Liabilities
Swaps	1,570,797	1,445,098
Currency forwards	28,006	27,003
Options on equities and indexes	791,466	535,484
Options on interest rates	68,163	274,659
Options on currency	37,832	36,069
Options on other underlyings	18,415	15,724
	2,514,679	2,334,037
Of which: with group companies (Note 19)	996,046	837,797

The held-for-trading derivatives as of December 31, 2020 are disclosed below by type of derivative instrument.

	Thousand euros	
	Assets	Liabilities
Swaps	858,435	821,959
Currency forwards	3,787	8,880
Options on equities and indexes	550,547	228,170
Options on interest rates	41,713	189,301
Options on currency	9,171	9,186
Options on other underlyings	4,646	16,359
	1,468,299	1,273,855
Of which: with group companies (Note 19)	665,416	490,053

The breadkown of derivative notional amounts by risk type at 31 December 2021 and 2020 is as follows:

	Thousand euros	
	2021	2020
Risk on equity and index	55,023,164	39,101,360
Risk on interest rates	277,965,396	266,850,873
Risk on currency	30,631,661	4,202,543
Risk on other underlyings	21,948,934	63,465,096
	385,569,155	373,619,872
Of which: with group companies	107,659,662	102,864,019

The breadkown of notional amounts by type of derivative instrument at 31 December 2021 and 2020 is as follows:

	Thousand euros	
	2021	2020
Futures	58,906,478	94,044,361
Swaps	254,341,410	189,381,442
Currency forwards	5,136,019	1,132,290
Options on stock and indexes	36,189,863	30,421,898
Options on interest rates	25,288,461	57,114,383
Options on currency	5,212,697	675,076
Options on other underlyings	494,227	850,422
	385,569,155	373,619,872
Of which: with group companies	107,659,662	102,864,019

(b) Equity instruments

Equity instruments can be broken down as follows as at 31 December 2021 and 2020.

	Thousand euros			
	2021		2020	
	Assets	Liabilities	Assets	Liabilities
Listed non-Spanish portfolio	1,770	-	16,840	-
	1,770	-	16,840	-

(c) Loans and advances

Loans and advances are broken down below.

	Thousand euros					
	31.12.2021					
	Central Banks	General Governments	Credit Institutions	Other financial corporations	Non financial corporations	Total
Reverse repos	-	-	1,975,823	499,398	-	2,475,221
Other term loans	-	-	689,021	38,612	51,496	779,129
Impaired	-	-	-	-	-	
	-		2,664,844	538,010	51,496	3,254,350

	Thousand euros					
	31.12.2020 (*)					
	Central Banks	General Governments	Credit Institutions	Other financial corporations	Non financial corporations	Total
Reverse repos	-	-	86,158	195,628	-	281,786
Other term loans	-	-	497,994	-		497,994
Impaired	-	-	-	-	-	-
	-		584,152	195,628	-	779,780

(*) Restated balances (Note 2.b)

The breakdown by currency is as follows:

	Thousand euros	
	31.12.2021	31.12.2020 (*)
Euros	2,424,202	425,417
Foreign currency	830,148	354,363
	3,254,350	779,780

(*) Restated balances (Note 2.b)

(d) Short positions

As at 31 December 2021 and 2020, the liability pertaining to a bond purchase/sale transaction was included as a short position.

(e) Deposits

Deposits are broken down below.

	Thousand euros	
	2021	2020 (*)
Term deposits	74,381	35,433
Repos	2,249,097	252,544
	2,323,478	287,977
Euros	2,224,839	241,814
Foreign currency	98,639	46,163
	2,323,478	287,977

(*) Restated balances (Note 2.b)

(f) Fair value hierarchy

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

- Level 1: Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the Entity has the ability to access.

- Level 2: the estimation uses inputs to valuation models/techniques, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

- Level 3: the estimation uses inputs to valuation models/techniques, for the asset or liability that are not based on observable market data (significant unobservable inputs).

The breakdown by fair value hierarchy of financial assets and liabilities held for trading at 31 December 2021 is the following:

	Thousand euros			
	2021			
	Level 1	Level 2	Level 3	Total
Financial assets held for trading				
Derivatives	4,161	2,475,236	35,282	2,514,679
Equity instruments	1,770	-	-	1,770
Loans and advances	-	3,254,350	-	3,254,350
	5,931	5,279,586	35,282	5,770,799

	Thousand euros			
	2021			
	Level 1	Level 2	Level 3	Total
Financial liabilities held for trading				
Derivatives	3,891	2,303,547	26,599	2,334,037
Short positions	-	685,509	-	685,509
Deposits	-	2,324,478	-	2,323,478
	3,891	5,312,534	26,599	5,343,024

(7) Financial Assets at Amortised Cost

This item can be broken down as follows as at 31 December 2021 and 2020:

	Thousand euros	
	31.12.2021	31.12.2020 (*)
Loans and advances	4,268,909	2,754,321
	4,268,909	2,754,321

(*) Restated balances (Note 2.b)

The breakdown of Loans and Advances can be found below.

	Thousand euros	
	31.12.2021	31.12.2020 (*)
Loans and advances	4,265,992	2,751,935
Governments	100	100,700
Credit institutions	3,474,220	1,730,670
Other financial corporations	668,788	853,000
Non-financial corporations	122,884	67,564
Valuation adjustments	2,917	2,387
Impairment	(1,699)	-
Accrued interest	4,616	2,387
	4,268,909	2,754,321
Euros	3,102,999	2,519,258
Foreign currency	1,165,910	235,063
	4,268,909	2,754,321

(*) Restated balances (Note 2.b)

(a) Loans

The breakdown of Loans by product type and sector of the counterparty as at 31 December 2021 and 2020 is the following:

	Thousand euros					
	31.12.2021					
	Central Banks	General Governments	Credit Institutions	Other financial corporations	Non financial corporations	Total
Reverse repos	-	-	2,119,108	14	-	2,119,122
Other term loans	-	100	1,291,858	131,232	112,720	1,535,910
Impaired	-	-	-	-	-	-
	-	100	3,410,966	131,246	112,720	3,655,032

	Thousand euros					
	31.12.2020 (*)					
	Central Banks	General Governments	Credit Institutions	Other financial corporations	Non financial corporations	Total
Reverse repos	-	-	1,428,892	-	-	1,428,892
Other term loans	-	100,700	175,760	217,960	64,272	558,692
Impaired	-	-	-	-	-	-
	-	100,700	1,604,652	217,960	64,272	1,987,584

(*) Restated balances (Note 2.b)

(b) Advances

The breakdown of Advances by product type and sector of the counterparty as at 31 December 2021 and 2020 is the following:

	Thousand euros		
	31.12.2021		
	Residents in Spain	Non-residents in Spain	Total
Accounts receivable from financial transactions	8,684	224,315	232,999
Cash collaterals posted in derivative transactions	58,222	145,911	204,133
Central counterparties	4,750	169,078	173,828
	71,656	539,304	610,960

	Thousand euros		
	31.12.2020 (*)		
	Residents in Spain	Non-residents in Spain	Total
Accounts receivable from financial transactions	19,545	223,679	243,224
Cash collaterals posted in derivative transactions	11,563	235,863	247,426
Central counterparties	8,250	265,451	273,701
	39,358	724,993	764,351

(*) Restated balances (Note 2.b)

(c) Valuation adjustments

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

	Thousand euros			
	31.12.2021			
	Normal risk	Normal risk on special surveillance	Impaired risk	Total
Loans and advances				
Central Banks	-	-	-	-
General Governments	-	-	-	-
Credit Institutions	-	-	-	-
Other financial corporations	(1,643)	-	-	(1,643)
Non financial corporations	(56)	-	-	(56)
	(1,699)	-	-	(1,699)

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

	Thousand euros				
	2021				
	Opening balance 01.01.2021	First adoption circular 4/2017 (Note 1.b)	Net credit risk change	Other adjustments	Closing Balance 31.12.2021
Loans and advances	-	-	-	-	-
Central Banks	-	-	-	-	-
General Governments	-	-	-	-	-
Credit Institutions	-	-	-	-	-
Other financial corporations	-	(1,659)	-	16	(1,643)
Non financial corporations	-	(56)	-	-	(56)
	-	(1,715)	-	16	(1,699)

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

The entire portfolio of financial assets at amortised cost is considered Nomal risk under the criteria of Circular 4/2017. As a result of the impairment analysis, as at 31 December the accumulated amount stood at 1,699 thousand euros, having assigned to the calculation of alternative solutions the sum of 1,715 thousand euros against the profit and loss account.

As at 31 December 2020, the Entity did not fall under the regulation of said circular and had no provision associated with credit risk.

(8) Property, Plant and Equipment

Changes in this balance sheet item during 2020 and 2021 are broken down below.

2021

	Thousand euros					
	31.12.2020	First Adoption Circular 4/2017	Additions	Disposals	Transfers	31.12.2021
Cost:						
Facilities & Equipment	15,298	-	413	-	-	15,711
Furniture & Fittings	2,491	-	56	-	-	2,547
Data processing (EDP)	1,719	-	126	(12)	-	1,833
Work in progress	1,080	-	358	(246)	-	1,192
Leases	-	46,995	-	-	-	46,995
	20,588	46,995	953	(258)	-	68,278
Accumulated depreciation	(16,242)	-	(7,214)	17	-	(23,439)
	4,346	46,995	(6,261)	(241)	-	44,839

2020

	Thousand euros					
	31.12.2019	Additions	Additions BTA (Note 1)	Disposals	Transfers	31.12.2020
Cost:						
Facilities & Equipment	2,966	9	14,347	(2,006)	(18)	15,298
Furniture & Fittings	338	2	2,239	(88)	-	2,491
EDP equipment	260	72	1,481	(81)	(13)	1,719
Work in progress	107	929	215	(202)	31	1,080
	3,671	1,012	18,282	(2,377)	-	20,588
Accumulated depreciation	(2,379)	(667)	(15,586)	2,390	-	(16,242)
Net book value	1,292	345	2,696	13	-	4,346

At 31 December 2021, the Entity had fully amortised items of property, plant and equipment with a cost of 817 thousand euros (809 thousand euros at 31 December 2020).

At 31 December 2021 and 2020 there are no impairments recognised on property, plant and equipment.

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

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

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

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

The breakdown of right of use owing to lease pursuant to the accounting standard on operating leases (Note 2.b) as at 31 December 2021 is as follows:

	Thousand euros
	31.12.2021
Rights of use (assets)	
Real estate	46,995
	46,995
Accumulated depreciation	(6,294)
Net book value	40,701

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

	Thousand euros
	31.12.2021
Other financial liabilities (Note 12)	
Lease liabilities	45,979
	45,979

By contrast, the impact on the income statement owing to rights-of-use of the Entity as at 31 December 2021 is as follows:

	Thousand euros
	31.12.2021
Depreciation expense on rights of use	6,294
Interest expense on lease liabilities	51
Cash flow decrease	6,578

The accounting standard was applied prospectively from 2021 and consequently there are no 2020 balances as right of use and lease liabilities. Furthermore, in 2021 the Entity still holds operating lease agreements that do not qualify for balance sheet recognition and therefore carry a rental expense associated to them (Note 7.g).

(9) Intangible Assets

As 31 December 2021 and 2020, the detail of the intangible assets registered by the Entity is presented as follows.

2021

	Thousand euros				
	31.12.2020	Additions	Disposals	Transfers	31.12.2021
Cost:					
Software	11,980	697	-	-	12,677
Work in progress	50	264	-	-	314
	12,030	961	-	-	12,991
Accumulated depreciation	(2,375)	(2,627)	-	-	(5,002)
Net book value	9,655	(1,666)	-	-	7,989

2020

	Thousand euros				
	31.12.2019	Additions	Disposals	Transfers	31.12.2020
Cost:					
Software	1,778	11,881	(79)	-	11,980
Work in progress	-	50	-	-	50
	178	11,931	(79)	-	12,030
Accumulated depreciation	-	(2,388)	13	-	(2,375)
Net book value	178	9,543	(66)	-	9,655

(10) Tax assets and liabilities

The composition of these items at 31 December 2021 and 2020 is as follows:

	Thousand euros			
	Current		Deferred	
Tax assets	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Withholding Tax	13,280	4,275	-	-
Advance tax	-	-	18,270	21,242
Value Added Tax	3,007	515	-	-
Other tax liabilities	23	118	-	-
	16,310	4,908	18,270	21,242

	Thousand euros			
	Current		Deferred	
Tax liabilities	31.12.2021	31.12.2020	31.12.2021	31.12.2020
CIT payable	11,727	3,887	-	-
Social Security costs payable	1,721	1,653	-	-
Value Added Tax	5,110			
Other tax liabilities	1,054	-	-	65
	19,612	5,540	-	65

"Withholding tax" includes 9,081 thousand euros related to the business in Spain (Note 18) and 4,199 thousand euros related to the Entity Branches.

"Other tax liabilities – current" as at 31 December 2021 mainly includes payable balances on account of personal income tax.

Corporate Income Tax (CIT) payable for 2021 and 2020 is broken down below:

	Thousand euros	
	31.12.2021	31.12.20210
Spain (Note 18)	5,894	-
France	4,383	3,291
Italy	1,234	596
Sweden	54	-
The Netherlands	162	-
	11,727	3,887

As stated in Note 19, as at 31 December 2020 the Entity was included in a Group for corporate income tax and therefore corporate income tax balances were recorded as intercompany balances in the balance sheet.

Changes in deferred tax assets during 2021 and 2020 are shown below:

	Thousand euros
Balance 31.12.19	2,380
Additions due to the Business Transfer Agreement (Note 1)	9,883
Additions/(Reductions) due to temporary differences - Spain	4,385
Additions/(Reductions) due to temporary differences - Branches	4,594
Balance 31.12.20	21,242
Additions/(Reductions) due to temporary differences - Spain	(2,055)
Additions/(Reductions) due to temporary differences - Branches	(917)
Balance 31.12.21	18,270

(11) Other assets

This item of the balance sheet as at 31 December 2021 and 2020 is broken down as follows:

	Thousand euros	
	31.12.2021	31.12.2020 (*)
Accruals	51,325	28,279
Other receivables	48,218	20,880
	99,543	49,159

(*) Restated balances (Note 2.b)

Accrual accounts mainly includes, as at 31 December 2021 and 2020, intragroup debts for services to other Credit Suisse Group Companies for commissions receivables and costs recharged to other Group Companies. The amount stood at 50,286 thousand euros as at 31 December 2021 and 27,284 thousand euros as at 31 December 2020.

Other receivables include, as at 31 December 2021, receivables from third parties for 25,432 thousand euros. Additionally, as at 31 December 2021 and 2020, the heading includes security deposits disbursed pertaining to real estate at which the Entity carries out its activity for the sum of 578 thousand euros as at 31 December 2021 (offices of Madrid, Milan and Amsterdam for the sums of 291, 195 and 92 thousand euros, respectively) and 541 thousand euros as at 31 December 2020 (offices of Madrid, Milan and Amsterdam for the sums of 292, 195 and 54 thousand euros, respectively). In addition, as at 31 December 2021 and 2020 the sum of 6,576 and 9,075 thousand euros, respectively, is included which was handed over to a group company as an advance on expenses.

Amounts with Group companies are detailed in Note 19.

(12) Financial Liabilities at Amortised Cost

The composition of these items as at 31 December 2021 and 2020 was as follows:

	Thousand euros	
	31.12.2021	31.12.2020 (*)
Deposits	3,738,154	2,310,856
Other financial liabilities	250,137	166,229
	3,988,291	2,477,085
Euros	2,049,255	1,247,821
Foreign currency	1,939,036	1,229,264
	3,988,291	2,477,085

(*) Restated balances (Note 2.b)

(a) <u>Deposits</u>

Deposits by sector and type of product as at 31 December 2021 and 2020 can be broken down as follows:

	Thousand euros 31.12.2021					
	Central banks	General governments	Credit institutions	Other financial corporations	Non-financial corporations	Total
Current accounts	-	-	198,968	-	-	198,968
Subordinated debt	-	-	150,000	-	-	150,000
Deposits with agreed maturity	-	-	3,220,900	109,107	-	3,330,007
Repurchase agreements	-	-	40,406	18,773	-	59,179
	-	-	3,610,274	127,880	-	3,738,154

	Thousand euros 31.12.2020 (*)					
	Central banks	General governments	Credit institutions	Other financial corporations	Non-financial corporations	Total
Current accounts	-	-	19,805	4,571	2,399	26,775
Deposits with agreed maturity	-	-	2,137,127	133,168	9,450	2,279,745
Repurchase agreements	-	-	4,336	-	-	4,336
	-	-	2,161,268	137,739	11,849	2,310,856

(*) Restated balances (Note 2.b)

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

This item mainly includes deposits held with the London Branch of Credit Suisse AG. Said deposits are used to finance the Entity's operations and are considered time deposits. The amount stood at 2,271,314 thousand euros as at 31 December 2021 and at 1,125,972 thousand euros as at 31 December 2020.

(b) Other financial liabilities

As at 31 December 2021 and 2020 this item included 138,512 and 66,129 thousand euros, respectively, with Group companies (Note 19).

(13) Provisions

The composition of Provisions as at 31 December 2021 and 2020 was as follows:

	Thousand euros	
	31.12.2021	31.12.2020
Pensions and other post-employment defined benefit obligations (Note 3.g)	5,329	7,567
Other provisions	619	3,565
	5,948	11,132

The composition of Provisions during 2021 and 2020 was as follows:

	Thousand euros		
	2021		
	Pensions and other post-employment defined benefit obligations	Other provisions	Total
Opening balance 01.01.2021	7,567	3,565	11,132
Additions, including increases in existing provisions	1,282	504	1,786
(-) Amounts used	(1,758)	(3,450)	(5,208)
(-) Amounts posted to Other Comprehensive income	(1,762)	-	(1,762)
Other movements	-	-	-
Closing balance 31.12.2021	5,329	619	5,948

	Thousand euros 2020		
	Pensions and other post-employment defined benefit obligations	Other provisions	Total
Opening balance 01.01.2020	-	-	-
Additions, including increases in existing provisions	1,395	3,701	5,096
(-) Amounts used	-	-	-
(-) Unused amounts reversed during the period	-	(136)	(136)
Other movements (BTA – Note 1)	6,172	-	6,172
Closing balance 31.12.2020	7,567	3,565	11,132

Other provisions basically includes a restructuring provision for the sum of 2,950 thousand euros as at 31 December 2020. Said provision was used during the financial year of 2021.

(14) Other Liabilities

As at 31 December 2021 and 2020 this item is broken down as follows:

	Thousand euros	
	31.12.2021	31.12.2020
Accruals	73,339	95,409
Rest of other liabilites	70,743	52,110
	144,082	147,519

The Accruals item mainly includes the debt taken out by the Entity with other Credit Suisse Group companies on account of commission expenses for capital markets services and cost recharges for services provided by other Credit Suisse entities. Said amount stood at 39,550 thousand euros as at 31 December 2021 and 53,591 thousand euros as at 31 December 2020.

As regards the other liabilities, the main balance was the variable part of the salary and other commitments with the employees of the Entity accruing as at 31 December 2021 and 2020 (Note 17 (f)).

(15) Own Funds

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

(a) Issued capital and premium

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

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

As at 31 December 2021 the share capital amounted to 18,000 thousand euros, represented by 18,000,000 registered shares with a nominal value of 1 euro each, wholly subscribed and paid up by their Sole Shareholder, Credit Suisse A.G., with the Entity meeting the requirements laid down in the prevailing legislation regarding single-shareholder companies. These shares enjoy the same voting and economic rights. As at 31 December 2021, the Entity holds deposits from a Branch of its Sole Shareholder and subordinated debt with its Sole Shareholder (Note 12).

As at 31 December 2021 and 2020, no treasury shares were held by the Entity or any third party operating on its behalf. The Entity's shares are not listed on any stock exchange.

(b) Reserves

As at 31 December 2021 and 2020 this item is broken down as follows:

	Thousand euros	
	31.12.2021	31.12.2020
Legal reserve	962	962
Capitalization reserve	563	518
Unrestricted reserve	822,593	634,916
	824,118	636,396

(i) Legal reserve

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

As at 31 December 2021 and 2020 the legal reserve of the Entity amounted to 962 thousand euros.

(ii) Other reserves

Other reserves include that part pertaining to the unrestricted reserve and to the capitalisation reserve.

The Entity had an unrestricted reserve assigned of 822,593 thousand euros as at 31 December 2021 (634,916 thousand euros as at 31 December 2020).

On 7 May 2021 the Sole Shareholder decided to make a cash contribution to the own funds of the Entity for the sum of 200,000 thousand euros.

Under the provisions of article 25 of Law 27 enacted on 27 November 2014 regarding Corporation Tax, the Entity had an unavailable reserve for the sum of 563 thousand euros as at 31 December 2021 (518 thousand euros as at 31 December 2020). The capitalization reserve is determined by applying a 10% on the own funds increase in the period.

(c) Other comprehensive income

At 31 December 2021 and 2020 this heading includes changes in value of post-employment commitments.

(d) Own funds: Capital management

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

Later the European Commission presented a legislative proposal based on internationally agreed standards. On 27 June 2019, a comprehensive package of reforms to amend the CRR and CRD4 directive came into force. The CRD 5 directive has been incorporated into Spanish legislation through Royal Decree-Law 7/2021 (which has amended, among others, Act 10/2014). Furthermore, in relation to Circular 2/2016, the Bank of Spain has published Circular 5/2021 amending this circular with the incorporation of macroprudential tools and a draft circular whose definitive publication is scheduled for 2022 and through which it will complete the transposition of CRD 5 into the Spanish legal system.

Similarly, following the transposition to European legislation in 2013, the Basel Committee and other relevant bodies published a series of additional rules and documents containing new specifications for the calculation of capital This means that procedures are constantly being updated, and therefore the Entity continuously adapts its processes and systems to ensure the calculation of capital requirements are fully aligned with the new established requirements.

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

- Comply at all times with the applicable laws and regulations on minimum own funds requirements.

- Seek maximum efficiency in the management of own funds so that the consumption of own funds, together with other profitability and risk variables, is considered a fundamental variable in the analyses associated with decision-making in the Entity.

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

- The Entity monitors and checks at all times the levels of compliance with the laws and regulations on own funds, with alarms that enable it to guarantee compliance at all times and see that the decisions made by the different divisions and units of the Entity are coherent with the goals set to comply with the minimum own funds requirements. In this regard, there are contingency plans to make sure the Entity keeps within the limits set in the applicable laws and regulations.

- In the Entity's strategic and commercial planning and the analysis and monitoring of its operations, the impact of those operations on its eligible own funds and the consumption-yield-risk ratio are considered a key factor in the Entity's decision-making. The Entity has certain metrics that are used to guide its decision-making regarding or affecting the minimum own funds requirements.

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

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

a) a Common Equity Tier 1 capital ratio of 4.5%;

b) a Tier 1 capital ratio of 6%;

c) a total capital ratio of 8%.

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

a) a specific countercyclical capital buffer for each institution

b) a buffer for global systemically important institutions (G-SIIs)

c) a buffer for other systemically important institutions (O-SIIs)

d) a buffer against systemic risks.

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

The Entity shall comply, according to the mentioned regulation, with capital conservation buffer requirement for Common Equity Tier 1 capital of 2.5% and a countercyclical buffer of a 0.0439%.

The Entity calculates its capital ratios as follows:

a) the Common Equity Tier 1 capital ratio will be equal to the Common Equity Tier 1 capital of the institution expressed as a percentage of the total risk exposure amount;

b) the Tier 1 capital ratio will be equal to the Tier 1 capital of the institution expressed as a percentage of the total risk exposure amount.

c) the total capital ratio will be equal to the own funds of the institution expressed as a percentage of the total risk exposure amount.

Details of the company’s own funds at 31 December 2021 and 2020 is included below, classified into Tier 1 own funds and Tier 2 own funds, calculated in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and Bank of Spain Circular 2/2016:

	Thousand euros 31.12.2021	Thousand euros 31.12.2020
Common Equity Tier 1 capital		
Issued capital	18,000	5,276
Other comprehensive income	(422)	(2,184)
Other reserves	853,842	666,120
	871,420	669,212
Deductions	(13,560)	(14,858)
Total Common Equity Tier 1 capital	857,860	654,354
Total Tier 1 capital	857,860	654,354
Tier 2 capital		
Equity instruments and subordinated debt	150,000	-
Standard approach General credit risk adjustments	-	6
Total Tier 2 Capital	150,000	6
Total Capital	1,007,860	654,360
Total amount of risk exposure		
For credit, counterparty, dilution & free delivery risk	2,164,835	1,291,606
For settlement/delivery risk	15,464	1,763
For position, foreign exchange & commodity risk	321,883	163,738
For operational risk	125,930	44,638
For credit valuation adjustment	783,849	145,450
Associated with large exposures held for trading	149,525	251,083
Other risk exposure amounts	24,810	23,016
Total amount of risk exposure	3,586,296	1,921,294
Common Equity Tier 1 capital ratio	23.92%	34.06%
Surplus of Common Equity Tier 1 capital	696,476	567,896
Tier 1 capital ratio	23.92%	34.06%
Surplus of Tier 1 capital	642,682	539,076
Total capital ratio	28.10%	34.06%
Surplus of total capital	720,956	500,656

At 31 December 2021 and 2020, the company’s eligible own funds exceeded those required by the aforesaid legislation.

(16) Off-balance sheet items

The breakdown at 31 December 2021 and 2020 is shown below.

	Thousand euros	
	31.12.2021	31.12.2020 (*)
Loan commitments granted	-	-
Financial guarantees granted	-	-
Other commitments granted	8,892,274	6,287,639
	8,892,274	6,287,639

(*) Restated balances (Note 2.b)

(a) Other commitments granted

The breakdown at 31 December 2021 and 2020 is shown below.

	Thousand euros	
	31.12.2021	31.12.2020
Other commitments granted		
Central Banks	-	595
General governments	-	-
Credit institutions	7,851,137	2,886,642
Other financial corporations	1,041,137	3,400,402
Non-financial corporations	-	-
	8,892,274	6,287,639
Euros	5,905,193	5,372,115
Foreign currency	2,987,081	915,524
	8,892,274	6,287,639

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

(17) Income and Expense

(a) Segment reporting

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

(b) Interest income / Interest expense

The breakdown of this item on the income statement in 2020 and 2019 is as follows:

	Thousand euros	
Interest income	31.12.2021	31.12.2020
Financial assets held for trading	10,999	3,367
Financial assets at amortised cost	18,480	5,154
Other assets	276	144
	29,755	8,665

	Thousand euros	
Interest expenses	31.12.2021	31.12.2020
Financial liabilities held for trading	(12,207)	(8,757)
Financial liabilities measured at amortised cost	(32,616)	(18,085)
	(44,823)	(26,842)

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

(c) Commission income and expense

The breakdown of commission income and expense is shown below.

	Thousand euros	
Commission income	31.12.2021	31.12.2020 (*)
Order placement and execution	137,496	107,418
Underwritting	99,797	733
Advisory services	24,549	26,516
Other commission income	46,839	20,397
	308,681	155,064

(*) Restated balances (Note 2.b)

	Thousand euros	
Fee and commission expenses	31.12.2021	31.12.2020 (*)
Transactions with financial instruments	(65,596)	(71,627)
Commissions on services	(55,885)	(2,247)
	(121,481)	(73,874)

(*) Restated balances (Note 2.b)

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

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

At 31 December 2021 and 2020 this heading contains profit and loss from derivative instruments.

(e) Other operating income and expenses

A breakdown at 31 December 2021 and 2020 of this heading can be found below:

	Thousand euros	
	31.12.2021	31.12.2020 (*)
Other operating income	52,354	70,994
	52,354	70,994

(*) Restated balances (Note 2.b)

At 31 December 2021 and 2020, other operating income essentially includes revenue from services rendered to other group companies (Note 19).

At 31 December 2021 and 2020, contributions to the FROB (banking resolution fund) have been recorded as "Other operating expenses", amounting to 2,564 and 1 thousand euros, respectively (Note 1).

(f) Employee benefits

A breakdown at 31 December 2021 and 2020 of this heading can be found below:

	Thousand euros	
	31.12.2021	31.12.2020
Wages and salaries	96,034	67,640
Social security	14,943	8,911
Contributions to supplementary pension schemes (Note 3(g))	5,461	3,235
Other employee benefits	4,994	2,254
	121,432	82,040

During 2021, the Entity recognised within wages and salaries a sum of 11,580 thousand euros corresponding to employee remuneration plans based on stock options over equity instruments (14,009 thousand euros in 2020). This expense is carried at the fair value of the obligation contracted to employees in each period, as indicated in Note 3 (h).

At 31 December 2021 and 2020, the company had the following variable remuneration plans based on stock options over own and third-party equity instruments.

Name of plan	Number of shares	Eligible employees	Maturity	Conditions
Phantom Share Award	Variable	Employees with remuneration > USD 250 thousand or equivalent in local currency	2022-2023-2024-2025	- The underlying instrument is group equity instruments. - Upon maturity CS AG shares are received.
Performance Share Award	Variable	Employees with remuneration > USD 250 thousand or equivalent in local currency	2022-2023-2024-2025	- Calculation of ROE of CS AG share - Performance of business area - The underlying are Group equity instruments
Contingent Capital Award	Variable	Employees with remuneration > USD 250 thousand or equivalent in local currency	2022-2023-2024-2025	- Non-guaranteed right to receive future cash payments - The underlying are CS Group equity instruments

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

The average number of employees on the company's payroll during the year ended 31 December 2021 and 2020, by category and gender, is as follows:

	31.12.2021		31.12.2020	
	Men	Women	Men	Women
Executives	90	18	50	8
Skilled staff	95	28	56	14
Administrative staff	6	23	5	19
	191	69	111	41

At 31 December 2021 and 2020, the company had no employees with a disability rating of 33% or over.

(g) Other administrative expenses

The breakdown of this item on the income statement in 2021 and 2020 is set out below:

	Thousand euros	
	31.12.2021	31.12.2020
Leases (Note 8)	3,185	8,282
Communications	1,406	1,420
Computer systems	4,837	5,498
Supplies	897	377
Maintenance and repair	2,120	827
Advertising	339	237
Representation and travel	1,253	597
Other independent professional services	12,495	3,702
Other expenses	21,374	38,723
	47,906	59,663

As at 31 December 2021, “Leases” mainly includes the expense incurred for the rental agreements of the offices in Rome and Paris, which do not meet the requirements for balance sheet recognition (Note 8). As at 31 December 2020 leases mainly included the lease payments on the Company's office in Madrid and the offices of its Branches in the European Union for the amount of 6,687 thousand euros.

At 31 December 2021, Other independent professional services includes 2,395 thousand euros (1,340 thousand euros at 31 December 2020) costs related to the United Kingdom exit of the European Union (Note 1). Additionally, as at 31 December 2021 the heading also includes, among other items, 3,006 thousand euros of legal fees and 3,351 thousand euros of services rendered by other Credit Suisse Entities.

“Other expenses” includes services provided by other Credit Suisse Group companies during 2021 and 2020, amounting to 15,964 and 35,267 thousand euros, respectively. These amounts correspond to cost allocations to the Entity of services that are rendered centrally in the Group.

Expenses with group entities are detailed in Note 19.

(18) Corporate Income Tax

The Entity's profits are subject to corporate income tax. During 2020 and until 31 July 2021 the tax rate has been 25% of the taxable income. From 1 August 2021, due to the Entity's transformation into a credit institution, the tax rate has increased to 30% of taxable income. Certain deductions and allowances can be applied to the resulting liability.

In 2017, the Entity notified the National Tax Inspection Office of its option to apply consolidated tax rules for its corporate income tax as from 2017. The National Tax Inspection Office assigned the Tax Group number 440/17.

For corporate income tax, the Entity has been included in the group headed by Credit Suisse Gestión SGIIC S.A. until 31 December 2020. From 1 January 2021 the Entity's income is taxed on a standalone basis.

The net tax base for other taxes for which the Entity is taxable has been calculated on a standalone basis for 2020 and 2021.

Prior to 2021 under consolidated taxation rules, the group of companies included in the tax base was considered a single taxpayer for all purposes. However, the Entity calculated the tax debt that would be payable if it were to file separate tax returns, adjusting the tax liability according to the deductions and allowances attributed to it by the Group, after calculating them on the basis of consolidated earnings.

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

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

As of December 31, 2021, and 2020, the country level breakdown of the Corporate Tax expense is as follows:

	Expense / (Income) Thousand euros	
	31.12.2021	31.12.2020
Spain	7,733	(1.793)
France	4,344	2.089
Italy	1,467	371
Sweden	75	(23)
The Netherlands	235	(74)
	13,854	570

The calculation of the taxable income and corporate income tax expense for 2021 that the Entity expects to declare once the 2021 annual accounts have been approved, and the 2020 corporate tax expense, is shown below:

	Expense / (Income)	
	Thousand euros	
	31.12.2021	31.12.2020
Profit before tax	46,108	1.016
Permanent differences	(14,328)	(7.376)
Accounting profit	31,780	(6.360)
Timing differences	(10,018)	17.540
Net operating losses offsetting	(1,960)	(2.795)
Taxable profit	19,802	8.385
Tax liability at 25% tax rate	236	2.096
Tax liability at 30% tax rate	5,657	-
Net tax liability	5,893	2.096
Withholdings and advance tax (Note 11)	(9,081)	(4.275)
Corporate income tax payable / (recoverable)	(3,188)	(2.179)

The permanent differences above include the profits before taxes of the Entity's branches as of December 31, 2021 and 2020. The detail of said results are presented below:

	Income / (Expense)	
	Thousand euros	
	31.12.2021	31.12.2020
France	9,275	6,236
Italy	4,064	1,448
Sweden	286	(99)
The Netherlands	750	(169)
	14,375	7,416

The corporate income tax expense is calculated as follows:

	Thousand euros	
	31.12.2021	31.12.2020
Accounting profit at 25% tax rate	1,963	(1.590)
Accounting profit at 30% tax rate	7,178	
Corporate income tax expense	9,141	(1.590)
Corporate income tax expense/(income) from previous years	(1,408)	(203)
	7,733	(1.793)

Under current laws, taxes cannot be considered final until the tax returns filed have been inspected by the tax authorities, or until the limitation period of four years has ended. At 31 December 2021, the Entity has all the main taxes for which it is taxable as from 1 January 2018 open for inspection by the tax authorities, except corporate income tax, for which its returns filed on or after 1 January 2017 are subject to inspection. Company directors do not expect any material additional liabilities to arise from any potential inspection.

As of December 31, 2021, the Entity had no unused Net Operating Losses.

(19) Related party transactions

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

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

(a) Company transactions and balances with group companies

Balances held with group companies at 31 December 2021 and 2020 are shown below:

	Thousand euros	
	31.12.2021	31.12.2020(*)
Assets		
Cash, cash balances at central banks and other demand deposits (Note 5)	41,030	20,036
Financial assets held for trading (Derivatives) (Note 6.a)	996,046	665,416
Financial assets held for trading (Loans and advances) (Note 6.b)	2,121,130	748,725
Financial assets at amortised cost (Note 7)	3,222,935	1,587,064
Other assets (Note 11)	66,988	36,551
	6,448,129	3,057,792

Liabilities

Financial liabilities held for trading (Derivatives) (Note 6.a)	837,797	490,053
Financial liabilities held for trading (Deposits) (Note 6)	1,987,814	369,458
Financial liabilities measured at amortised cost (Note 12)	3,416,877	2,115,753
Other financial liabilities (Note 12)	138,512	66,129
Other liabilities (Note 12)	49,092	54,733
	6,430,092	3,096,126

(*) Restated balances (Note 2.b)

The main transactions made with group companies during the years ended 31 December 2021 and 2020 are summarised below:

	Thousand euros	
	31.12.2021	31.12.2020 (*)
Expenses		
Interest expenses (Note 17.b)	(17,077)	(10,239)
Fee and commission expenses (Note 17.c)	(64,410)	(11,214)
Other administrative expenses (Note 17.g)	(19,316)	(36,073)
	(100,803)	(57,526)
Incomes		
Interest income (Note 17.b)	21,351	5,681
Fee and commission income (Note 17.c)	129,118	86,610
Other operating income (Note 17.e)	52,354	70,944
	202,823	163,285

(*) Restated balances (Note 2.b)

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

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

(b) Transactions with board members

During 2021 and 2020, there were 7 members of the Senior Management of the Entity, of which 2 of them are Executive Directors in both years. The Entity Senior Management has earned 9,378 thousand euros as employees of the Credit Suisse Group in the year ended 31 December 2021 (8,256 thousand euros at 31 December 2020). The breakdown of the individual compensation of the Board members for their services is as follows:

		Thousand euros	
Board member	Description	2021	2020
Wenceslao Saravia Bunge	Executive Director	-	-
Emilio Gallego Neira	Executive Director	-	-
Franciso José Diéguez Zaragoza (*)	Executive Director	-	-
Simon Harry Tasker	Proprietary Director	-	-
Elodie Angelique Helene Blanc	Proprietary Director	-	-
Nicholas James Alexander Lovett	Proprietary Director	-	-
Ana Paula Pessoa Machado	Independent non-executive director	84	-
Francisco Rodríguez-Rey Alegría	Independent non-executive director	101	-
Paula Hadjisotiriou	Independent non-executive director	101	-
Gabriel Omar Alonso Savarino	Independent non-executive director	101	-

(*) member between January and June 2021

During 2021 and 2020 the Entity has not granted any advances or loans to Board members, furnished any guarantees on their behalf, or paid any liability insurance premiums for damages that may be caused through their actions or omissions as directors. Moreover, the Entity has not contracted any pension or life assurance commitments to current or former board members or furnished any guarantees on their behalf, on their board membership capacity.

Board members have not entered into any transactions with the Entity during 2021 and 2020 outside normal trading or other than on arm's length terms.

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

(20) Auditors' Fees

The auditors of the Entity's annual accounts (PricewaterhouseCoopers Auditores, SL during the years ended December 31, 2021 and 2020) invoiced the net fees shown below for their professional services in the years ended 31 December 2021 and 2020:

	Thousand euros	
	31.12.2021	31.12.2020
Auditing services	332	157
Other account-checking services	147	95
Other services	-	-
	479	252

The amounts indicated above include all fees charged for the services of auditing the Entity's accounts provided in 2021 and 2020, regardless of the date of invoicing.

No other professional services were provided for the Entity in 2021 and 2020 by other companies related to the audit firm.

(21) Risk Policy and Management

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

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

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

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

As of end of 2021, the key risks identified for CSEB are **Credit Risk**, where CSEB is exposed to various Credit risks inclusive of settlement risk on securities trading, counterparty credit risk exposure on over the counter ("OTC") derivatives and exposures to Central Clearing Houses of which CSEB is a member.

Liquidity Risk where CSEB pursues prudent liquidity risk management, based on maintaining sufficient cash and negotiable securities, ensuring the permanent availability of financing through adequate credit facility commitments and sufficient ability to settle market positions. This is enforced by a specific CSEB liquidity risk framework that is monitored regularly.

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

As of end of 2021 the CSEB CRO monitors other less material risks for CSEB such as **market risk,** where CSEB controls the composition of its portfolio and the potential market losses to be incurred from repricing of asset and or market variables which again is controlled by a CSEB market risk framework monitored daily by Madrid based CSEB CRO executives. **Model Risk** is the potential for adverse consequences from decisions based on incorrect or misused model outputs and reports and **Reputational risk** as we seek to avoid any transaction or service that could damage the reputation of CSEB, CS Group or any affiliates of CS Group.

(22) Environmental information

The Entity directors consider any environmental risks that could arise from its activity minimal and adequately managed. No additional liabilities are expected to derive from its operations related with such risks. The Entity did not incur in any environmental expense or receive any grants related with those risks during the years ended 31 December 2021 and 2020.

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

Final Provision Two of Act 31/2014 of 3 December, amending the Corporate Enterprises Act to enhance corporate governance, amending Supplementary Provision Three of Act 15/2010 of 15 July, in turn amending Act 3/2004 of 29 December that established measures to combat arrears in commercial transactions, all commercial enterprises are required to disclose expressly in the notes to their annual accounts the average time they take to pay suppliers. Accordingly, the Entity indicates below its average period for payment (days payable outstanding) to suppliers and service providers as at 31 December 2021 and 2020:

	Days	
	31.12.2021	31.12.2020
Average payment period	60	53
Paid transactions ratio	61	54
Outstanding transactions ratio	41	35
	Thousand euros	
Total payments made	22.181	12.162
Total payments outstanding	965	607

(24) Customer service

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

During 2021, the customer service has not received any claims for customers.

(25) Subsequent events

The conflict between Russia and Ukraine is triggering, among other effects, and increase in prices of commodities and energy, and also the implementation of sanctions and restrictions towards Russia which will have consequences in global economy and especially for entities with exposure to Russia. The degree in which this conflict will impact the Entity will depend on the future development of events that cannot be predicted at the date of these annual accounts. In any case, and despite the uncertain environment, the Directors do not expect this situation to cause contractual breaches of any relevant obligation of the Entity. The Directors consider that the going concern accounting principle continues to apply under these circumstances.

No other subsequent events have occurred between January 1, 2021 and the date of these annual accounts.

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

Based on the above the required information is detailed below:

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

This information is available in Note 1 to the financial statements of Credit Suisse Bank (Europe), S.A (henceforth, "the Entity") for the year ended 31 December 2021. In this Note there is information on the Branches that operate in each jurisdiction, including their name, geographical location and the nature of their activity.

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

(b) Turnover

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

The data on turnover per country, shown in the previous table, was obtained from the statutory accounting records for 2021 of the Entity with the corresponding geographic location.

Entity	Country	Thousand euros Turnover
Credit Suisse Bank (Europe), S.A.	Spain	112,624
Credit Suisse Bank (Europe), S.A., Paris Branch	France	76,418
Credit Suisse Bank (Europe), S.A., Milan Branch	Italy	32,413
Credit Suisse Bank (Europe), S.A., Stockholm Branch	Sweden	2,173
Credit Suisse Bank (Europe), S.A., Amsterdam Branch	The Netherlands	5,160
		228,788

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

Entity	Country	Employees
Credit Suisse Bank (Europe), S.A.	Spain	139
Credit Suisse Bank (Europe), S.A., Paris Branch	France	109
Credit Suisse Bank (Europe), S.A., Milan Branch	Italy	55
Credit Suisse Bank (Europe), S.A., Stockholm Branch	Sweden	4
Credit Suisse Bank (Europe), S.A., Amsterdam Branch	The Netherlands	9
		316

(d) Profit before taxes.

Profit before taxes amounts to 46,108 thousand euros for the year ended 31 December 2021.

(e) Income tax.

Income tax amounts to 13,854 thousand euros for the year ended 31 December 2021.

(f) Subsidies or state aid received.

The Entity has not received subsidies during 2021.

At 31 December 2021, the Group’s return on assets (ROA) (net income/ average total assets) was estimated at 0,32%.

CREDIT SUISSE BANK
(EUROPE), S.A.

Directors' Report

Financial year 2021

Evolution of the business

2021 was characterised by the health, economic and financial recovery after the setback suffered from Covid-19 in the financial year of 2020 and despite the scenario of uncertainty owing to the appearance of new variants. The mass vaccination campaigns along with the monetary and fiscal support measures of central banks and governments have driven forward the mobility and trust of individuals and companies and also the opening of economic activity.

In October IMF forecast that the world economy would grow by 5.9% in 2021 and 4.9% in 2022 after the 4.4% fall in the previous year. Notwithstanding, the recovery has been unequal, having been on a large-scale in advanced economies, whilst emerging economies have grown less than anticipated.

World stock exchanges have celebrated by recording major improvements in global economic recovery and an improvement across the board in listed companies' earnings. The main indices of the variable yield markets closed with major accumulated rises in the year: the Ibex 35 was up by 7.9%; the DJ Stoxx 50 by 22.8%; the DJ Banks by 34.0%; and the MSCI World Banks by 22.7%.

Position of the Entity

The Entity turned in a pre-tax profit of 46,108 thousand euros in 2021, compared with 1,016 thousand euros in the previous financial year.

Foreseeable Evolution

As part of the Credit Suisse Group's strategy in light of Brexit, since 2019 the Entity has started providing intermediation services to Credit Suisse Group clients domiciled in the European Union.

Since 1st August 2021, the Entity has been operating as a credit institution after obtaining the relevant authorisation from the European Central Bank.

Acquisition of own Shares

As at 31 December 2021 the Entity did not hold any own shares in its portfolio nor did it consider holding them at any time.

Investments in Research & Development

The Entity does not anticipate any special research and development plans and there is no expense listed under this item in the accounts for 2021.

Subsequent events

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