CREDIT SUISSE

Regulations on provisions January 2024

Pension Fund of Credit Suisse Group (Switzerland)

Contents

Note: The masculine form used in these regulations always refers equally to all genders.

I

Organization

I – Organization

1.1 Responsibility

As the highest governing body, the Board of Trustees is responsible for issuing the regulations on provisions.

II

Balance sheet reporting of investments (liabilities)

II – Balance sheet reporting of investments (liabilities)

2.1 Principles and definitions

The Board of Trustees issues rules governing the creation of actuarial provisions and the fluctuation reserve (Art. 48e BVV 2). The amount of retirement capital, actuarial provisions, and reserves is determined by the recommendations of the accredited pensions actuary and the guidelines of the Swiss Chamber of Pension Insurance Experts (see www.skpe.ch). The principle of consistency applies.

The retirement capital is calculated on the balance sheet date and is broken down as follows:
- The retirement capital of the pension recipients
- The retirement capital of the active insured
- The actuarial provisions

The actuarial provisions serve to cover current or foreseeable liabilities that will impact the financial situation of the Pension Fund or that arise due to events preceding the reporting date. In addition, actuarial provisions may be set up to cover benefit commitments that are subject to fluctuations. In the calculation of the funding ratio, the actuarial provisions are treated in the same manner as the retirement capital of the active insured and the pension recipients.

The Board of Trustees, in consultation with the accredited pensions actuary, defines the type and amount of the actuarial provisions and describes these in Art. 2.4–2.8 of the regulations on provisions. In addition, the Board of Trustees may, at the recommendation of the accredited pensions actuary, set up further provisions (Art. 2.9 of the regulations on provisions). The type and purpose of these provisions must be disclosed in the annual report.

The fluctuation reserve is intended primarily to offset price losses on assets and serves to guarantee financial stability (funding ratio of at least 100%).

2.2 Retirement capital of the pension recipients

The retirement capital of the pension recipients comprises the cash value of current pensions, current bridging pensions, and current awarded cost-of-living allowances, including the expected surviving spouse's pensions for pension recipients. The accredited pensions actuary calculates the retirement capital of the pension recipients in accordance with statutory and regulatory requirements.

2.3 Retirement capital of the active insured

The retirement capital of the active insured comprises the retirement assets in accordance with statutory and regulatory requirements.

2.4 Provision for actuarial risks

The provision for actuarial risks is intended to offset short-term unfavorable fluctuations of the risks of death and disability for the active insured. The provision is determined by the recommendations of the accredited pensions actuary and is based on a risk analysis. The provision is recalculated each year and corresponds to 4.5% of the total insured base salaries in the Pension Fund.

2.5 Provision for increase in life expectancy

The provision for the increase in life expectancy is intended to mitigate the impact of the changeover to newer generation tables. The provision is formed on the basis of a recommendation by the accredited pensions actuary as a flat-rate percentage of the pension recipients' retirement capital.
The flat-rate percentage is 0.20% × [calendar year – 2020].

2.6 Provision for retirement losses

The provision for retirement losses aims to cover expected losses for cases of new retirement where these are not covered by current financing. The amount of the retirement losses is calculated by the accredited pensions actuary and is the difference in percent between the regulatory and the actuarially correct conversion rate in the pension capital savings. The retirement assets of the active insured who are at least age 50 are extrapolated to the expected retirement age (61 years) without factoring in departure probabilities. The projected interest rate on retirement assets corresponds to the technical interest rate as of the reference date. It is assumed that the entire retirement assets will be drawn in the form of a pension insofar as the resulting retirement pension is below the maximum amount under the regulations. A future conversion rate reduction determined by the Board of Trustees is taken into account in the calculation.

2.7 Provision for pension recipients remaining from previous affiliations

Upon dissolution of an affiliation agreement, all active insured and pension recipients allocated to the affiliation, whose pension entitlement arose after December 31, 2016, shall leave the Pension Fund. The provision for pension recipients remaining from previous affiliations serves to compensate the lost restructuring potential of employers who are no longer affiliated for the share of pension recipients allocated to them from all annuities in payment as of December 31, 2016. The allocated pension recipients are assessed as risk-free. The amount of the provision is calculated by the accredited pensions actuary and is defined as the difference between the risk-free assessment and the assessment in accordance with the technical interest rate.

2.8 Provision for partial liquidation

The provision for partial liquidation is set up when the conditions for partial liquidation pursuant to the regulations on partial liquidation are assumed to be met on the balance sheet date, but the partial liquidation has not yet been carried out. The accredited pensions actuary calculates the amount of the provision based on the statutory financial situation as of the reference date. The provision is calculated on the basis of the vested benefits paid out to insured who are leaving the Pension Fund and who are assumed to belong to the group of insured affected by the partial liquidation. The calculation of the provision also takes into account the entitlement to disposable assets, pursuant to the regulations on partial liquidation, in the event of individual withdrawal; in the event of collective withdrawal, there is entitlement to technical provisions, fluctuation reserves, and disposable assets.

2.9 Provision due to a decision of the Board of Trustees

The Board of Trustees can, on the recommendation of the accredited pensions actuary, create additional provisions. The type and purpose of these provisions must be disclosed in the annual report.

2.10 Fluctuation reserve

The target value of the fluctuation reserve is outlined in Appendix A1.3 to the regulations on investments.

2.11 Funding ratio

The funding ratio pursuant to Art. 44 BVV 2 is equivalent to the ratio of net assets to the total retirement capital of the active insured and the pension recipients, and the actuarial provisions created by the Board of Trustees in accordance with these regulations.

2.12 Technical interest rate

The Pension Fund applies a variable technical interest rate when making actuarial valuations for future benefits.

The variable technical interest rate is determined as the yield on Swiss “Eidgenossen” bonds for the duration of the liabilities (currently 12 years), plus a supplement of 0 to 100 basis points (bps). The supplement is calculated by the Pension Fund’s accredited pensions actuary by taking into account the change in the ratio of the retirement capital of active insured to the overall retirement capital excluding technical provisions since year-end 2022. If major potential structural changes are known, these can also be taken into account. The supplement is 0 bps if there is no longer any retirement capital belonging to active insured, and 100 bps if the above retirement capital ratio (excluding technical provisions) is unchanged from year-end 2022.

The Board of Trustees can set the level of the technical interest rate in deviation from the above principle if an ALM study or an actuarial report indicates a need for action.

The technical interest rate is disclosed in the annual report.

III

Employer's contribution reserves

III – Employer's contribution reserves

3.1 General information on the employer's contribution reserves

Each affiliated employer may build up a separately reported employer's contribution reserve from which the employer contributions can be provided at its request.

The employer's contribution reserves are invested as part of the fund's assets and earn interest in the same way as interest is paid on the retirement assets of the active insured.

IV

Final provisions

IV – Final provisions

4.1 Amendment proviso

The Board of Trustees is authorized to amend these regulations at any time.

4.2 Entry into force

Following the resolution of the Board of Trustees of November 6, 2023, these regulations enter into force on December 31, 2023, and replace the regulations of December 12, 2022.

4.3 Prevailing text

These regulations have been drafted in German and may be translated into other languages. In the event of any discrepancy between the German text and a translation into another language, the German text shall prevail.

PENSION FUND OF CREDIT SUISSE GROUP (SWITZERLAND)

Joachim Oechslin	Moreno Ardia
Chair of the Board of Trustees	Vice-Chair of the Board of Trustees

PENSION FUND OF CREDIT SUISSE GROUP (SWITZERLAND)
P.O. Box
8070 Zurich
pensionskasse.credit-suisse.com/en

JPKS 4 12.2023