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Credit Suisse Securities (Europe) Limited

Annual Report 2023

Credit Suisse Securities (Europe) Limited

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Board of Directors as at 15 April 2024

John Devine – Chair and Independent Non-Executive
David Todd – Independent Non-Executive
Michael Ebert – Non-Executive
Shane O'Cuinn – Chief Executive Officer (CEO)
Caroline Waddington – Chief Financial Officer (CFO)
Edward Jenkins – Chief Risk Officer (CRO)

Company Secretary

Paul Hare

Company Registration Number	00891554

Annual Report for the Year Ended 31 December 2023

Strategic Report Credit Suisse Securities (Europe) Limited at a glance

Business Model

Entity Structure

The Credit Suisse Securities (Europe) Limited Group (the 'CSS(E)L Group') consists of the Company, its consolidated subsidiaries and structured entities. The CSS(E)L Group is authorised by the Prudential Regulation Authority ('PRA') and regulated by the Financial Conduct Authority ('FCA') and the PRA. Credit Suisse Securities (Europe) Limited ('CSS(E)L') or the 'Company' is a wholly owned subsidiary of Credit Suisse Investment Holdings (UK) ('CSIHUK' or 'parent') and indirectly wholly owned subsidiary of UBS Group AG. The Company has branch operations in Seoul. The Seoul branch has approval from South Korea's Financial Supervisory Commission to engage in over-the-counter ('OTC') derivatives business and is a member of the Korean Securities Dealers Association. CSS(E)L is part of Credit Suisse AG ('CS AG') and its subsidiaries (collectively referred to as the 'CS group').

On 12 June 2023, UBS Group AG ('UBS Group') acquired Credit Suisse Group AG (the former parent company of Credit Suisse AG), succeeding by operation of Swiss law to all assets and liabilities of Credit Suisse Group AG, and became the direct or indirect shareholder of all of the former direct and indirect subsidiaries of Credit Suisse Group AG ('Transaction').

The acquisition followed a request from the Swiss Federal Department of Finance, the Swiss National Bank and the Swiss Financial Market Supervisory Authority ('FINMA') to both firms to duly consider the Transaction in order to restore necessary confidence in the stability of the Swiss economy and banking system and to serve the best interests of the shareholders and stakeholders of UBS Group AG and Credit Suisse Group AG. As a result of further negotiations and supported by distinct government guarantees and measures, the firms subsequently entered into a merger agreement on 19 March 2023.

The ultimate parent of the Company is UBS Group which is incorporated in Switzerland and prepares the financial statements under International Financial Reporting Standards ('IFRS').

→ These financial statements are publicly available and can be found at https://www.ubs.com/global/en/investor-relations.html

Financial statements

The CSS(E)L Financial Statements are presented in United States Dollars ('USD'), which is the functional currency of the Company. They have been prepared in accordance with UK-adopted international accounting standards ('UK-adopted IFRS') and the applicable legal requirements of the Companies Act 2006. The Directors present their Strategic Report, Directors' Report and the Financial Statements for the year ended 31 December 2023. The Financial Statements were authorised for issue by the Directors on 15 April 2024.

Strategy

Credit Suisse Securities (Europe) Limited strategy

Management's strategy had been the transfer of CSS(E)L's core businesses to Credit Suisse International ('CSi'), as part of a plan to consolidate the UK businesses in a single legal entity and repay capital back to UBS Group. With the UBS acquisition of Credit Suisse Group AG, the current strategy is to accelerate the wind down of CSS(E)L in a controlled manner with the sale or closure of the remaining businesses. CSS(E)L will look to return any surplus capital to UBS Group.

The following are the key business segments remaining within CSS(E)L:

Non-core and Legacy ('NCL')
The NCL division includes positions and businesses that are not aligned with UBS Group's strategy. Those consist of the assets and liabilities of the former Capital Release Unit ('CRU').

NCL includes assets and liabilities, operating expenses and funding costs related to the Longevity business, CSS(E)L Seoul branch Cash Equities business and treasury activities to support the liquidity requirement of the entity. CSS(E)L is executing plans to wind down and/or sell these businesses over the next 2 years.

Refer to Note 36 Subsequent Events on significant transactions in 2024.

Investment Bank ('IB')
The Investment Bank holds businesses aligned with UBS Group's strategy. It includes primarily Credit Suisse Banking focusing on the advisory in CSS(E)L Seoul branch. The business has been sold to a UBS Group company in January 2024.

Operating Environment

Although CSS(E)L has transferred all its core businesses to CSi there are still external factors that are evaluated and assessed for their impact on the entity.

Significant Events

Dividend Payment & Capital Repatriation
During 2023, CSS(E)L paid a USD 500 million dividend and repatriated USD 399 million of capital to its parent.

Restatement of 2022 Financial Results
CSS(E)L has a small group of transactions that qualified for accounting under IFRS 17 Insurance Contracts, which is a new accounting standard effective on 1 January 2023. As a result, 2022 results were restated, refer to Note 2 Significant Accounting Policies.

Liquidity Management
In March 2023, there was extraordinary turbulence in the financial markets across the globe, and CS group became the subject of commentary and speculation. This resulted in accelerated deposit outflows and a significant deterioration in liquidity. Between 16 to 20 March 2023, the Swiss National Bank ('SNB') granted Credit Suisse access to facilities that provided substantial additional liquidity, including an Extended Fund Facility ('EFF'), Emergency Liquidity Assistance ('ELA') and a Public Liquidity Backstop ('PLB').

Following the intervention of the Swiss Federal Department, the Swiss National Bank and the FINMA, it was announced on Sunday, 19 March 2023 that Credit Suisse Group AG and UBS Group AG had entered into a merger agreement, with UBS Group AG being the surviving entity. CS group started to regain some of the lost deposit volumes in May 2023 and this positive trend continued throughout 2023, which allowed the repayment of all extraordinary funding made available by the SNB. The PLB was fully repaid on 31 May 2023 prior to the legal closure of the holding companies UBS Group AG and Credit Suisse Group AG on 12 June 2023. Following a comprehensive review of the funding situation, UBS Group AG decided to voluntarily terminate the PLB agreement with the SNB as of 11 August 2023. The ELA+ facility was also fully repaid by 10 August 2023. A partial ELA payment was made on 22 March 2024.

Political and Economic environment

2023
Global growth was resilient over the course of 2023. Inflation fell faster than anticipated as compared to the peak in 2022 and had a smaller than expected impact on employment. This reflected the positive evolution of supply chain and central bank policies which maintained inflationary expectations. There were increased geopolitical risks from the evolving conflict in Gaza and Israel and shipping disruptions in the Red Sea. Monetary policy remained tight, and many central banks are likely to hold on before any signs of easing.

The Bank of England ('BoE') Monetary Policy Committee ('MPC') sets monetary policy with the aim of meeting the 2.0% inflation target, to help sustain growth and employment. The inflation rate at the end of December 2023 was 4.0%. To control inflation, the MPC on 20 March 2024 voted to maintain Bank's base rate at 5.25% (31 December 2022: 3.50%).

As of 31 December 2023, the GBP exchange rate index against the USD was 127.47, an increase of 6.0% since 31 December 2022.

The latest UK Gross Domestic Product ('GDP') figures fell by 0.3% in Q4 2023, following a 0.1% decline in Q3 2023. Despite two consecutive quarters of negative growth, GDP is estimated to have increased by 0.1% across the whole of 2023. GDP growth is expected to recover gradually, reflecting the extent of the slowdown in growth caused by previous bank rate hikes.

The Financial Times Stock Exchange 100 ('FTSE 100') index of top UK-listed shares closed at 7,733 points on 29 December 2023, an increase of 3.8% since 31 December 2022. Standard and Poor's 500 index closed at 4,770 points an increase of 24.0% since 31 December 2022.

Regulatory environment

For a period of time, CSS(E)L has been under close scrutiny and in regular update and dialogue with the PRA and FCA. CSS(E)L has engaged in open and transparent communication on various topics on a regular basis. Following the completion of the CSS(E)L core business migration in prior periods, CSS(E)L is considered a non-material legal entity due to the wind down of the core business.

Performance

Key Performance Indicators ('KPIs')

The Company uses a range of KPIs to manage its financial position to achieve the Company's objectives.

	2023	2022 [3]	2021 [2]	2020 [1]	2019 [1]
Earnings					
Net (loss)/profit before tax (USD million):					
Continuing operations	(5)	165	(207)	(138)	177
Discontinued operations	–	–	19	107	21
Total	**(5)**	**165**	**(188)**	**(31)**	**198**

	2023	2022	2021	2020	2019
Extracts from Consolidated Statement of Financial Position (USD million):					
Total Assets	6,022	6,874	17,438	64,375	93,365
Total Asset growth/(reduction)	(12.4)%	(60.6)%	(72.9)%	(31.1)%	(2.3)%
Return on Total Assets	(0.1)%	2.4%	(1.1)%	–%	0.2%

	2023	2022	2021	2020	2019
Capital (USD million):					
Risk Weighted Assets	2,614	3,962 [4]	10,060	24,328	27,252
Tier 1 capital	1,332	2,257	6,730	6,893	6,910
Tier 1 capital ratio (%)	51.0%	57.0%	66.9%	28.3%	25.4%
Return on Tier 1 capital	(0.4)%	7.3%	(2.8)%	(0.4)%	2.9%

	2023	2022	2021	2020	2019
Liquidity (USD million):					
Liquidity Buffer	1,553	1,591	7,066	10,321	11,224

[1] Discontinued operations in 2019 and 2020 relate to transfer of EU business to European based CS group entities.
[2] Discontinued operations in 2021 relate to transfer of business to CSi.
[3] 2022 numbers are restated due to IFRS 17 adoption.
[4] RWA numbers have been restated to align with December 2022 COREP resubmission numbers.

Capital

Risk Weighted Assets ('RWA') decreased by USD 1.4 billion to USD 2.6 billion (2022: USD 4.0 billion) primarily due to a reduced operational risk charge as a result of lower average net revenue over the last 3 years. A further reduction in credit risk and the large exposures charge was a result of lower funding requirements, decreasing secured finance transactions and money market loan activity.

Capital Resources

CSS(E)L's capital resources decreased due to a dividend payment of USD 500 million and a capital repatriation of USD 399 million. CSS(E)L closely monitors its capital resources and requirements to ensure that business activity booked in the entity and related risk can be supported. This monitoring takes into account business resource demand increases, any forthcoming changes to the capital framework such as new regulation, and changes to the Company's business model.

The Company is required at all times to monitor and demonstrate compliance with the relevant regulatory capital requirements of the PRA. The Company did not breach any capital limits during the year.

Pillar 3 disclosures required under Capital Requirement Regulation ('CRR') can be found separately at www.ubs.com

→ Changes in senior and subordinated debt are set out in Note 22 – Debt in Issuance.

→ Changes in capital are set out in Note 24 – Share Capital and Share Premium.

Liquidity

CS group runs a global liquidity rebalancing process across major legal entities to respond to liquidity demands across the CS group.

Post the announcement of the acquisition with UBS on 19 March 2023, with additional liquidity support from Swiss National Bank ('SNB') facilities, the liquidity buffer increased to meet all internal risk controls. As at 11 April 2023, the liquidity buffer had increased to USD 1.9 billion, representing a return of liquidity from CS AG to CSS(E)L.

During 2023, the liquidity buffer decreased by USD 0.04 billion to USD 1.55 billion (2022: USD 1.59 billion) primarily due to reduced business and risk relating to the ongoing ramp down of the Company offset with a return of liquidity from CS AG as part of the CS group liquidity improvements post acquisition by UBS. As at 31 December 2023, at the time of reporting and on a forward looking basis, all regulatory liquidity metrics are in compliance.

Following the UBS Group acquisition of CS group, UBS AG has given a letter of intent to CS AG providing support to keep CS AG in good standing and in compliance with its regulatory capital, liquidity requirements and debt covenants and to fully support its operating, investing, and financing activities through at least one year and a day through at least 28th March 2025, or a merger with UBS AG, if earlier. CSS(E)L also has a letter of intent from CS AG providing support for meeting CSS(E)L's debt obligations and maintaining a sound financial position for at least the next 12 months.

Commentary on Consolidated Statement of Income

	2023	2022 [3]	2021 [2]	2020 [1]	2019 [1]
Consolidated Statement of Income (USD million)					
Net revenues	59	271	188	135	264
Total operating expenses	(64)	(106)	(395)	(273)	(87)
(Loss)/Profit before tax from continuing operations	**(5)**	**165**	**(207)**	**(138)**	**177**
(Loss)/Profit before tax from discontinuing operations	**–**	**–**	**19**	**107**	**21**
(Loss)/Profit before tax	**(5)**	**165**	**(188)**	**(31)**	**198**
Income tax expense from continuing operations	(30)	(42)	(27)	(21)	(43)
Income tax (expense) / benefit from discontinuing operations	–	–	2	–	(81)
(Loss)/Profit after tax	**(35)**	**123**	**(213)**	**(52)**	**74**

[1] Discontinued operations in 2019 and 2020 relate to transfer of EU business to European based CS group entities.
[2] Discontinued operations in 2021 relate to transfer of business to CSi.
[3] 2022 numbers are restated due to IFRS 17 adoption.

The CSS(E)L Group has reported a net loss attributable to shareholders of USD 35 million (2022: USD 123 million profit). Loss before tax for the CSS(E)L Group was USD 5 million (2022: USD 165 million profit).

Net Revenues

	2023 [1]	2022 [1]	Variance	% Variance
Reconciliation of reportable segment revenues (USD million) [2]				
Total Revenues				
Total Investment Bank	14	39	(25)	(64)%
- NCL Credit	(3)	–	(3)	n/a
- NCL Securitised Products	(1)	–	(1)	n/a
- NCL Equities	6	40	(34)	(85)%
- NCL Macro	(101)	122	(223)	(183)%
Total Non Core & Legacy	(99)	162	(261)	(161)%
Other	–	1	(1)	(100)%
Corporate Centre	–	1	(1)	(100)%
Total reportable revenues	(85)	203	(288)	(142)%
Transfer pricing and cross divisional revenue share agreements	4	28	(24)	(86)%
Treasury funding	94	31	63	203%
Corporate Functions	–	1	(1)	(100)%
CSS(E)L group (US GAAP to IFRS) reconciliations [3]	46	8	38	475%
Net revenues as per Consolidated Statement of income	**59**	**271**	**(212)**	**(78)%**

[1] 2023 net revenues reflect the change in operating segments, where CRU and IB businesses not aligned to ongoing UBS strategy were moved to the newly created NCL division. 2022 figures have been restated under the new hierarchy.
[2] In accordance with IFRS 8, Reportable segments are reported above under US GAAP, as reviewed by the Board of Directors.
[3] This is the difference between the monthly board summaries which are prepared on a US GAAP basis and the CSS(E)L Group financials prepared in accordance with IFRS.

In 2023, NCL Macro business revenues decreased by USD 223 million primarily driven by a downward revaluation of the US longevity portfolio.

NCL Equity business revenues decreased by USD 34 million driven by a reduction in Cash Equities business in the CSS(E)L Seoul branch in line with wind down plans.

Investment Bank revenues reduced by USD 25 million mainly driven by CSS(E)L Seoul branch advisory business where there has been minimal activity in CSS(E)L post acquisition by UBS Group.

Net revenues, not included in the divisional revenues above, were also impacted by the increase of USD 63 million in Treasury Funding income due to higher interest rate environment in 2023 leading to higher returns on Tier 1 equity.

Expenses

	2023	2022 [1]	Variance	% Variance
Operating expenses (USD million)				
Compensation and benefits	(23)	(19)	(4)	21%
General, administrative and trading expenses	(41)	(86)	45	(52)%
Restructuring expenses	–	(1)	1	(100)%
Total operating expenses	**(64)**	**(106)**	**42**	**(40)%**
Of which operating expenses – continuing operations	**(64)**	**(106)**	**42**	**(40)%**

[1] 2022 numbers are restated due to IFRS 17 adoption

The CSS(E)L Group's operating expenses decreased by USD 42 million to USD 64 million (2022: USD 106 million).

General, administrative and trading expenses decreased by USD 45 million to USD 41 million (2022: USD 86 million). The decrease is mainly due to:

- USD 24 million decrease in overheads due to lower cost allocation from other CS group entities in 2023.
- USD 9 million decrease in litigation provision due to an indemnity in place with CS AG to cover future legal costs.
- USD 6 million decrease in brokerage and clearing expenses.
- USD 2 million decrease in non-income taxes driven by value added tax recovery in 2023.

→ For further details, refer to Note 28 – Contingent Liabilities, Guarantees and Commitments.

→ For further details, refer to Note 20 – Provisions.

The effective tax rate for the period to December 2023 is higher than the UK statutory tax rate. The material item increasing the effective tax rate is impairment of deferred tax assets recognised following the acquisition by UBS. Similarly, the effective tax rate for the period to December 2022 was higher than the UK statutory tax rate. In that period, the material item increasing the effective tax rate is a change in the statutory tax rate on deferred tax balances.

The CSS(E)L Group has incurred taxes in the UK during 2023, including employer's national insurance of USD Nil (2022: USD 1 million), irrecoverable UK value added tax ('VAT') refund of USD 3 million (2022: USD 1 million expense) and Bank Levy of USD 259,000 (2022: USD 17,000). As disclosed in the additional Country-by-Country Reporting, Corporation taxes paid in the United Kingdom ('UK') for CSS(E)L were USD Nil (2022: USD Nil). The CSS(E)L Group has paid USD 7 million (2022: USD 30 million) in taxes in its branch located outside the UK.

Commentary on Consolidated Statement of Financial Position

Extracts from Consolidated Statement of Financial Position (USD million)	2023	2022 [1]	Variance	% Variance
Assets (USD million)				
Cash and due from banks	335	873	(538)	(62)%
Interest-bearing deposits with banks	259	166	93	56%
Securities purchased under resale agreements and securities borrowing transactions	1,495	1,678	(183)	(11)%
Trading financial assets mandatorily at fair value through profit or loss	1,899	1,975	(76)	(4)%
Non-trading financial assets mandatorily at fair value through profit or loss	541	698	(157)	(22)%
Insurance contract assets	457	428	29	7%
Other (aggregated remaining balance sheet assets lines)	1,036	1,056	(20)	(2)%
Total assets	**6,022**	**6,874**	**(852)**	**(12)%**
Liabilities (USD million)				
Securities sold under repurchase agreements and securities lending transactions	699	636	63	10%
Trading financial liabilities mandatorily at fair value through profit or loss	1,988	2,097	(109)	(5)%
Financial liabilities designated at fair value through profit or loss	9	39	(30)	(77)%
Borrowings	642	395	247	63%
Debt in issuance	450	350	100	29%
Other liabilities	716	874	(158)	(18)%
Reinsurance contract liabilities	120	125	(5)	(4)%
Other (aggregated remaining balance sheet liabilities lines)	11	43	(32)	(74)%
Total liabilities	**4,635**	**4,559**	**76**	**2%**
Total shareholders' equity	**1,387**	**2,315**	**(928)**	**(40)%**

[1] 2022 numbers are restated due to IFRS 17 adoption.

As at 31 December 2023 the CSS(E)L Group had total assets of USD 6.0 billion (31 December 2022: USD 6.9 billion) and total liabilities of USD 4.6 billion (31 December 2022: USD 4.6 billion) as shown in the Consolidated Statement of Financial Position on page 28.

The reduction in balance sheet is driven by the following items:
- Decrease in Cash and due from banks by USD 0.5 billion is due to USD 0.5 billion dividend payment to its parent.
- In order to fund the dividend payment and capital repatriation, there was an increase in borrowings by USD 247 million and a decrease in Securities purchased under resale agreements and securities borrowing transactions by USD 183 million.
- Decrease in shareholders equity by USD 0.9 billion is primarily due to USD 0.5 billion dividend payment and USD 0.4 billion capital repatriation to its parent.

Financial instruments carried at fair value are categorised under the three levels of the fair value hierarchy; where the significant inputs for the Level 3 assets and liabilities are unobservable.

Total Level 3 assets decreased to USD 0.6 billion as at 31 December 2023 (2022 restated: USD 0.8 billion) mainly driven by reduction of Single Premium Immediate Maturity ('SPIA') balance from the revaluation of the US Longevity business. This was equivalent to 10.1% of total assets (2022 restated: 11.9%). Total Level 3 liabilities decreased to USD 0.4 billion as at 31 December 2023 (2022 restated: USD 0.5 billion) mainly driven by lower derivatives present value ('PV'). This was equivalent to 9.1% (2022 restated: 11.1%) of total liabilities.

→ For further details, refer to Note 30 – Financial Instruments.

Discontinued operations and assets held for sale

CS group fully completed the CSS(E)L core business migration in 2022. There are no assets or liabilities held for resale within CSS(E)L as at 31 December 2023.

CSS(E)L branches

The combined assets of CSS(E)L's branches decreased to USD 300 million (31 December 2022: USD 525 million) primarily due to reduction in total assets of the CSS(E)L Seoul branch. The combined profit before tax of the CSS(E)L branches was USD 4 million (31 December 2022: USD 68 million).

Principal risks and uncertainties

Principal risks

RISK TYPE	DESCRIPTION	HOW RISKS ARE MANAGED
Business and Capital Risk	Business risk is the risk of underperforming against financial objectives as a result of revenue shortfalls and/or cost target overruns. Capital risk is the risk that the Company does not maintain adequate capital to support its activities while exceeding its regulatory requirements and meeting its internal capital goals.	The CSS(E)L Strategic Risk Management ('SRM') department is responsible for oversight of business and capital risks as managed by UK Capital Management and CFO functions. SRM ensures accurate ongoing reporting and monitoring of these risks within the risk appetite framework. Broader themes linked to business and capital risk, e.g. implications of strategic change and transformation risks including those related to UBS integration, are also considered in the course of CSS(E)L's risk identification and assessment process. Next to monitoring internal and regulatory capital ratio targets as well as financial reporting, the principal measurement tools used by SRM are firm-wide stress testing and the internal capital adequacy assessment process. Note that climate change risk is not considered as separate principle risk for CSS(E)L due to the absence of material direct lending exposure, while the progressing entity wind-down mitigates any longer term climate risks.
Credit Risk	The risk of a loss arising as a result of a borrower or counterparty failing to meet its financial obligations or as a result of deterioration in the credit quality of the borrower, or counterparty.	Credit risk in CSS(E)L is overseen and controlled by the UK Chief Credit Officer ('UK CCO'), with support from the Credit Risk NCL function, which is part of the UBS Group Risk Control function, and sits in the second line of defence. Credit Risk NCL is an independent function with responsibility for approving credit limits, monitoring and managing individual exposures and assessing and managing the quality of the segment and business area credit portfolios and allowances. All credit limits in CSS(E)L are subject to approval by Credit Risk UK based employees. Credit Risk maintains a Watchlist which serves as a tool for monitoring and reporting counterparties with negative factors requiring enhanced monitoring but which are not severe enough for the counterparty to be considered impaired. Counterparties are subject to additional scrutiny through Watchlist committees and escalated to senior management. Watchlist counterparties are classified as Amber when they are performing but potential weaknesses (early signs of potential financial difficulty) have been identified, which require closer and continuous monitoring. Counterparties are classified as Red if they are performing but well-defined weaknesses and actual stress are apparent; there are increasing signs of declining credit worthiness but those signs are not yet severe enough to indicate impairment. Credit Risk also relies on the NCL CRO function regarding recovery management services to manage and resolve troubled or impaired exposures, establishing appropriate provisions for impaired loans and maximising recovery throughout the workout process, thereby protecting CSS(E)L's capital and reputation and minimising potential litigation risks.
Treasury and Liquidity Risk	Treasury risks cover the market risks arising from structural exposures including pension risks, and the risk of insufficient funding or liquidity. Liquidity Risk is the risk of being unable to meet both expected and unexpected current and forecasted cash flows and collateral needs. Funding risk is the risk of being unable to borrow funds to support the firm's current business and desired strategy.	CSS(E)L's Treasury Risk and Control ('TR&C') function is responsible for the oversight of Treasury and the business divisions in managing CSS(E)L's liquidity risks as a second line of defence. TR&C is responsible for ensuring that CSS(E)L maintains adequate liquidity and achieves full compliance with CSS(E)L's Risk Appetite Framework and Strategic Risk Objectives and adherence to all applicable risk constraints covering short-term, medium-term and longer-term liquidity, based on regulatory and internal risk metrics (including those based on the internal liquidity stress testing framework). TR&C ensures that various risk controls appropriately limit funding concentration to tenors, products, currencies and counterparties as part of the framework and are adhered to. The liquidity and funding profile reflects CSS(E)L's respective strategies and risk appetites, and is driven by business activity levels and the overall operating environment.
Market Risk	The risk of a loss arising from adverse changes in interest rates, credit spreads, foreign currency exchange rates, equity and commodity prices, and other relevant market parameters, such as volatilities and correlations.	Market Risk in CSS(E)L is managed by the CSS(E)L Market Risk department which sits in the second line of defence. CSS(E)L has policies and processes in place to ensure that market risk is captured, accurately modelled and reported, and effectively managed. Trading and non-trading portfolios are managed at various organisational levels, from the overall risk positions at the Company level down to specific portfolios. CSS(E)L uses market risk measurement and management methods in line with regulatory and industry standards. The principal portfolio measurement tools are Value-at-Risk ('VaR'), scenarios and sensitivity analyses, which complement each other in measuring market risk.

RISK TYPE	DESCRIPTION	HOW RISKS ARE MANAGED
Model Risk	Model Risk is the potential for financial loss, negative reputational impact and/or adverse regulatory action from decisions made based on model outputs that may be incorrect or used inappropriately.	Model Risk Management consists of a set of processes and activities to verify whether the model is performing as expected and is appropriate for its intended use. These include: • Maintaining a Company-wide model inventory, model type classification, risk tiering and inventory attestation. • Training. • Performing independent validation and approval of Models. • Communicating model validation plans and schedules to relevant review committees and stakeholders. • Managing validation outcomes, findings and any required follow-up actions, and reporting/communicating them to the relevant review committees and stakeholders. • Defining model risk Key Risk Indicators ('KRIs') including KRIs for RAS, and assessing, aggregating and reporting model risks. • Escalate policy violations to the MRSC, BoD Risk Committee, and other relevant group/ regional/ legal entity/ divisional committees.
Non-Financial Risk	Non-financial risk is the risk of an adverse direct or indirect impact originating from sources outside the financial markets, including but not limited to operational risk, technology risk, cyber risk, compliance risk, regulatory risk, legal risk and conduct risk. Non-financial risk is inherent in most aspects of our business, including the systems and processes that support our activities.	Non-Financial Risk oversees the CS group's established Non-Financial Risk Framework ('NFRF'), providing a consistent and unified approach to evaluating and monitoring CSS(E)L's non-financial risks. The NFRF sets common minimum standards across non-financial risk and control processes and review and challenge activities. Risk and control assessments are in place across all divisions and functions, consisting of the risk and control self-assessment, compliance risk assessment and legal risk assessment. Key non-financial risks are identified annually and represent the most significant risks requiring senior management attention. Where appropriate, remediation plans are put in place with ownership by CSS(E)L's senior management, and with ongoing Board level oversight at the CSS(E)L Risk Committee.
Reputational Risk	The risk that an action, transaction, investment or event results in damages to CSS(E)L's reputation as perceived by clients, shareholders, the media and the public.	The Reputational Risk Review Process ('RRRP') is a senior level independent review of issues that may have an impact on the Company's reputation. An employee who determines that he/she is engaged in, or considering an activity that may put the Company's reputation at risk must submit that activity through the RRRP for review before the Company is committed to pursuing or executing it from a legal or relationship standpoint. Reputational Risk Approvers ('RRAs') are subject matter experts and senior risk managers independent from the business. All RRA decisions in the RRRP are predicated on the relevant Divisional Approver's ('DA') review and approval. The RRA is responsible for holistically assessing whether the identified reputational risks and the mitigation presented by the business (and other support areas) is acceptable and the proposed activity is within the Company's risk appetite for reputational risk. The RRA may also escalate a submission to the Divisional Client Risk Committee ('DCRC') or Group Client Risk Committee ('GCRC') based on guidance from governing bodies, or at their discretion. The DCRC is comprised of senior regional management from the divisions, corporate functions and CSS(E)L entity management. Clients deemed to carry the highest compliance and reputational risks are escalated to the GCRC. Once a submission has been escalated, the final decision cannot be taken until the escalation process has been concluded. Reputational Risk submissions subject to committee escalation are also aligned to UBS Group's risk appetite.

→ For further details on how CSS(E)L manages risk, refer to Note 33 – Financial Risk Management.

Key risk developments

CSS(E)L is closely monitoring the following key risks and global economic developments as well as the potential effects on its operations and businesses.

Upon legal close of the acquisition of Credit Suisse Group AG by UBS Group, UBS Group's risk management practices have been applied to material risks of CS group. Positions and businesses not aligned with the core strategy and policies of UBS Group were ringfenced within Non-core and Legacy, with the aim of a timely and orderly wind down. UBS Group's transactional approval authorities were applied to CSS(E)L and a set of risk standards and escalation protocols were put in place to ensure the application of the UBS Group risk appetite to the combined organisation. CSS(E)L's risk governance continued to operate along its three lines of defense. A significant portion of its risk policies were reviewed and harmonised with UBS Group policies. In 2024, CSS(E)L will continue to focus on aligning its policies while moving towards a fully integrated risk framework.

Strategy execution / Transformational Risk
Execution risks around the entity strategy and integration with UBS Group is a key risk for CSS(E)L during 2024 in which the bulk of integration activities are being scheduled. Main risks include staff attrition and distraction, key person risk, retention of critical personnel, and disengagement of personnel.

Capital risk
Capital risk is the risk that CSS(E)L does not have adequate capital to support its activities and maintain the minimum capital requirements. Capital risk results from the CSS(E)L's risk exposures, available capital resources and needs to consider regulatory requirements and accounting standards.

CSS(E)L maintains a robust and comprehensive framework for assessing capital adequacy, defining internal capital targets and ensuring that these capital targets are consistent with its overall risk profile and the operating environment.

The stress testing framework and the internal capital adequacy assessment process are tools used by CSS(E)L to evaluate and manage capital risk.

Cyber risk
The financial industry continues to be increasingly reliant on technology, faces dynamic cyber threats from a variety of actors and new technology vulnerabilities are being discovered. CSS(E)L continues to invest in its information and cybersecurity programs in order to strengthen its ability to anticipate, detect, defend against and recover from cyber attacks. CSS(E)L regularly assess the effectiveness of its key controls and conduct ongoing employee training and awareness activities, including for key management personnel, in order to seek to strengthen resilience of its systems and promote a strong cyber risk culture.

Liquidity risk management
In line with the PRA's internal liquidity adequacy ('ILAA') rules, liquidity and funding adequacy were maintained at the year-end. In addition, full compliance with CSS(E)L Risk Appetite and Strategic Risk Objectives was achieved at year end. This includes maintaining sufficient headroom above applicable regulatory constraints, in particular LCR and Net Stable Funding Ratio ('NSFR'); adherence to all applicable risk constraints including Board of Directors ('BoD'), Risk Management Committee ('RMC'), Liquidity and Treasury Risk Committee ('LTRC') limits/flags, covering short-term, medium-term and longer-term liquidity, based on regulatory and internal risk metrics.

Risk Exposures

Credit Risk
The CSS(E)L portfolio continued to decrease given the strategic ramp-down of the legal entity. The remaining exposure is driven by financial counterparties, notably life insurance companies. These risks are managed within the CSS(E)L Credit Risk Appetite Framework to ensure control and oversight of any concentrations by product, industry or geography. Some of the events and risk areas which could potentially have an impact on the credit portfolio of the Company have been highlighted in this report.

Potential exposure in CSS(E)L decreased by USD 0.5 billion in 2023 to USD 1.3 billion (2022: USD 1.8 billion). Potential exposure for each trading relationship is calculated as the 95th percentile of a distribution of possible future exposures. The main driver of the reduction in exposure was the transfer of counterparty relationships to other CS entities as part of the CSS(E)L ramp down project, as well as reduced trading activity.

Credit quality remained high in 2023, with 89% of potential exposure with investment grade counterparties as at 31 December 2023.

The CSS(E)L watchlist increased during 2023 to USD 39.4 million as at 31 December 2023 (31 December 2022: USD 10.2 million).

Credit Risk Exposure Views by Country and Industry Segment
The following table shows the top ten largest exposures by country, which accounted for 100% of total net exposure in CSS(E)L as at 31 December 2023. The largest exposures are in well-developed countries, with the United States and United Kingdom accounting for 69% of the total exposure. Exposure to the Republic of Korea, where CSS(E)L operates a local branch, reduced significantly to 5% (2022: 24%) with the reduction in trading activity with local counterparties and the Korea Exchange.

Gross credit risk exposures, include loans and loan commitments, investments (such as cash securities and other investments) and all derivatives exposure (not limited to credit protection purchased and sold), after consideration of legally enforceable netting agreements. Gross exposures are calculated after netting long and short positions, capped at Nil for net short positions. Net exposures include the impact of risk mitigation such as Credit Default Swaps ('CDS') and other hedges, guarantees, insurance and collateral (primarily cash and securities). Collateral values applied for the calculation of the net exposure are determined in accordance with risk management policies and reflect applicable margining considerations.

	Financial Institutions		**Total**		Annual Δ		
31 December 2023 (USD millions)	Gross Exposure	Net Exposure	**Gross Exposure**	**Net Exposure**	Gross Exposure	Net Exposure	Net Exposure as % of All Country Exposures
United States	567	567	**567**	**567**	77	81	52%
United Kingdom	776	188	**776**	**188**	111	39	17%
Netherlands	79	79	**79**	**79**	21	21	7%
Germany	77	77	**77**	**77**	(11)	(11)	7%
Japan	68	68	**68**	**68**	(10)	(10)	6%
Republic of Korea	58	58	**58**	**58**	(236)	(236)	5%
Canada	38	38	**38**	**38**	2	2	4%
Bermuda	12	12	**12**	**12**	3	3	1%
Switzerland	123	5	**123**	**5**	3	5	1%
Taiwan	2	2	**2**	**2**	–	–	0%
Total	**1,800**	**1,094**	**1,800**	**1,094**	**(40)**	**(106)**	**100%**

	Financial Institutions		**Total**		Annual Δ		
31 December 2022 (USD millions)	Gross Exposure	Net Exposure	**Gross Exposure**	**Net Exposure**	Gross Exposure	Net Exposure	Net Exposure as % of All Country Exposures
United States	490	486	**490**	**486**	(195)	(193)	41%
Republic of Korea	294	294	**294**	**294**	(45)	(43)	24%
United Kingdom	665	149	**665**	**149**	(618)	(125)	12%
Germany	88	88	**88**	**88**	(36)	(36)	7%
Japan	78	78	**78**	**78**	(28)	(28)	6%
Netherlands	58	58	**58**	**58**	(55)	(21)	5%
Canada	36	36	**36**	**36**	(26)	(26)	3%
Bermuda	9	9	**9**	**9**	(8)	(8)	1%
Taiwan	2	2	**2**	**2**	–	–	0%
Portugal	1	1	**1**	**1**	–	–	0%
Total	**1,721**	**1,201**	**1,721**	**1,201**	**(1,011)**	**(480)**	**99%**

The following table shows the ten largest sectors by net exposure, which account for 100% of total net exposure in CSS(E)L. Exposures are those used for internal risk management and are calculated on the same basis as the country exposures shown in the previous table.

Industry Segments (USD millions)	2023 Gross Exposure	2023 Net Exposure	2023 Net Exposure as % of All Industry Segment Exposures	2022 Gross Exposure	2022 Net Exposure	Annual Δ Gross Exposure	Annual Δ Net Exposure
Insurance	812	812	74%	736	736	75	75
Banks	244	244	22%	377	377	(133)	(133)
Funds and Trusts	730	25	2%	650	11	81	15
Central Clearing Parties	12	12	1%	77	77	(65)	(65)
Other Financial Companies	3	3	0%	2	2	0	0
Sovereigns, Monetary Authorities, Central and Development Banks	0	0	0%	1	1	(1)	(1)
Services	0	0	0%	0	0	0	0
Automotive	0	0	0%	–	–	0	0
Manufacturing	0	0	0%	0	0	(0)	(0)
Logistics	0	0	0%	0	0	(0)	(0)
Total	**1,800**	**1,095**	**100%**	**1,844**	**1,205**	**(44)**	**(110)**

The other risks are set out in Note 33 – Financial Risk Management.

Risk Management

Overview

Risk management plays an important role in the Company's business planning process and is strongly supported by senior management and the Board. In the context of the wind down of the UK CS entities, the primary objectives of the risk management function are to maintain capital, integrity of operations and conduct oversight to ensure an orderly wind down of CSS(E)L activities. The Company has implemented risk management processes and control systems and it works to limit the impact of negative developments by monitoring all relevant risks including credit, market, liquidity, enterprise and non-financial risks.

Risk Governance

The Company's risk governance framework is based on a 'three lines of defense' governance model, where each line has a specific role with defined responsibilities and works in close collaboration to identify, assess and mitigate risks.

The first line of defense represents the business area or function that allows the risk to enter the Company from clients, employees or other third parties or events and is responsible for identifying, measuring, managing and reporting risks on a front-to-back basis in line with the Board's risk appetite. The first line of defense is fully accountable for managing risks inherent in its activities.

The second line of defense consists of independent risk management, compliance and control functions which are responsible for establishing risk management framework and associated control standards, and providing independent challenge to the activities, processes and controls carried out by the first line of defense. In this context, the risk management function is responsible for articulating and designing the risk appetite framework across the Company. The second line of defense can perform and complement the responsibility of identification, measurement, management and reporting of risks, while the first line of defense retains the overall accountability for risk management related to its activities.

The third line of defense is the Internal Audit function, which monitors the effectiveness of controls across various functions and operations, including risk management, compliance and governance practices.

Risk Organisation

Risks arise in all of the CSS(E)L business activities and are monitored and managed through its risk management framework. The CSS(E)L risk management organisation reflects the specific nature of the various risks in order to ensure that risks are taken within limits set in a transparent and timely manner.

The CSS(E)L independent risk management function is headed by the CSS(E)L Chief Risk Office ('CRO'), who reports to the Chief Executive Office ('CEO') of CSS(E)L in respect of matters relating to CSS(E)L. The CSS(E)L CRO also has a functional reporting line to the CS AG CRO. The CSS(E)L CRO is responsible for overseeing CSS(E)L's risk profile across all risk types and for ensuring that there is an adequate independent risk management function. The CSS(E)L CRO provides a dedicated focus on the risk at the Company level whilst appropriately leveraging the global risk management processes applied by CS group.

The CSS(E)L CRO is responsible for providing risk management oversight and establishing an organisational basis to manage all risk management matters through its primary risk functions:

- Market Risk Management ('MRM') is responsible for assessing, monitoring and managing the market risk profiles of the Company and recommends corrective action where necessary;
- Treasury Risk and Control ('TR&C') is responsible for assessing, monitoring and managing the liquidity risk profiles of the Company, market risk in Treasury and recommending corrective action where necessary;
- Credit Risk ('CR') is responsible for approving credit limits, monitoring, and managing individual exposures, and assessing and managing the quality of credit portfolios and allowances;
- Strategic Risk Management ('SRM') is responsible for providing holistic risk coverage focusing on cross-functional and cross-divisional risk governance, frameworks, best practice, policies and processes. It drives risk reporting and analysis and provides risk coverage for enterprise, model and CRO relevant regulatory risk management; and
- Non-Financial Risk ('NFR') is responsible for the identification, recording, assessment, monitoring, prevention and mitigation of non-financial risks, as well as timely management reporting.

Risk Appetite

A system of risk constraints is fundamental to effective risk management. The constraints define CSS(E)L's risk appetite given management capabilities, the market environment, business strategy and financial resources available to absorb potential losses. The overall risk limits for CSS(E)L are set by the Board.

Within the bounds of the overall risk appetite of the Company, as defined by the limits set by the Board, the CSS(E)L CRO is the nominated executive who is responsible for implementing a constraint framework. CSS(E)L has a range of more granular constraints for individual businesses and specific risks, including constraints on transactions booked from remote locations. The risk appetite is aligned to the business strategy and acts as an early warning indicator for material changes in risk profile. Risk constraints are reviewed and monitored regularly.

Climate Change

Climate-related risks are the potentially adverse direct and indirect impacts on the CSS(E)L's financial metrics, operations or reputation due to transitional or physical effects of climate change. Climate-related risks could manifest themselves through existing risk-types such as credit risk, market risk, non-financial risk, business risk or reputational risk.

CSS(E)L's approach to climate risk is closely aligned with the UBS Group's approach and managed globally as well as by local risk management teams, see UBS Group's disclosures for more details on the applicable climate risk management framework. In addition, for CSS(E)L, annual risk identification and quarterly monitoring of climate risk metrics is performed. As of 31 December 2023, CSS(E)L has no material direct lending exposure to counterparties active in any carbon related or climate sensitive sectors.

Environmental Matters

UBS publishes a comprehensive Sustainability Report which can be found on UBS Group's website at https://www.ubs.com/global/en/sustainability-impact/sustainability-reporting.html.

The Sustainability Report describes how UBS Group including CSS(E)L, assumes its various responsibilities towards society and the environment.
Further information:

→ Sustainability and Climate Report:
https://www.ubs.com/global/en/sustainability-impact.html

Streamlined Energy and Carbon Reporting ('SECR')

CSS(E)L, as part of the UBS Group, is committed to enabling a more environmentally sustainable economy and recognises climate change as one of the most significant risks facing the planet. Climate and sustainability objectives are predominantly set at the UBS Group level and CSS(E)L contributes to these objectives.

UK and CSS(E)L Energy Use
In order to calculate energy use by entity, UK Full Time Employee ('FTE') was used to split the UK energy use and associated greenhouse gas emissions by entity. CSS(E)L does not have any UK employees. The only employees are located in the CSS(E)L Seoul branch, in South Korea. On this basis, CSS(E)L does not have any energy use or associated greenhouse gases in the UK.

Corporate Governance Statement

FRC Wates Governance Principles

CSS(E)L has adopted the FRC Wates Corporate Governance Principles relating to Purpose and Leadership, Board Composition, Board Responsibilities, Risk, Remuneration and Stakeholder Relationships and Engagement including environmental reporting requirements. CSS(E)L's adherence to these Principles is addressed in this Corporate Governance Statement, which includes the Section 172 Statement.

Board of Directors

The CSS(E)L Board of Directors ('Board') is responsible for governance arrangements that ensure effective and prudent management of CSS(E)L, including the segregation of duties and the prevention of conflicts of interest. The Board approves and oversees the implementation of strategic objectives, risk strategy and internal governance; ensures the integrity of the accounting and financial reporting systems; oversees disclosure and communications processes; provides effective oversight of senior management; and assesses the effectiveness of governance arrangements.

A number of Board composition changes have been effected since 1 January 2023, including the appointment of Francesca McDonagh and Michael Ebert as Non-Executive Directors and the resignation of Debra Davies, Doris Honold, Richard Meddings and Francesca McDonagh as Non-Executive Directors and resignation of Christopher Horne as Executive Director. Shane O'Cuinn has been appointed as Executive Director & CEO.

Members of the Board of Directors

	Board member since	Independence	Audit Committee	Risk Committee	Nomination Committee	Advisory Remuneration Committee	Conflicts Committee
John Devine, Chair	2017	independent	member	member	chair	chair	chair
David Todd	2022	independent	chair	chair	member	member	member
Michael Ebert	2023	-	-	-	-	-	-
Shane O'Cuinn, CEO	2024	-	-	-	-	-	-
Caroline Waddington, CFO	2017	-	-	-	-	-	-
Edward Jenkins, CRO	2022	-	-	-	-	-	-

Internal Control and Financial Reporting

Board Responsibilities

The directors are ultimately responsible for the effectiveness of internal control in the CSS(E)L Group. Procedures have been designed for safeguarding assets, for maintaining proper accounting records; and for assuring the reliability of financial information used within the business and provided to external users. Such procedures are designed to mitigate and manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement, errors, losses or fraud.

The key procedures that have been established are designed to provide effective internal control for CSS(E)L. Such procedures for the ongoing identification, evaluation and management of the significant risks faced by the CSS(E)L have been in place throughout the year and up to 15 April 2024, the date of approval of the CSS(E)L Annual Report for 2023.

The Risk Appetite Statement is formally reviewed and assessed at least once a year by the Board. Key risks are also formally reviewed and assessed on a quarterly basis by the Board Risk Committee and the Board as required. In addition, key business risks are identified, evaluated and managed by operating management on an ongoing basis by means of policies and processes such as credit and market risk limits and other operational metrics, including authorisation limits, and segregation of duties.

The Board receives regular reports on any risk matters that need to be brought to its attention. Significant risks identified in connection with the development of new activities are subject to consideration by the Board. There are well-established business planning procedures in place and reports are presented regularly to the Board detailing the performance of each principal business unit, variances against budget, prior year and other performance data.

The Board's duties relate to Strategy and Management; Culture; Risk Management; and Financial Reporting and Internal Control as set out in the Board Terms of Reference. During 2023 the Board has taken decisions in line with its duties and the Board objectives, including the review and approval/noting of the Strategy and Financial Plan; the Risk Appetite Statements and Limits; the Country Risk Limit Framework; the ILAAP; Operational Resilience; Self-Assessment; the Contingency Funding Plan and Recovery Options; the RRP RAF Compliance Assessment; the Board and Committee Objectives, Terms of Reference and Evaluation Actions; the ICAAP; the Compliance Risk Assessment and Plan; the Financial Crime Compliance Risk Assessment; the MLRO Report; Authorised Signatories; the Financial Statements and Pillar 3 Disclosures; the Modern Slavery Statement; Board Director Changes; and Major Projects. The Board has delegated execution of certain duties to the Board Committees and escalated significant issues.

Board Evaluation and Composition

Each year, the Board undertakes a formal Board Evaluation against the responsibilities listed in its Terms of Reference and the Board's annual objectives to assess Board effectiveness and to decide on future objectives and focus topics in light of the UBS Group strategy, and to identify internal briefings / training required by individual Directors. The Evaluation assists the Board Nomination Committee to assess the composition and performance of the Board, and the knowledge, skills, experience and diversity of Board members and the Board succession plan. From time to time, the Board will mandate an external advisor to facilitate the evaluation; usually the evaluation is internal for two years and external for every third year (last performed by Clare Chalmers Ltd for the 2022 assessment). At the beginning of 2024, the Board performed a self-evaluation of its own performance in 2023. The 2023 self-assessment concluded that the Board and Board Committees are operating effectively. The Board has approved updated Board and Board Committees' objectives for 2024.

Board Training

In addition to an initial Board Director Induction, Board Directors undertake internal briefings and training, which are tailored to CSS(E)L's business strategy, Board objectives and decisions to be taken by the Board. Individual directors undertake other external courses as necessary for professional development.

Board Diversity Policy

CSS(E)L recognises and embraces the benefits of building a diverse and inclusive culture and having a diverse Board. The Board Diversity Policy sets out the approach to diversity on the Board of Directors. A diverse Board will include and make good use of differences in the skills, regional and industry experience, independence and knowledge, background, race, gender and other distinctions between Directors. The Nomination Committee will consider these attributes in determining the optimum composition of the Board and when possible, balancing the Board appropriately. The Board will continue to monitor the Board composition in 2024 through periodic reviews of structure, size and performance of the Board.

The aforementioned Board responsibilities and Board committees comply with the requirements defined in the PRA Rulebook for 'General Organisational Requirements', chapter 5 (Management Body).

Board Meetings

12 Board meetings were held in 2023 including scheduled Board meetings and ad hoc Boards. Board members also attend extensive briefing sessions to prepare for technical Board discussions. All members of the Board are expected to spend the necessary time outside of these meetings to discharge their responsibilities. The Chair convenes the meetings with sufficient notice and prepares an agenda. The Chair has the discretion to invite management to attend the meetings. The Board also holds separate private sessions without management present. Minutes are kept of the Board meetings. The members of the Board are encouraged to attend all Board and committee meetings on which they serve; ad hoc Board and Board Sub-Committee meetings are usually held with minimum quorum attendance.

Board Committees

Certain powers are delegated by the Board to Board Committees, while retaining responsibility and accountability, which assists the Board in carrying out its functions and ensure that there is independent oversight. Each Board Committee is comprised solely of independent Non-Executive Directors appointed to provide robust and effective challenge of the matters within its remit. The Chair of each Board Committee reports to the Board.

Audit Committee
The Audit Committee assists the Board in fulfilling the Board's oversight responsibilities defined by law, articles of association and internal regulations by monitoring (i) financial reporting and accounting; (ii) internal controls; (iii) internal audit; and (iv) external auditors. During 2023 the Audit Committee has taken decisions in line with its duties and objectives, including the review and approval of the Internal Audit Strategy and Plan, Non-Audit Services, and the annual RCSA, and has recommended for Board approval the Audit Committee Objectives, the Annual and Interim Financial Statements and Pillar 3 Disclosures.

Risk Committee
The Risk Committee assists the Board in fulfilling the Board's risk management responsibilities as defined by law, articles of association and internal regulations, by reviewing and assessing (i) the risk appetite and strategy implementation; (ii) the strategies and polices for risk management and mitigation; (iii) the risk management function; (iv) the compliance function; (v) the ICAAP and adequate CSS(E)L capital; and (vi) risk limits and reports. During 2023 the Risk Committee has taken decisions in line with its duties and objectives, including the review and recommendation for Board approval of the Risk Committee Objectives, the Risk Appetite Statement and Limits, the ILAAP, the Country Risk Limit Framework, the Compliance Risk Assessment and Plan, the Financial Crime Compliance Risk Assessment and the ICAAP. Management reported to the Risk Committee on, inter alia, Climate Change Risk and the inclusion of climate-related items in the CSS(E)L Risk Appetite Statement.

Nomination Committee
The Nomination Committee assists the Board in (i) the identification and recruitment of Board and Committee members; (ii) the preparation of and compliance with gender target policy; (iii) the assessment of the skill set, composition and performance of the Board; and (iv) the review of the policy for selection and appointment of senior management and the strategy for leadership development.

Advisory Remuneration Committee
The Board has delegated responsibility for remuneration matters to the CSS(E)L Advisory Remuneration Committee ('RemCo') while retaining responsibility and accountability. The RemCo, in line with its objectives, monitors and reviews (i) Regulatory Developments, (ii) Variable Compensation Pool, (iii) Gender and Equal Pay, (iv) Individual Compensation Awards, (v) Senior Manager Scorecards; and (vi) Regulatory Compensation Reporting. The RemCo advises the CS AG Governance, Nomination and Compensation Committee in respect of matters relating to remuneration for CSS(E)L employees, in particular members of the CSS(E)L Executive Committee and CSS(E)L Material Risk Takers. Remuneration for CSS(E)L employees, directors and Senior Managers is aligned with UBS' Total Reward Principles which can be found in the following link https://www.credit-suisse.com/media/assets/about-us/docs/our-company/our-governance/compensation-policy.pdf

UBS' Total Reward Principles provide a strong link to the strategic imperatives and encourage employees to live the strong and inclusive culture that is grounded in UBS' three keys to success: Pillars, Principles and Behaviours. These guiding principles underpin UBS' approach to compensation and define the compensation framework. UBS' compensation approach supports UBS' capital strength and risk management, and provides for simplification and efficiency. It encourages employees to focus on client centricity, connectivity and sustainable impact in everything we do. Moreover, UBS' reward behaviours that help build and protect the firm's reputation, specifically Accountability with integrity, Collaboration and Innovation. Compensation for each employee is based on individual, team, business division and UBS Group performance, within the context of the markets in which UBS operates.

Conflicts Committee
The Conflicts Committee assists the Board in fulfilling its responsibilities to consider and mitigate conflicts of interest and, where they arise, declare and manage conflicts consistent with the Board of Directors Terms of Reference and the Conflict Management Framework. The Conflicts Committee duties include (i) review of the Conflict Management Framework; (ii) review of training on the Framework; (iii) review of declared conflicts, resolution and lessons learned; and (iv) conduct an annual assessment on conflicts governance and effectiveness of the Conflicts Management Framework.

Executive Management

The activities of CSS(E)L are managed on a day-to-day basis by the CSS(E)L senior management team. The primary oversight committee is the CSS(E)L Executive Committee ('ExCo'). It is chaired by the CEO and members include the CFO, CRO, business heads and other support head Senior Managers.

Given the breadth of business activities and multiple areas of focus, the ExCo has an established support structure and has delegated particular aspects of its mandate to subsidiary committees with more focused mandates. These subsidiary committees are chaired by members of the ExCo and are all accountable to the ExCo. Dedicated committees so established, cover amongst other areas, risk, operational matters and asset and liability management.

Section 172 Statement

The CSS(E)L Board complies with the Companies Act Section 172 general duty to act in the way it considers, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and having regard to the consequences of decisions and the interests of employees and stakeholders.

The Strategic Report includes disclosures to illustrate how the Board has discharged its duty under Section 172 of the Companies Act 2006 and how it has engaged and addressed the interests of its stakeholders including shareholders clients, employees, suppliers and others and how this has informed the Board's decision making.

Purpose and Leadership

CSS(E)L recognises the importance of its relationship with all stakeholders and seeks to regularly engage with clients, employees, regulators and shareholders in an open dialogue.

Strategy

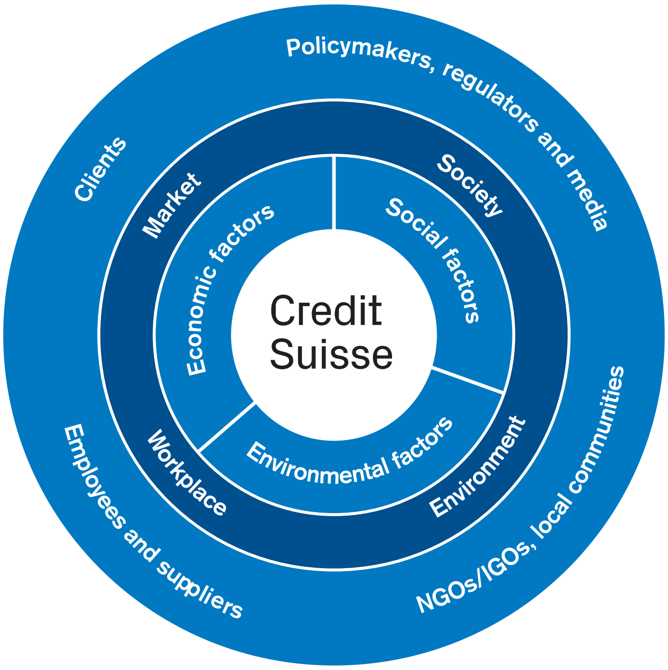
Management's strategy had been the transfer of CSS(E)L's core businesses to CSi, as part of a plan to consolidate the UK businesses in a single legal entity and repay capital back to UBS Group. With the UBS acquisition of Credit Suisse Group AG, the current strategy is to accelerate the wind down of CSS(E)L in a controlled manner with the sale or closure of the remaining businesses.

Corporate Responsibility

For CSS(E)L, corporate responsibility is about creating sustainable value for clients, shareholders, employees and other stakeholders. CSS(E)L strives to comply with principles set out in the UBS Group Code of Conduct and Ethics in every aspect of its work, including in the relationship with stakeholders. CSS(E)L does so based on a broad understanding of its duties as a financial services provider and employer and as an integral part of the economy and society. This approach also reflects CSS(E)L's commitment to protecting the environment.

Stakeholders Relationships and Engagement

CSS(E)L businesses work on the basis that long-term success depends to a significant extent on the ability to inspire confidence in CSS(E)L stakeholders. CSS(E)L, as part of UBS Group, regularly engages directly in a dialogue with stakeholders including clients, and employees as well as with regulators, policymakers and Non-Governmental Organisations ('NGO'). This dialogue, combined with the insights gained through CSS(E)L involvement in initiatives, business associations, and forums, as well as through surveys, strengthens CSS(E)L's understanding of the different, and sometimes conflicting, perspectives of its stakeholders. This helps CSS(E)L to identify stakeholders' interests and expectations at an early stage, to offer its own perspective and to contribute to the development of solutions in response to current challenges wherever possible. At the same time, this exchange allows CSS(E)L to further develop an understanding of its corporate responsibilities.



Clients

During 2023, CSS(E)L continued transferring its core businesses and clients to CSi. The remaining business activity includes NCL, Credit Suisse Banking focusing on the advisory in CSS(E)L Seoul branch, and treasury activities to support the liquidity requirement of the entity.

Society

CSS(E)L, working with partner organisations strives to contribute to economic and social development. CSS(E)L cultivates a dialogue with policymakers, legislators and regulators, as well as members of the business community and other stakeholder groups.

Policymakers and legislators

CSS(E)L complies with financial laws and regulations and responds appropriately to regulatory developments, including new capital and liquidity requirements, rules governing transparency and combating financial market crime. The Public Policy team strive to act as reliable dialogue partners and play an active role in associations and governing bodies.

Regulators

CSS(E)L liaises closely with relevant regulators in order to provide regulators transparency on strategy, risk management and business performance, and to ensure it meets regulatory requirements and expectations. The primary regulatory engagement for CSS(E)L is with the PRA and FCA.

Workplace and Employees

CSS(E)L is committed to keeping employees informed of changes within the organisation, including but not limited to, financial and economic factors affecting the performance of CSS(E)L. This is achieved through several channels, including regular town hall meetings and Q&A sessions with senior leaders, divisional and functional line management meetings, webcasts, intranet updates, email bulletins focused on specific issues, and via the active employee networks. Employee feedback is frequently sought and is actively encouraged for consideration in decision making. This includes regular employee surveys and other employee listening tools that provides employees the opportunity to speak their mind and offer perspectives.

Suppliers

CSS(E)L, as part of UBS Group, strives to maintain a fair and professional working relationship with its suppliers. CSS(E)L considers factors like quality and shared values when forming such relationships and strives to work with those who conduct their businesses responsibly.

UBS Group consider human rights issues in its risk management processes and are aware of its responsibilities as an employer. The Modern Slavery and Human Trafficking Transparency Statement sets out the steps that UBS Group, including CSS(E)L, is taking to prevent the occurrence of modern slavery and human trafficking in its business operations and within its supply chain.

Further detail on Modern Slavery and Human Trafficking Transparency Statement can be found at below link. Modern slavery & human trafficking transparency statement www.credit-suisse.com/humanrights.

Environment NGOs/IGOs

Following the acquisition by UBS Group, CSS(E)L follows applicable UBS Group policies and procedures with respect to sustainability and climate. This should be seen however, in the context of CSS(E)L's wind down strategy.
For an overview of sustainability initiatives and memberships, please refer to: https://www.credit-suisse.com/about-us/en/our-company/corporate-responsibility/banking/agreements-memberships.html

Local communities

CSS(E)L cultivates constructive relationships with local organisations and institutions and supports charitable projects through financial contributions, employee volunteering, fundraising initiatives and expertise sharing.

The Strategic Report is approved by Order of the Board

Paul E Hare
Company Secretary

One Cabot Square
London E14 4QJ
15 April 2024

Directors' Report for the year ended 31 December 2023

International Financial Reporting Standards

The CSS(E)L Group and Company 2023 audited Financial Statements have been on a going concern basis and in accordance with UK-adopted international accounting standards ('UK-adopted IFRS') and the applicable legal requirements of the Companies Act 2006.

The Annual Report and financial statements were authorised for issue by the directors on 15 April 2024. As permitted by section 414C(11) of the Companies Act 2006, certain information is not shown in the Directors' Report because it is shown in the Strategic Report.

Dividends

A USD 500 million dividend was paid in the year ended 31 December 2023 (2022: USD 1.2 billion).

Directors

The names of the directors as at the date of this report are set out on page 1. Changes in the directorate since 31 December 2023 and up to the date of this report are as follows:

Appointments:	
Francesca McDonagh	25.01.23
Michael Ebert	26.01.23
Shane O'Cuinn	11.04.24

The following ceased to be directors:	
Richard Meddings	12.06.23
Francesca McDonagh	12.06.23
Doris Honold	31.07.23
Debra Davies	01.08.23
Christopher Horne	11.12.23

None of the Directors who held office at the end of the financial year were directly beneficially interested, at any time during the year, in the shares of the Company. Directors of the Company benefitted from qualifying third party indemnity provisions in force during the financial year and up to the date of approval of the financial statements.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the CSS(E)L Group and Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the directors have prepared the CSS(E)L Group and Company financial statements in accordance with UK-adopted IFRS.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the CSS(E)L Group and Company and of the profit or loss of the CSS(E)L Group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether, for CSS(E)L Group and Company, UK-adopted IFRS and subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the CSS(E)L Group and Company will not continue in business.

The directors are also responsible for safeguarding the assets of the CSS(E)L Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the CSS(E)L Group's and Company's transactions and disclose with rea-son-able accuracy at any time the financial position of the CSS(E)L Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the Company's financial statements published on the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

Each of the directors, whose names and functions are listed in 'Members of the Board of Directors' within the Corporate Governance Statement confirm that, to the best of their knowledge;

- the CSS(E)L Group and Company financial statements, which have been prepared in accordance with UK-adopted IFRS, give a true and fair view of the assets, liabilities, financial position and profit of the CSS(E)L Group and profit of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of CSS(E)L Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each director in office at the date the director's report is approved;

- so far as the director is aware, there is no relevant audit information of which the CSS(E)L Group's and Company's independent auditors are aware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the CSS(E)L Group's and Company's independent auditors are aware of that information.

Going Concern

Going concern is detailed in Note 2 – Significant Accounting Policies.

Risk and Capital

Risks are detailed in Note 30 – Financial Risk Management. The way in which these risks are managed are detailed in the Risk Management Section of the Strategic Report.

Changes made to the capital structure are set out in Note 24 – Share Capital and Share Premium and Note 35 – Capital Adequacy.

Pillar 3 disclosures required under the Capital Requirements Regulation ('CRR') can be found separately at:

→ https://www.ubs.com/global/en/investor-relations/financial-information/pillar-3-disclosures.html

Future Developments

CSS(E)L Group is in the process of being wound down with plans in progress to exit the remaining businesses.

Employees

Information in relation to employees is detailed within the Employee Matters within the Section 172 Statement.

SECR

The 2023 SECR disclosures have been disclosed in the Strategic Report.

Branches

The details of the location of the Company's branches are detailed in the Business Model section of the Strategic Report.

Donations

During the year the CSS(E)L Group made USD 1,418 (2022: USD 21,118) of charitable donations. There were no political donations made by the CSS(E)L Group during the year (2022: USD Nil).

Independent Auditors

The Audit Committee is responsible for the oversight of the external auditors. The external auditors reports directly to the Audit Committee and the Board with respect to its audit of the CSS(E)L's Group and Company financial statements and is ultimately accountable to the shareholders. The Audit Committee considers and, where appropriate pre-approves the retention of, and fees paid to, the external auditors for all audit and non-audit services. For further details, refer to the Committees section of the Strategic Report. Pursuant to Section 487 of the Companies Act 2006 the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office as external auditors.

Following its acquisition of Credit Suisse Group AG, UBS Group AG intends to appoint the UBS external auditor, Ernst & Young Ltd ('EY'), to conduct the financial and regulatory audits for the acquired subsidiaries of Credit Suisse Group AG for the financial year 2024, replacing PricewaterhouseCoopers LLC and consolidating the financial and regulatory audits UBS-wide with EY. The CSS(E)L audit committee will be looking to recommend and appoint EY as the regulatory and statutory auditor of CSS(E)L for the financial year 2024 in the next few months.

Subsequent Events

During Q1 2024, CSS(E)L Group agreed to sell its advisory business in its Korean Branch to a UBS Group company for USD 27 million.

During Q1 2024 the NCL business has sold substantially all of its US Lives portfolio to third parties.

These transactions are aligned to CSS(E)L Group's strategy to wind down its business operations.

→ Further information is available in Note 36 Subsequent Events

On behalf of the Board

Caroline Waddington
Director

One Cabot Square
London E14 4QJ
15 April 2024

Independent Auditors' Report to the Members of Credit Suisse Securities (Europe) Limited

Independent auditors' report to the members of Credit Suisse Securities (Europe) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Credit Suisse Securities (Europe) Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2023 and of the group's loss and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated Statement of Financial Position and Company Statement of Financial Position as at 31 December 2023; the Consolidated Statement of Income, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and Company Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 10 - *General, Administrative and Trading Expenses*, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Performing a detailed risk assessment to identify factors that could impact the going concern basis of accounting.

- Understanding and evaluating the CSS(E)L group and company's current and forecast performance and reviewing key assumptions made in the forecasting process.
- Gaining an understanding of, and reviewing, management's assessment of the CSS(E)L group's capital and liquidity position, taking into account the ability of their parent, Credit Suisse AG, to provide support given the CSS(E)L group's reliance on funding from them.
- Considering the results of procedures performed by the group auditor to support the going concern assessment for Credit Suisse AG.
- We performed substantive procedures to obtain evidence of management's conclusions. These included review of regulatory correspondence, inspection of contracts and transaction terms related to intra-group funding facilities and back-testing of financial planning assumptions.
- We assessed whether the directors' disclosures in relation to going concern adequately reflect the risks and uncertainties facing the CSS(E)L group and company based on our understanding of the business.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the prudential and conduct of business requirements of the Prudential Regulation Authority and the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and corporate tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to misstate revenue or costs; misappropriation of assets through manipulation of payments made in the course of day to day business or through a transfer of assets from custodians, and management bias in significant accounting estimates where the use of management judgements and assumptions are required. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance in relation to known or suspected instances of non-compliance with laws and regulations and fraud, together with inspection of whistleblowing and complaints registers;
- Evaluating and testing of the operating effectiveness of management's controls, including entity-level controls, designed to prevent and detect fraud in financial reporting;
- Reviewing key correspondence with regulatory authorities (including the FCA and the PRA);
- Reviewing Board meeting and other relevant Committee minutes to identify any significant or unusual transactions or other matters that could require further investigation;
- Identifying and testing journal entries, including those by unexpected or infrequent users, back-dated and forward-dated journals and those posted to particular accounts or with particular descriptions;
- Testing of controls over cash and depot reconciliations, testing over material year-end breaks in these reconciliations, sending confirmations to banks and custodians and testing controls over segregation of duties;
- Challenging assumptions and judgements made by management in determining critical accounting estimates, in particular those related to the valuation of financial instruments;
- Testing of information security controls relating to system access and change management; and
- Incorporating unpredictability in the selection of the nature, timing and extent of audit procedures performed.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Duncan McNab (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
15 April 2024

Financial Statements
for the year ended 31 December 2023

Consolidated Statement of Income for the year ended 31 December 2023

	Reference to note	Year ended 31st December	
		2023	2022 [1]
Consolidated Statement of Income (USD million)			
Continuing Operations			
Interest income	4	164	127
- of which Interest income from instruments at amortised cost		164	117
Interest expense	4	(117)	(114)
- of which Interest expense on instruments at amortised cost		(117)	(105)
Net interest income		47	13
Insurance revenue	5	196	191
Insurance service expense	5	(191)	(187)
Net (expense) from reinsurance contracts	5	(5)	(4)
Insurance service result		–	–
Insurance finance income/(expense) from insurance contracts	5	9	(429)
Net Insurance finance (expense)/income from reinsurance contracts	5	(1)	26
Insurance finance income/(expense)		8	(403)
Commission and fee income	6	19	83
Net gains/(losses) from financial assets/liabilities at fair value through profit or loss	8	(19)	550
Other revenues		4	28
Net revenues		**59**	**271**
Compensation and benefits	9	(23)	(19)
General, administrative and trading expenses	10	(41)	(86)
Restructuring expenses		–	(1)
Total operating expenses		**(64)**	**(106)**
(Loss)/Profit before taxes from continuing operations		**(5)**	**165**
Income tax expense from continuing operations	11	(30)	(42)
(Loss)/Profit after taxes from continuing operations		**(35)**	**123**
Net (loss)/Profit attributable to Credit Suisse Securities (Europe) Limited shareholders		**(35)**	**123**

[1] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

Consolidated Statement of Comprehensive Income for the year ended 31 December 2023

CSS(E)L Group	**2023**	2022 [1]
Consolidated Statement of Comprehensive Income (USD million)		
Net (Loss)/Profit	**(35)**	**123**
Foreign currency translation	(11)	(26)
Net investment hedge – net gain	17	27
Total items that may be reclassified to Statement of income	**6**	**1**
Remeasurement of defined benefit liability	–	11
Total items that will not be reclassified to Statement of income	**–**	**11**
Other comprehensive profit, net of tax	**6**	**12**
Total comprehensive (loss)/Profit	**(29)**	**135**
Attributable to Credit Suisse Securities (Europe) Limited shareholders	(29)	**135**

Refer to Note 23 Accumulated Other Comprehensive Income for details.
[1] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

The notes on pages 35 to 116 form an integral part of the Financial Statements.

Consolidated Statement of Financial Position as at 31 December 2023

	Reference to note	As at 31st December	
		2023	2022 [1]
Assets (USD million)			
Cash and due from banks		335	873
Interest bearing deposits with banks		259	166
Securities purchased under resale agreements and securities borrowing transactions	13	1,495	1,678
Trading financial assets mandatorily at fair value through profit or loss	14	1,899	1,975
of which positive market values from derivative instruments	*14*	1,890	1,964
Non-trading financial assets mandatorily at fair value through profit or loss	15	541	698
Current tax assets		13	11
Deferred tax assets	12	2	37
Other assets	17	1,009	993
Property and equipment	18	10	13
Intangible assets	19	2	2
Insurance contract assets	21	457	428
Total assets		**6,022**	**6,874**
Liabilities (USD million)			
Due to Banks		–	16
Securities sold under repurchase agreements and securities lending transactions	13	699	636
Trading financial liabilities mandatorily at fair value through profit or loss	14	1,988	2,097
of which negative market values from derivative instruments	*14*	1,988	2,092
Financial liabilities designated at fair value through profit or loss	16	9	39
Borrowings		642	395
Current tax liabilities		10	14
Other liabilities	17	716	874
Provisions	20	1	13
Debt in issuance	22	450	350
Reinsurance contract liabilities	21	120	125
Total liabilities		**4,635**	**4,559**
Shareholders' equity (USD million)			
Share capital	24	10	409
Capital contribution	24	175	175
Retained earnings		1,524	2,059
Accumulated other comprehensive income	23	(322)	(328)
Total shareholders' equity		**1,387**	**2,315**
Total liabilities and shareholders' equity		**6,022**	**6,874**

[1] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

The financial statements on pages 27 to 116 were approved by the Board of Directors on 15 April 2024 and signed on its behalf by:

C. Waddington

Caroline Waddington
Director

The notes on pages 35 to 116 form an integral part of the Financial Statements.

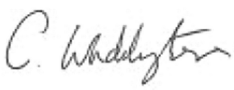
Company Statement of Financial Position as at 31 December 2023

	Reference to note	2023	end of 2022 [1]
Assets (USD million)			
Cash and due from banks		319	863
Interest bearing deposits with banks		259	166
Securities purchased under resale agreements and securities borrowing transactions	13	1,495	1,678
Trading financial assets mandatorily at fair value through profit or loss	14	1,901	1,977
of which positive market values from derivative instruments	*14*	1,892	1,966
Non-trading financial assets mandatorily at fair value through profit or loss	15	623	728
Current tax assets		13	11
Deferred tax assets	12	2	37
Other assets	17	932	976
Property and equipment	18	10	13
Intangible assets	19	2	2
Insurance contract assets	21	457	428
Total assets		**6,013**	**6,879**
Liabilities (USD million)			
Due to Banks		–	16
Securities sold under repurchase agreements and securities lending transactions	13	699	636
Trading financial liabilities mandatorily at fair value through profit or loss	14	1,993	2,116
of which negative market values from derivative instruments	*14*	1,993	2,112
Financial liabilities designated at fair value through profit or loss	16	–	29
Borrowings		642	395
Current tax liabilities		10	14
Other liabilities	17	715	874
Provisions	20	1	13
Debt in issuance	22	450	350
Reinsurance contract liabilities	21	120	125
Total liabilities		**4,630**	**4,568**
Shareholders' equity (USD million)			
Share capital	24	10	409
Capital contribution	24	175	175
Retained earnings		1,520	2,055
Accumulated other comprehensive income	23	(322)	(328)
Total shareholders' equity		**1,383**	**2,311**
Total liabilities and shareholders' equity		**6,013**	**6,879**

[1] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

The Company's loss after tax for the year ended 31 December 2023 was USD 35 million (2022: Profit USD 123 million). As permitted by s408 of the Companies Act 2006, no separate income statement is presented in respect of the Company.

The financial statements on pages 27 to 116 were approved by the Board of Directors on 15 April 2024 and signed on its behalf by:



Caroline Waddington
Director

The notes on pages 35 to 116 form an integral part of the Financial Statements.

Consolidated Statement of Changes in Equity for the year ended 31 December 2023

	Share Capital	Capital contribution	Retained earnings	AOCI [1]	Total share-holders' equity
2023 Consolidated statement of changes in equity (USD million)					
Balance at 1 January 2023	**409**	**175**	**2,059**	**(328)**	**2,315**
Foreign exchange translation differences	–	–	–	(11)	(11)
Net gain on hedges of net investments in foreign entities taken to equity	–	–	–	17	17
Net profit recognised directly in retained earnings and AOCI	**–**	**–**	**–**	**6**	**6**
Net loss for the year	–	–	(35)	–	(35)
Total comprehensive profit recognised for the year	**–**	**–**	**(35)**	**6**	**(29)**
Reduction of share capital	(399)	–	–	–	(399)
Dividend Payment	–	–	(500)	–	(500)
Balance at 31 December 2023	**10**	**175**	**1,524**	**(322)**	**1,387**
2022 Consolidated statement of changes in equity (USD million)					
Balance at 1 January 2022	**3,859**	**175**	**3,136**	**(340)**	**6,830**
Foreign exchange translation differences	–	–	–	(26)	(26)
Net gain on hedges of net investments in foreign entities taken to equity	–	–	–	27	27
Re-measurement of defined benefit pension liability	–	–	–	11	11
Net profit recognised directly in retained earnings and AOCI	**–**	**–**	**–**	**12**	12
Net profit for the year	**–**	**–**	123	**–**	**123**
Total comprehensive loss recognised for the year	–	–	**123**	**12**	**135**
Reduction of share capital	(3,450)	–	–	–	(3,450)
Dividend Payment	–	–	(1,200)	–	(1,200)
Balance at 31 December 2022 [2]	**409**	**175**	**2,059**	**(328)**	**2,315**

[1] AOCI refers to Accumulated Other Comprehensive Income.
[2] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

The notes on pages 35 to 116 form an integral part of the Financial Statements.

Company Statement of Changes in Equity for the year ended 31 December 2023

	Share Capital	Capital contribution	Retained earnings	AOCI [1]	**Total share-holders' equity**
2023 Company statement of changes in equity (USD million)					
Balance at 1 January 2023	**409**	**175**	**2,055**	**(328)**	**2,311**
Foreign exchange translation differences	–	–	–	(11)	(11)
Net gain on hedges of net investments in foreign entities taken to equity	–	–	–	17	17
Net profit recognised directly in retained earnings and AOCI	**–**	**–**	**–**	**6**	**6**
Net loss for the year	–	–	(35)	–	(35)
Total comprehensive profit recognised for the year	**–**	**–**	**(35)**	**6**	**(29)**
Reduction of share capital	(399)	–	–	**–**	(399)
Dividend Payment	–	–	(500)	–	(500)
Balance at 31 December 2023	**10**	**175**	**1,520**	**(322)**	**1,383**
2022 Company statement of changes in equity (USD million)					
Balance at 1 January 2022	**3,859**	**175**	**3,132**	**(340)**	**6,826**
Foreign exchange translation differences	–	–	–	(26)	(26)
Net gain on hedges of net investments in foreign entities taken to equity	–	–	–	27	27
Re-measurement of defined benefit pension liability	–	–	–	11	11
Net profit recognised directly in retained earnings and AOCI	**–**	**–**	**–**	**12**	**12**
Net profit for the year	–	–	123	–	123
Total comprehensive loss recognised for the year	**–**	**–**	**123**	**12**	**135**
Reduction of share capital	(3,450)	–	–	**–**	(3,450)
Dividend Payment	–	–	(1,200)	–	(1,200)
Balance at 31 December 2022 [2]	**409**	**175**	**2,055**	**(328)**	**2,311**

[1] AOCI refers to Accumulated Other Comprehensive Income.
[2] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

The notes on pages 35 to 116 form an integral part of the Financial Statements.

Consolidated Statement of Cash Flows for the year ended 31 December 2023

	Reference to notes	2023	2022 [2]
Cash flows from operating activities (USD million)			
(Loss)/Profit before tax for the period		(5)	165
Adjustments to reconcile (loss)/profit before tax to net cash generated from/(used in) operating activities			
Non-cash items included in net profit/(loss) before tax and other adjustments:			
Depreciation, impairment and amortisation		3	2
Pension plan charge/(credit)	25	2	–
Foreign exchange losses [1]		9	48
Accrued interest on debt in issuance		27	63
Insurance contract asset and Re-insurance contract liability measurement	21	(26)	479
Reversal of Share Based Compensation charge		–	(1)
Cash generated/(used) before changes in operating assets and liabilities		**10**	**756**
Net decrease/(increase) in operating assets:			
Interest bearing deposits with banks		(93)	(24)
Securities purchased under resale agreements and securities borrowing transactions	13	183	4,926
Trading financial assets mandatorily at fair value through profit or loss	14	76	(311)
Non-Trading financial assets mandatorily at fair value through profit or loss	15	157	351
Loans and Advances		–	3,750
Insurance contract assets	21	10	7
Other assets	17	(15)	1,177
Net decrease/(increase) in operating assets:		**318**	**9,876**
Net (decrease)/increase in operating liabilities:			
Securities sold under repurchase agreements and securities lending transactions	13	63	601
Borrowings		247	(3,909)
Trading financial liabilities mandatorily at fair value through profit or loss	14	(109)	(399)
Financial liabilities designated at fair value through profit or loss	16	(24)	(742)
Accrued expenses and other liabilities	17	(186)	(393)
Share Based Compensation (Included in other liabilities & provisions)		(1)	(2)
Provisions	20	(12)	(213)
Reinsurance contract liabilities	21	(18)	(15)
Net (decrease)/increase in operating liabilities:		**(40)**	**(5,072)**
Income taxes paid		(6)	(30)
Income tax refunded		1	–
Group relief received		3	3
Pension plan contribution	25	–	(1)
Net cash generated from operating activities		**286**	**5,532**
Cash flows from investing activities (USD million)			
Proceeds from sale of property, equipment and intangible assets	18,19	–	2
Net cash generated from/(used) in investing activities		**–**	**2**
Cash flows from financing activities (USD million)			
Issuances of debt in issuance	22	100	1,100
Repayment of debt in issuance	22	–	(2,000)
Dividend payment	24	(500)	(1,200)
Reduction of Share capital	24	(399)	(3,450)
Net cash used in financing activities		**(799)**	**(5,550)**
Net change in cash and cash equivalents		**(513)**	**(16)**
Cash and cash equivalents at beginning of period		857	921
Effect of exchange rate fluctuations on cash and cash equivalents		(9)	(48)
Cash and cash equivalents at end of period		**335**	**857**
Cash and due from banks		335	873
Due to Banks		–	(16)
Cash and cash equivalents at end of period		**335**	**857**

Interest received was USD 164 million (2022: USD 125 million), interest paid was USD 103 million (2022: USD 127 million).

1 Foreign exchange (gain)/ loss includes FX movement on Investing, Financing portfolio and Cash & cash equivalent.

2 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

The notes on pages 35 to 116 form an integral part of the Financial Statements.

Company Statement of Cash Flows for the year ended 31 December 2023

	Reference to notes	2023	2022 [2]
Cash flows from operating activities (USD million)			
Profit/(Loss) before tax for the period		(5)	165
Adjustments to reconcile (loss)/profit before tax to net cash generated from/(used in) operating activities			
Non-cash items included in net profit/(loss) before tax and other adjustments:			
Depreciation, impairment and amortisation		3	2
Pension plan charge/(credit)	25	2	–
Foreign exchange losses [1]		9	48
Accrued interest on debt in issuance		27	63
Insurance contract asset and Re-insurance contract liability measurement	21	(26)	479
Reversal of Share Based Compensation charge		–	(1)
Cash generated/(used) before changes in operating assets and liabilities		**10**	**756**
Net decrease/(increase) in operating assets:			
Interest bearing deposits with banks		(93)	(24)
Securities purchased under resale agreements and securities borrowing transactions	13	183	4,926
Trading financial assets mandatorily at fair value through profit or loss	14	76	(310)
Non-Trading financial assets mandatorily at fair value through profit or loss	15	105	394
Loans and Advances		–	3,750
Insurance contract assets	21	10	7
Other assets	17	45	1,136
Net decrease/(increase) in operating assets:		**326**	**9,879**
Net (decrease)/increase in operating liabilities:			
Securities sold under repurchase agreements and securities lending transactions	13	63	601
Borrowings		247	(3,909)
Trading financial liabilities mandatorily at fair value through profit or loss	14	(123)	(400)
Financial liabilities designated at fair value through profit or loss	16	(23)	(740)
Accrued expenses and other liabilities		(187)	(393)
Share Based Compensation (Included in other liabilities & provisions)		(1)	(2)
Provisions	20	(12)	(213)
Reinsurance contract liabilities	21	(18)	(15)
Net (decrease)/increase in operating liabilities:		**(54)**	**(5,071)**
Income taxes paid		(6)	(30)
Income tax refunded		1	–
Group relief received		3	3
Pension plan contribution	25	–	(1)
Net cash generated from operating activities		**280**	**5,536**
Cash flows from investing activities (USD million)			
Proceeds from sale of property, equipment and intangible assets	18,19	–	2
Net cash generated from/(used in) investing activities		**–**	**2**
Cash flows from financing activities (USD million)			
Issuances of debt in issuance	22	100	1,100
Repayment of debt in issuance	22	–	(2,000)
Dividend payment	24	(500)	(1,200)
Reduction of Share capital	24	(399)	(3,450)
Net cash used in financing activities		**(799)**	**(5,550)**
Net change in cash and cash equivalents		**(519)**	**(12)**
Cash and cash equivalents at beginning of period		847	907
Effect of exchange rate fluctuations on cash and cash equivalents held		(9)	(48)
Cash and cash equivalents at end of period		**319**	**847**
Cash and due from banks		319	863
Due to Banks		–	(16)
Cash and cash equivalents at end of period		**319**	**847**

Interest received was USD 163 million (2022: USD 125 million), interest paid was USD 103 million (2022: USD 127 million).

[1] Foreign exchange (gain)/ loss includes FX movement on Investing, Financing portfolio and Cash & cash equivalent.

[2] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

The notes on pages 35 to 116 form an integral part of the Financial Statements.

Notes to the consolidated financial statements

Notes to the Financial Statements for the year ended 31 December 2023

1 General

Credit Suisse Securities (Europe) Limited is domiciled in the United Kingdom and registered in England and Wales. The address of the CSS(E)L Group's registered office is One Cabot Square, London, E14 4QJ. The Consolidated Financial Statements for the year ended 31 December 2023 comprise Credit Suisse Securities (Europe) Limited and its subsidiaries (including structured entities). The Consolidated Financial Statements were authorised for issue by the Directors on 15 April 2024.

2 Significant Accounting Policies

a) Statement of compliance

The financial statements of CSS(E)L Group have been prepared on going concern basis and in accordance with UK-adopted International Accounting Standards and the requirements of the Companies Act 2006 as applicable to companies using IFRS. On publishing the parent company financial statements here together with the CSS(E)L Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual Statement of Income and related notes.

b) Basis of preparation

The Consolidated Financial Statements are presented in United States Dollars ('USD') rounded to the nearest million. They are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, trading financial assets and liabilities mandatorily at fair value through profit or loss ('FVTPL'), non-trading financial assets mandatorily at fair value through profit or loss and financial instruments designated by the CSS(E)L Group as at fair value through profit and loss.

The preparation of Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Critical accounting estimates and judgements applied to these Financial Statements are set out in Note 3 – Critical Accounting Estimates and Judgements in Applying Accounting policies.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period. Revision to accounting estimates are recognised in the period of revision and future periods if the revision has a significant effect on both current and future periods. Accounting policies have been applied consistently by the CSS(E)L Group entities.

The accounting policies have been applied consistently by the CSS(E)L Group entities.

Going Concern

The Board has assessed the ability of CSS(E)L Group to continue as a going concern for a period of at least 12 months from the date of this report. Based on this assessment, the Board is satisfied that CSS(E)L has adequate resources to continue in operation for this period and it therefore continues to adopt the going concern basis in preparing the financial statements.

CSS(E)L Group is a regulated entity in advanced stages of wind down with almost all core businesses having been exited in a safe, controlled and commercial manner while ensuring ongoing compliance with all internal and regulatory capital and liquidity requirements. CSS(E)L Group will remain a going concern for the next 12 months while these plans are completed.

CSS(E)L Group is reliant on funding from Credit Suisse AG ('CS AG') which has provided a letter of intent to ensure CSS(E)L Group can meet its debt obligations from 18 March 2024 for the next 18 months. CS group runs a global liquidity rebalancing process across its major legal entities to respond to liquidity demands across the CS group. UBS Group AG, the ultimate parent entity has also provided a letter of support that confirms the intent to keep CS AG in good standing and in compliance with its requirements as well as debt covenants and to fully support its operating, investing and financing activities from one year and a day through at least 28 March 2025 or until a merger with UBS, if earlier.

The CS AG merger into UBS AG is well in progress and is being targeted to be completed by May 2024, however, the merger will not impact the going concern status of CSS(E)L Group. When CS AG merges with UBS AG, the letter of comfort will be transferred to UBS AG under Swiss law.

In considering going concern, the Board has also reviewed the capital, liquidity, and financial position of CSS(E)L Group including forward looking plans. CSS(E)L Group currently has capital and liquidity surpluses to all regulatory limits and is forecasting to maintain them for at least 12 months.

All these measures support the Board's assessment that CSS(E)L Group is a going concern.

Standards effective in the current period

The CSS(E)L Group has adopted the following new standards and amendments in the current year.

In May 2017, the IASB issued IFRS 17 'Insurance Contracts' ('IFRS 17') replacing IFRS 4 'Insurance Contracts'. The Standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the CSS(E)L Group's estimates of the present value of future cash flows that are expected to arise as the CSS(E)L Group fulfils the contracts, an explicit risk adjustment for non-financial risk and a Contractual service margin ('CSM'). IFRS 17 applies to all types of insurance contracts, regardless of the type of entities that issue them. Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the CSS(E)L Group expects to receive consideration. Insurance finance income and expenses can be disaggregated between profit or loss and OCI. The CSS(E)L Group has chosen not to disaggregate insurance finance income or expenses between profit or loss and OCI and are thus presented separately from insurance revenue and insurance service expenses. Income and expenses from reinsurance contracts are presented on a net basis in the statement of profit or loss.

Key accounting changes

CSS(E)L Group has entered into longevity swaps with private sector UK pension schemes. The pension schemes are exposed to longevity risk and inflation risk and through a longevity swap the risk is transferred to CSS(E)L Group. The longevity risk is further hedged by way of reinsurance agreements with external reinsurers. Accordingly, the longevity swap and the hedge meet the definition of insurance contract and reinsurance contract under IFRS 17. Prior the introduction of IFRS 17, these financial instruments were classified and measured at fair value through profit or loss. However, the adoption of IFRS 17 would result in some changes in the way CSS(E)L Group account for the longevity swap and its related hedge. The main areas of change will include:

Revenue and expense recognition: Under IFRS 9, the financial instruments were measured at their fair values and the changes were carried to the profit or loss. Under IFRS 17, the estimated revenue/expenses arising from these financial instruments would be recognised over the expected contract coverage period. Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk, and changes therein.

Measurement: The longevity swaps will be measured under the General Measurement Model ('GMM') of IFRS 17. The liability for remaining coverage is set at fulfilment cash flows which comprise an estimate of future cash flows, the effect of discounting, a risk adjustment for non-financial risk and a CSM which represent a margin to be earned over the course of the insurance contract.

Reinsurance: The hedge (i.e., reinsurance agreements with external reinsurers) which were previously measured at fair value ('IFRS 9') meet the definition of reinsurance contract held. Similar to insurance contract issued, IFRS 17 requires the cash flows resulting from reinsurance contracts to be modelled and the expenses recognised over the contract coverage period.

Presentational changes

Income statement: Under IFRS 17, income and expenses relating to these transactions will be presented separately which comprises of:

- Insurance service result comprising insurance revenue, insurance service expenses and net expenses from reinsurance contracts held.
- Insurance finance income/(expense) comprising finance income or expense from insurance contracts issued and reinsurance contract held.

Balance sheet:

- **Insurance Contract Assets:** A new line item called Insurance contract assets will be included in the balance sheet. These assets were previously included in trading financial assets.
- **Reinsurance Contract Liabilities:** A new line item called Reinsurance contract liabilities will be included in the balance sheet. These liabilities were previously included in the financial liabilities designated at fair value through profit or loss.

Transition to IFRS 17 approach:

On 1 January 2023 CSS(E)L Group adopted IFRS 17 retrospectively with comparatives restated from the transition date, 1 January 2022. CSS(E)L Group has provided the restatement impact as on 1 January 2022 and 31 December 2022 on the balance sheets and income statement. The restated financial statements are prepared based on CSS(E)L Group's significant accounting policies for IFRS 17.

Under IFRS 17, a fully retrospective approach should be taken to applying the standard on transition unless this approach is impractical. This means applying the new standard as if all contracts had been accounted for under IFRS 17 since inception. CSS(E)L Group considers the full retrospective approach and the modified retrospective to be impracticable since the information required to apply these approaches had not been collected with sufficient granularity and was unavailable because of system migrations, data retention requirements and other reasons and the reproduction of this information will not be possible without the use of hindsight. Such information included:

- Expectations about a contract's profitability and risks of becoming onerous required for identifying groups of contracts

- Information about historical cash flows, discount rates and risk adjustment required for determining the estimates of fulfilment cash flows at initial recognition and subsequent changes on a retrospective basis.
- Information about changes in assumptions and estimates, which might not have been documented on an ongoing basis.

Due to the above, CSS(E)L Group applied the fair value approach in IFRS 17 to identify, recognise and measure groups of contracts at 1 January 2022. Using the fair value approach, the CSM is determined as the difference between the fair value of the group of insurance contracts and its fulfilment cash flows at the transition date. The fair value of the insurance contracts has been measured by applying IFRS 13 “Fair Value Measurement” and this represents the price a market participant would require assuming the liabilities in an orderly transaction. The key estimates and judgements related to fair valuation are further disclosed in Note 3 Critical Accounting Estimates and Judgements in Applying Accounting Policies.

Insurance contracts are valued using cash flow models that project all material rights and obligations arising under the insurance contracts. Cash flows are projected using best estimate assumptions and are measured using an IFRS 17 discount curve. The discount curve is risk-free and incorporates an illiquidity premium (‘ILP’) to reflect the lack of marketability of insurance contracts. Cash flows include premiums, benefits, and expenses. The present value of future cash flows is then adjusted for non-financial risks (Risk Adjustment). The unearned profits on the insurance contracts are recognised as a liability in the financial statement (referred to as the CSM). This CSM is subsequently released to the income statement over the coverage period of the insurance contracts to reflect the insurance service coverage provided.

There was no impact of transitioning to IFRS 17 on opening equity at 1 January 2022.

Transition impact CSS(E)L Group consolidated balance sheet at 1 January 2022

	As at 1 January 2022 (Pre-transition)	IFRS 17 Adjustments	Derecognition of IFRS 9 balances	As at 1 January 2022 (Post-transition to IFRS 17)
Assets (USD million)				
Cash and due from banks	944	–	–	944
Interest bearing deposits with banks	142	–	–	142
Securities purchased under resale agreement and securities borrowing transactions	6,472	–	–	6,472
Trading financial assets mandatorily at fair value through profits or loss	2,602	–	(985)	1,617
Non-trading financial asses mandatorily at fair value through profit or loss	1,027	–	(32)	995
Loans and Advances	3,750	–	–	3,750
Current tax assets	22	–	–	22
Deferred tax assets	46	–	–	46
Other assets	2,181	–	(12)	2,169
Property and equipment	16	–	–	16
Intangible assets	3	–	–	3
Insurance contract assets	–	956	–	956
Assets held for sale	233	–	–	233
Total assets	**17,438**	**956**	**(1,029)**	**17,365**
Liabilities (USD million)				
Due to banks	23	–	–	23
Securities sold under repurchase agreements and securities lending transactions	17	–	–	17
Trading financial liabilities mandatorily at fair value through profit or loss	2,436	–	–	2,436
Financial liabilities designated at fair value through profit or loss	812	–	(225)	587
Borrowings	4,304	–	–	4,304
Current tax liabilities	18	–	–	18
Other liabilities	1,249	–	(30)	1,219
Provisions	226	–	–	226
Debt in issuance	1,250	–	–	1,250
Reinsurance contract liabilities	–	181	–	181
Liabilities held for sale	273	–	–	273
Total liabilities	**10,608**	**181**	**(255)**	**10,535**
Shareholders' equity (USD million)				
Share capital	3,859	–	–	3,859
Capital contribution	175	–	–	175
Retained earnings	3,136	–	–	3,136
Accumulated other comprehensive income	(340)	–	–	(340)
Total shareholders' equity	**6,830**	**–**	**–**	**6,830**
Total liabilities and shareholders' equity	**17,438**	**181**	**(255)**	**17,365**

Transition impact CSS(E)L Group consolidated balance sheet at 31 December 2022

	As at 31 December 2022 (Pre-transition)	IFRS 17 Adjustments	Derecognition of IFRS 9 balances	As at 31 December 2022 (Post-transition to IFRS 17)
Assets (USD million)				
Cash and due from banks	873	–	–	873
Interest bearing deposits with banks	166	–	–	166
Securities purchased under resale agreement and securities borrowing transactions	1,678	–	–	1,678
Trading financial assets mandatorily at fair value through profits or loss	2,471	–	(496)	1,975
Non-trading financial asses mandatorily at fair value through profit or loss	709	–	(11)	698
Current tax assets	11	–	–	11
Deferred tax assets	37	–	–	37
Other assets	1,003	–	(10)	993
Property and equipment	13	–	–	13
Intangible assets	2	–	–	2
Insurance contract assets	–	428	–	428
Total assets	**6,963**	**428**	**(517)**	**6,874**
Liabilities (USD million)				
Due to banks	16	–	–	16
Securities sold under repurchase agreements and securities lending transactions	636	–	–	636
Trading financial liabilities mandatorily at fair value through profit or loss	2,097	–	–	2,097
Financial liabilities designated at fair value through profit or loss	223	–	(184)	39
Borrowings	395	–	–	395
Current tax liabilities	14	–	–	14
Other liabilities	898	–	(24)	874
Provisions	13	–	–	13
Debt in issuance	350	–	–	350
Reinsurance contract liabilities	–	125	–	125
Total liabilities	**4,642**	**125**	**(208)**	**4,559**
Shareholders' equity (USD million)				
Share capital	409	–	–	409
Capital contribution	175	–	–	175
Retained earnings	2,065	(6)	–	2,059
Accumulated other comprehensive income	(328)	–	–	(328)
Total shareholders' equity	**2,321**	**(6)**	**–**	**2,315**
Total liabilities and shareholders' equity	**6,963**	**119**	**(208)**	**6,874**

Transition impact on Group consolidated income statement for the year ended 31 December 2022

	Pre transition	Adjustments	Post – transition to IFRS 17
Continuing operations (USD million)			
Interest income	127	–	127
Interest expense	(114)	–	(114)
Net interest income	13	–	13
Insurance revenue	–	191	191
Insurance service expense	–	(187)	(187)
Net income/(expense) from reinsurance contracts	–	(4)	(4)
Insurance service result	–	0	0
Insurance finance income/(expense) from insurance contracts	–	(429)	(429)
Net Insurance finance income/(expense) from reinsurance contracts	–	26	26
Insurance finance income/(expense)	–	(403)	(403)
Commission and fee income	83	–	83
Net gain from financial assets/liabilities at fair value through profit or loss	153	397	550
Other revenues	28	**–**	**28**
Net revenues	**277**	**(6)**	**271**
Compensation and benefits	(19)	–	(19)
General, administrative and trading expenses	(86)	–	(86)
Restructuring expenses	(1)	–	(1)
Total operating expenses	**(106)**	**–**	**(106)**
Profit before taxes from continuing operations	**171**	**(6)**	**165**
Income tax expense from continuing operations	(42)	–	(42)
Profit after taxes from continuing operations	**129**	**(6)**	**123**
Net Profit attributable to Credit Suisse Securities (Europe) Limited shareholders	**129**	**(6)**	**123**

c) Basis of consolidation

The consolidated financial statements include the results and positions of the CSS(E)L Group and its subsidiaries (which includes consolidated structured entities). Subsidiaries are entities controlled by the CSS(E)L Group. The CSS(E)L Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When the CSS(E)L Group has decision making rights, it assesses whether it controls an entity and determines whether it is a principal or an agent. CSS(E)L Group also determines whether another entity with decision-making rights is acting as an agent for CSS(E)L Group. An agent is a party primarily engaged to act on behalf and for the benefit of another party (the principal) and therefore does not control the entity when it exercises its decision-making authority. A decision maker considers the overall relationship between itself and other parties involved with the entity, in particular all of the following factors below, in determining whether it is an agent:

- The scope of its decision making authority over the entity.
- The rights held by other parties.
- The remuneration to which it is entitled.
- The decision maker's exposure to variability of returns from other interests that it holds in the entity.

CSS(E)L Group makes significant judgements and assumptions when determining if it has control of another entity. CSS(E)L Group may control an entity even though it holds less than half of the voting rights of that entity, for example if CSS(E)L Group has control over an entity on a de facto basis because the remaining voting rights are widely dispersed and/or there is no indication that other shareholders exercise their votes collectively. Conversely, CSS(E)L Group may not control an entity even though it holds more than half of the voting rights of that entity, for example where the CSS(E)L Group holds more than half of the voting power of an entity but does not control it, as it has no right to variable returns from the entity and is not able to use its power over the entity to affect those returns. The financial statements of subsidiaries are consolidated within the consolidated financial statements from the date which control commences until the date on which control ceases. CSS(E)L Group reassesses consolidation status on at least a quarterly basis.

CSS(E)L Group engages in various transactions that include entities which are considered structured entities. A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. Transactions with structured entities are generally executed to facilitate securitisation activities or to meet specific client needs, such as providing liquidity or investment opportunities, and, as part of these activities, CSS(E)L Group may hold interests in the structured entities. If CSS(E)L Group controls the structured entity then that entity is included in CSS(E)L Group's consolidated financial statements.

The effects of intra-group transactions and balances, and any unrealised income and expenses arising from such transactions have been eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of CSS(E)L Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by CSS(E)L Group.

For CSS(E)L Group's unconsolidated Financial Statements ('Company') any Investment in Subsidiaries are accounted for in accordance with IFRS 9 as permitted by IAS 27.

d) Equity method investments

CSS(E)L Group's interest(s) in an associate(s) is/are accounted for using the equity method. Associates are entities in which CSS(E)L Group has significant influence, but not control (or joint control), over the operating and financial management policy decisions. This is generally demonstrated by CSS(E)L Group holding in excess of 20%, but no more than 50%, of the voting rights. CSS(E)L Group makes judgements and assumptions when determining if it has significant influence over another entity. CSS(E)L Group may have significant influence with regards to an entity even though it holds less than 20% of the voting rights of that entity, for example, if CSS(E)L Group has the power to participate in the financial and operating decisions by sitting on the Board. Conversely, CSS(E)L Group may not have significant influence when it holds more than 20% of the voting rights of that entity as it does not have the power to participate in the financial and operating decisions of an entity.

Equity method investments are initially recorded at cost and increased (or decreased) each year by CSS(E)L Group's share of the post-acquisition net income (or loss), or other movements reflected directly in the equity of the equity method investment, until the date on which significant influence (or joint control) ceases.

e) Foreign currency

The Company's functional and presentation currency is United States Dollars ('USD') which is the currency of the primary economic environment in which the entity operates. Transactions denominated in currencies other than the functional currency of the reporting entity and are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to USD at the foreign exchange rate ruling at that date. Foreign exchange differences arising from translation are recognised in the Consolidated Statement of Income. Nonmonetary assets and liabilities, unless revalued at fair value, denominated in foreign currencies at the reporting date are not revalued for movements in foreign exchange rates.

Assets and liabilities of CSS(E)L Group companies with functional currencies other than USD are translated to USD at foreign exchange rates ruling at the Statement of Financial Position date. The revenue and expenses of these CSS(E)L Group companies are translated to USD at the average foreign exchange rates for the year. The resulting translation differences are recognised directly in a separate component of equity. On disposal, these translation differences are reclassified to the Consolidated Statement of Income as part of gain or loss on disposal.

f) Financial assets and liabilities

The CSS(E)L Group´s financial assets are classified on the basis of two criteria: 1) the business model which refers to how the group manages a financial asset in order to generate cash flows and 2) the contractual cash flow characteristics of the financial asset.

The business model assessments are performed by considering the way in which the financial assets are managed to achieve a particular business objective as determined by management. The assessment is made at the level at which the group of financial assets are managed. These assessments are based on reasonable expectations. All relevant and objective evidence are considered while performing the business model assessments, for example:

- How the performance of the financial assets is evaluated and reported to key management personnel.
- The risks that affect the performance of the financial assets and how those risks are managed.
- How managers of the business are compensated.

The 'Hold to Collect' business model is a model with the objective to hold a financial asset to collect contractual cash flows. Sales are incidental to the objective of this model. The 'Hold to Collect and Sell' business model is a model with the objective to both hold financial assets to collect contractual cash flows and to sell financial assets. This model has a greater frequency of sales than a Hold to Collect business model. CSS(E)L Group does not have any financial assets which are under the Hold to Collect and Sell business model.

The financial assets which are not classified under the 'Hold to Collect' business models are measured at fair value. These include financial assets that meet the trading criteria; those that are managed on a fair value basis or designated at fair value as well as equity instruments where an irrevocable election is made on initial recognition to present changes in fair value in Other Comprehensive Income ('OCI'). Refer sections below for further details.

For the 'Hold to Collect' business model, the contractual cash flows of the financial assets are assessed to determine if they consist of solely payments of principal and interest. For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the group will consider the contractual terms of the instrument. This will include assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

These criteria determine how a financial asset is subsequently measured.

Amortised Cost
Financial assets which have contractual cash flows which consist solely of payments of principal and interest and are held in a 'Hold to Collect' business model are subsequently measured at amortised cost and are subject to impairment (Refer note j). Financial liabilities (other than derivatives) which are not held for trading or which have not been designated at FVTPL are subsequently measured at amortised cost.

Equity Instruments at Fair Value through Other Comprehensive Income ('FVOCI')
An equity instrument irrevocably designated at 'FVOCI' is subsequently measured at FVOCI, with dividend income recognised in profit and loss, and all other gains and losses recognised in 'OCI'.

Trading financial assets and liabilities mandatorily at Fair Value through Profit or Loss
Trading financial assets and financial liabilities include mainly debt and equity securities, derivative instruments, loans and precious metals. These assets and liabilities are included as part of the trading portfolio based on management's intention to sell the assets or repurchase the liabilities in the near term, and are carried at fair value.

Related realised and unrealised gains and losses are included in 'Net gains/(losses) from financial assets/liabilities at fair value through profit or loss'.

Non-trading financial assets mandatorily at Fair Value through Profit or Loss
Financial assets which are managed on a fair value basis are classified as 'Non-trading financial assets mandatorily at fair value through profit or loss' and measured at fair value through profit or loss. Related realised and unrealised gains and losses are included in 'Net gains/(losses) from financial assets/liabilities at fair value through profit or loss'.

A financial asset is considered to be managed on a fair value basis if at least two of these three conditions are fulfilled:
- the performance of these assets is evaluated and reported to the management by using the fair value of the financial assets
- the managers of the business are compensated on the fair value of the assets (for example their variable compensation is linked to how well the assets they are managing perform)
- the risks that affect the performance of the financial assets are managed on a fair value basis. Primary focus is on fair value information and using that information to assess the performance of the assets and to make decisions about that asset.

Financial liabilities designated as held at Fair Value through Profit or Loss
Financial liabilities are designated as held at fair value through profit or loss if the instruments contain one or more embedded derivatives, or when doing so results in more relevant information, because either:
(i) it eliminates or significantly reduces a measurement or recognition inconsistency, also referred to as accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
(ii) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about CSS(E)L Group is provided internally on that basis to the entity's key management personnel.

For all instruments designated at fair value through profit or loss, the business maintains a documented strategy explaining why the election was made. In the case of criteria (ii) the business maintains a documented strategy that states that these instruments are risk managed on a fair value basis and that management relies upon the fair value of these instruments in evaluating the performance of the business.

Financial liabilities designated at fair value through profit and loss must present all changes in the fair value in the 'Net gains/(losses) from financial assets/liabilities at fair value through profit or loss' except for which changes in the own credit risk of the liability is recorded in OCI. Upon extinguishment of financial liability any amount of own credit remaining in 'OCI' relating to the extinguished debt remains in equity but is reclassified to retained earnings.

CSS(E)L Group does not recognise a dealer profit or unrealised gains or losses at the inception of a derivative or non-derivative transaction unless the valuation underlying the unrealised gains or losses is evidenced by quoted market prices in an active market, observable prices of other current market transactions, or other observable data.

The fair value measurement guidance establishes a single authoritative definition of fair value and sets out a framework for measuring fair value. Refer to Note 30 Financial Instruments.

g) Derivative financial instruments and hedging

All freestanding derivative contracts are carried at fair value in the Consolidated Statement of Financial Position regardless of whether these instruments are held for trading or risk management purposes. Derivatives classified as trading assets and liabilities include those held for trading purposes and those used for risk management purposes that do not qualify for hedge accounting. Derivatives held for trading purposes arise from proprietary trading activity and from customer-based activity, with changes in fair value included in ‘Net gains/(losses) from financial assets/liabilities at fair value through profit or loss’. Derivative contracts, which are both designated and qualify for hedge accounting, are reported in the Consolidated Statement of Financial Position as ‘Other assets’ or ‘Other liabilities’.

Embedded derivatives
When derivative features embedded in certain liability contracts meet the definition of a derivative and are not considered closely related to the host liability instrument, either the embedded feature will be accounted for separately at fair value, with changes in fair value recorded in the Consolidated Statement of Income, or the instrument, including the embedded feature, is accounted for at fair value either under the fair value option or due to classification as held for trading. In the latter case the entire instrument is recorded at fair value with changes in fair value recorded in the Consolidated Statement of Income. If separated for measurement purposes, the derivative is recorded in the same line in the Consolidated Statement of Financial Position as the host instrument.

Cash flow hedge accounting
As permitted by the transition provision in IFRS 9-Financial Instruments, CSS(E)L Group applies IAS 39 Financial Instruments: Recognition and Measurement for hedge accounting. For hedges of the variability of cash flows from forecasted transactions and floating rate assets or liabilities, the effective portion of the change in the fair value of a designated derivative is recorded in Accumulated Other Comprehensive Income (‘AOCI’) as part of shareholders’ equity. These amounts are reclassified into the Consolidated Statement of Income when the forecasted transaction impacts earnings. Hedge ineffectiveness is recorded in “Net gains/(losses) from financial assets/liabilities at fair value through profit or loss”.

When hedge accounting is discontinued on a cash flow hedge, the net gain or loss will remain in ‘AOCI’ and be reclassified into the Consolidated Statement of Income in the same period or periods during which the formerly hedged transaction is reported in the Consolidated Statement of Income.

When CSS(E)L Group discontinues hedge accounting because a forecasted transaction is no longer expected to occur, the derivative will continue to be carried on the Consolidated Statement of Financial Position at its fair value, and gains and losses that were previously recorded in equity will be recognised immediately in the Consolidated Statement of Income. When CSS(E)L Group discontinues hedge accounting but the forecasted transaction is still expected to occur, the derivative will continue to be recorded at its fair value with all subsequent changes in value recorded directly in the Consolidated Statement of Income. Any gains or losses recorded in equity prior to the date hedge accounting is no longer applied will be reclassified to net income when the forecasted transaction takes place.

h) Recognition and derecognition

Recognition
CSS(E)L Group recognises financial instruments on its Consolidated Statement of Financial Position when CSS(E)L Group becomes a party to the contractual provisions of the instrument.

Regular-way securities transactions
A regular-way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned. CSS(E)L Group recognises regular-way purchases or sales of trading financial assets at the settlement date unless the instrument is a derivative. After trade date, changes in fair value relating to regular-way purchases are recognised in the ‘Net gains/(losses) from financial assets/liabilities at fair value through profit or loss’.

Derecognition
CSS(E)L Group enters into transactions where it transfers assets including securitisation assets, recognised on its Consolidated Statement of Financial Position, but retains either all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, the transferred assets are not derecognised from the Consolidated Statement of Financial Position. Transactions where substantially all risk and rewards are retained include securities purchased or sold under repurchase agreements, securities borrowing and lending transactions, and sales of financial assets with concurrent return swaps on the transferred assets. Transactions where substantially all risks and rewards are transferred are derecognised from the Consolidated Statement of Financial Position.

In transactions where CSS(E)L Group neither retains nor transfers substantially all risks and rewards of ownership of a financial asset, it derecognises the asset if control over the asset is lost. The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, CSS(E)L Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

CSS(E)L Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Where CSS(E)L Group has a financial asset or liability and a financial instrument is exchanged for a new financial instrument with the same counterparty, which is substantially different, or when an existing financial instrument is substantially modified, the old financial instrument is deemed to be extinguished and a new financial asset or liability is recognised. Any gain or loss due to derecognition of the extinguished instrument is recorded in the Consolidated Statement of Income.

i) Netting

CSS(E)L Group only offsets financial assets and liabilities and presents the net amount on the Consolidated Statement of Financial Position where it:
- currently has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and liability simultaneously.

In many instances CSS(E)L Group's net position on multiple bilateral OTC derivative transactions with the same counterparty is legally protected by Master Netting Agreements. Such agreements normally ensure that the net position is settled in the event of default of either counterparty and effectively limits credit risk on gross exposures.

However, because such contracts are not currently enforceable in the normal course of business and the transactions themselves are not intended to be settled net, nor will they settle simultaneously, it is not permissible to offset transactions falling under Master Netting Agreements. For certain derivative transactions cleared with a central clearing counterparty ('CCP') , the offsetting criteria are met because CSS(E)L Group has the current legally enforceable right to set off (based on the offsetting provisions in the 'CCP' rulebook) and the intention to settle net or simultaneously (considering the daily payment process with the 'CCP'). For securities purchased or sold under resale agreements or repurchase agreements, such legally enforceable agreements qualify for offsetting, if the gross settlement mechanism for these transactions has features that eliminate or result in insignificant credit and liquidity risk and that will process receivables and payables in a single settlement process or cycle and will therefore meet the net settlement criterion as an equivalent.

j) Impairment of financial assets, loan commitments and financial guarantees

CSS(E)L Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with its instruments carried at amortised cost, certain loan commitments and financial guarantee contracts including: Cash, interest-bearing deposits, loans and advances, reverse repurchase agreements, brokerage receivables. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

All financial assets attract a 12 month ECL on origination (Stage 1) except for loans that are purchased or originated credit-impaired. When credit risk has increased significantly since initial recognition of the financial instrument, the impairment measurement is changed from 12-month expected credit losses (Stage 1) to lifetime expected credit losses (Stage 2).

The assessment of a significant increase in credit risk since initial recognition is based on different quantitative and qualitative factors that are relevant to the particular financial instrument in scope. If the financial assets are credit-impaired they are then moved to Stage 3. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;
b) a breach of contract, such as a default or past due event;
c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
e) the disappearance of an active market for that financial asset because of financial difficulties; or
f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired.

Grouping financial assets measured on a collective basis
For Stage 1 and Stage 2 ECLs, financial assets are grouped based on shared credit risk characteristics, e.g. product type and geographic location. However, for each financial asset within the grouping an ECL is calculated based on the PD/LGD approach. Financial assets are grouped as follows:
- Financial institutions
- Corporates
- Fallback (assets not included in any of the above categories)

For all Stage 3 assets, regardless of the class of financial assets, the CSS(E)L Group calculates ECL on an individual basis.

Write-off of loans
When it is considered certain that there is no reasonable prospect of recovery and all collateral has been realised or transferred to CSS(E)L Group, the loan and any associated allowance is written off. If the amount of loss on write-off is greater than the accumulated loss allowance, the differences result in an additional impairment loss. The additional impairment loss is first recognised as an addition to the allowance that is then applied against the gross carrying amount. Any repossessed collateral is initially measured at fair value. The subsequent measurement depends on the nature of the collateral.

k) Loans and advances

Loans are measured at amortised cost or mandatorily at fair value through profit or loss depending on the business model and the solely payment of principal and interest application (refer note f).

When calculating the effective interest on non-credit impaired loans measured at amortised cost, CSS(E)L Group estimates cash flows considering all contractual terms of the financial instruments including premiums, discounts, fees and transactions costs but not expected credit losses. For detailed impairment guidance refer to note j.

l) Cash and due from banks

For the purpose of preparation and presentation of the Consolidated Statement of Cash Flows, cash and cash equivalents comprise the components of cash and due from banks that are short term, highly liquid instruments with original maturities of three months or less which are subject to an insignificant risk of changes in their fair value and that are held or utilised for the purpose of cash management. Overdrawn bank accounts are reported as 'Due to Banks' and are initially recognised at fair value. Subsequently they are recognised at amortised cost, which represents the nominal values of due to banks less any unearned discounts or nominal value plus any unamortised premiums.

Where cash is received or deposited as collateral, the obligation to repay or the right to receive that collateral is recorded in 'Other assets' or 'Other liabilities'.

CSS(E)L Group does not recognise on its Consolidated Statement of Financial Position client cash balances subject to the following contractual arrangements:

- CSS(E)L Group will pass through to the client all interest paid by the 'CCP', Broker or Deposit Bank on cash deposits;
- CSS(E)L Group is not permitted to transform cash balances into other assets; and
- CSS(E)L Group does not guarantee and is not liable to the client for the performance of the 'CCP', Broker or Deposit Bank.

Examples of unrecognised transactions would include 'CCP' initial margin balances that CSS(E)L Group brokers for its clients in an agency capacity and client cash balances designated as 'client money' under the Client Assets ('CASS') client money rules of the UK's Financial Conduct Authority ('FCA').

Cash and cash equivalents are measured at amortised cost and are subject to impairment (refer note j).

m) Interest income and expense

Interest income and expense includes interest income and expense on CSS(E)L Group's loans, deposits, borrowings, debt issuances, reverse repurchase and repurchase agreements and securities borrowed and securities lending transactions. Interest income and expense does not include interest flows on CSS(E)L Group's trading derivatives (except for hedging relationships) and certain financial instruments classified as at fair value through profit or loss which are included in 'Net gains from financial assets/liabilities at fair value through profit or loss'. Interest income and expense on instruments measured at amortised cost is accrued, and any related net deferred premiums, discounts, origination fees or costs are amortised as an adjustment to the yield over the life of the related asset or liability. When a financial asset becomes credit-impaired (or 'Stage 3'), interest income is calculated by applying the effective interest rate to the amortised cost (i.e. net of the expected credit loss provision).

n) Commissions and fees

Fee and commission revenue is recognised from a diverse range of services provided by CSS(E)L Group to its customers. CSS(E)L Group provides advisory services related to mergers and acquisitions ('M&A'), divestitures, takeover defense strategies, business restructurings and spin-offs as well as debt and equity underwriting of public offerings and private placements. For the advisory services, the performance obligation is the provision of advisory for and until the completion of the agreed upon transaction. For the debt and equity underwriting, the performance obligation is the provision of underwriting services for and until the completion of the underwriting, i.e. the placing of the securities. CSS(E)L Group recognises revenue when it satisfies a contractual performance obligation. CSS(E)L Group satisfies a performance obligation when control over the underlying services related to the performance obligation is transferred to the customer. Control is the ability to direct the use of, and obtain substantially all of the remaining benefits from, the service. CSS(E)L Group must determine whether control of a service is transferred over time. If so, the related revenue is recognised over time as the service is transferred to the customer. If not, control of the service is transferred at a point in time. The performance obligations are typically satisfied as the services in the contract are rendered. For the advisory services and underwriting, revenue is recognised at a point in time which is generally at the completion of the transaction, i.e. at close date. Revenue is measured based on the consideration specified in the contract with a customer, and excludes any amounts collected by third parties. The transaction price can be a fixed amount or can vary because of performance bonuses or other similar items. Variable consideration is only included in the transaction price once it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the amount of variable consideration is subsequently resolved. CSS(E)L Group does not consider the highly probable criteria to be met where the contingency on which the income is dependent is beyond the control of CSS(E)L Group. In such circumstances, CSS(E)L Group only recognises revenue when the contingency has been resolved. For example, M&A advisory fees that are dependent on a successful client transaction are not recognised until the transaction on which the fees are dependent has been executed. Generally no significant judgement is required with respect to recording variable consideration.

When another party is involved in providing services to a customer, CSS(E)L Group must determine whether the nature of its promise is a performance obligation to provide the specified services itself (that is, CSS(E)L Group is a principal) or to arrange for those services to be provided by the other party (that is, CSS(E)L Group is an agent). CSS(E)L Group determines whether it is a principal or an agent for each specified service provided to the customer. Gross presentation (revenue on the revenue line and expense on the expense line) is appropriate when CSS(E)L Group acts as principal in a transaction. Conversely, net presentation (revenue and expenses reported net) is appropriate when CSS(E)L Group acts as an agent in the transaction.

Transaction-related expenses are expensed as incurred. Underwriting expenses are deferred and recognised along with the underwriting revenue. Where each member of the syndicate group, including the lead and participating underwriters, is acting as principal for their proportionate share of the syndication, the individual underwriters will reflect their proportionate share of underwriting revenue and underwriting costs on a gross basis.

o) Securities purchased or sold under resale agreements or repurchase agreements

Securities purchased under resale agreements ('reverse repurchase agreements') and securities sold under repurchase agreements ('repurchase agreements') do not meet criteria for derecognition and are therefore treated as collateralised financing transactions.

Securities received under reverse repurchase agreements and securities delivered under repurchase agreements are not recognised or derecognised unless all or substantially all the risks and rewards of ownership are obtained or relinquished. The CSS(E)L Group monitors the market value of the securities received or delivered on a daily basis and provides or requests additional collateral in accordance with the underlying agreements.

In reverse repurchase agreements, the cash advanced, is recognised on the Consolidated Statement of Financial Position as an asset and is measured at either amortised cost or mandatorily at fair value through profit or loss (Refer note f). The reverse repurchase agreements that are measured at amortised cost are subject to impairment (Refer note j). In repurchase agreements, the cash received, is recognised on the Consolidated Statement of Financial Position as a liability and is measured at either amortised cost or designated at fair value through profit or loss.

Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements is recognised on an effective yield basis and recorded as interest income or interest expense.

p) Securities borrowing and lending transactions

Securities borrowing and securities lending transactions are generally entered into on a collateralised basis. The transfer of the securities themselves is not reflected on the Consolidated Statement of Financial Position unless the risks and rewards of ownership are also transferred. If cash collateral is advanced or received, securities borrowing and lending activities are recorded at the amount of cash collateral advanced (cash collateral on securities borrowed) or received (cash collateral on securities lent). The sale of securities received in a security borrowing transaction results in the recognition of a trading liability (short sale).

Securities borrowing and lending transactions generally do not result in the de-recognition of the transferred assets because CSS(E)L Group retains risks & rewards of owning the transferred security. If securities pledged to collateralise a securities borrowing trade endow the securities lender with the right to re-hypothecate those collateral assets, the CSS(E)L Group will present the collateral assets as encumbered on the Consolidated Statement of Financial Position.

CSS(E)L Group monitors the market value of the securities borrowed and lent on a daily basis and provides or requests additional collateral in accordance with the underlying agreements.

Securities borrowing transactions are measured at either amortised cost or mandatorily at fair value through profit or loss and are recognised on the Consolidated Statement of Financial Position as an asset (Refer note f).

Securities lending transactions are measured at either amortised cost or designated at fair value through profit or loss and are recognised on the Consolidated Statement of Financial Position as a liability.

Fees are recognised on an accrual basis and interest received or paid is recognised on an effective yield basis and recorded as interest income or interest expense in the Consolidated Statement of Income.

q) Income tax

Income tax recognised in the Consolidated Statement of Income and the Statement of Other Comprehensive Income for the year comprises current and deferred taxes. Income tax is recognised in the Consolidated Statement of Income unless it relates to items recognised in the Statement of Other Comprehensive Income or directly in equity, in which case the income tax is recognised in the Statement of Other Comprehensive Income or directly in equity respectively. For items initially recognised in equity and subsequently recognised in the Consolidated Statement of Income, the related income tax initially recognised in equity is also subsequently recognised in the Consolidated Statement of Income.

Current tax is the expected tax payable on the taxable income for the year and includes any adjustment to tax payable in respect of previous years. Current tax is calculated using tax rates enacted or substantively enacted at the reporting date. Withholding taxes are treated as income taxes.

For UK corporation tax purposes CSS(E)L Group may surrender or claim certain losses from another UK group company. The surrendering company will be compensated in full for the value of the tax losses surrendered to the claimant company. The surrendering entity will show a benefit received for the losses surrendered which will be recorded as a reduction to current tax expense and taxes payable whereas the claimant entity will have an increase in current tax expense and taxes payable respectively.

Deferred tax is provided using the Statement of Financial Position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax-base. The amount of deferred tax provided is based on the amount at which it is expected to recover or settle the carrying amount of assets and liabilities on the Consolidated Statement of Financial Position, using tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the Consolidated Statement of Financial Position date.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Tax assets and liabilities of the same type (current or deferred) are offset when they arise from the same tax reporting group, they relate to the same tax authority, the legal right to offset exists, and they are intended to be settled net or realised simultaneously.

Additional income taxes that may arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend arises. Information as to the calculation of income tax recognised in the Consolidated Statement of Income for the periods presented is included in Note 11 – Income Tax.

Tax contingencies

A judgement is required in determining the effective tax rate and in evaluating uncertain tax positions. CSS(E)L Group may accrue for tax contingencies on a weighted average or single best estimate basis depending on the best prediction that could resolve the uncertainty. Tax contingency accruals are adjusted due to changing facts and circumstances, such as case law, progress of tax authority audits or when an event occurs that requires a change to the tax contingency accruals. Management regularly assesses the appropriateness of provisions for income taxes. Management believes that it has appropriately accrued for any contingent tax liabilities.

r) Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to CSS(E)L Group and the cost of the item can be reliably measured. All other repairs and maintenance are charged to the Consolidated Statement of Income during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their maximum useful lives, as follows:

Long leasehold buildings	67 years
Leasehold improvements	lower of lease term or useful life, generally not exceeding 10 years
Computer equipment	3–7 years
Office equipment	5 years

The carrying amounts of property and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment charge is recorded in the Consolidated Statement of Income to the extent the recoverable amount, which is the higher of fair value less costs to sell and value in use, is less than its carrying amount. Value in use is the present value of the future cash flows expected to be derived from the asset. After the recognition of impairment, the depreciation charge is adjusted in future periods to reflect the asset's revised carrying amount. The carrying amount of an asset for which an impairment loss has been recognised in prior years shall be increased to its recoverable amount only in the event of a change of estimate in the asset's recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the 'General, Administrative and Trading expenses' in the Consolidated Statement of Income.

s) Intangible assets

Intangible assets primarily consist of club membership. Intangible assets are initially recognised at its historical cost and carried at its cost less accumulated amortisation and accumulated impairment losses. Club memberships are determined as having indefinite useful lives and not amortised because there is no predictable limitation on the period of availability. The useful lives of intangible assets that are not being amortised are reviewed at the end of each reporting period to determine whether events and circumstances continue to support indefinite useful life assessments for those assets. Changes are accounted for as changes in accounting estimates.

Intangible assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognised for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets' fair value less costs of disposal and value in use. Impairment losses are recognised in the Consolidated Statement of Income. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

t) Provisions

Provisions are recognised for present obligations as a result of past events which can be reliably measured, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation as of the Consolidated Statement of Financial Position date, taking into account the risks and uncertainties surrounding the obligation. The expense recognised when provisions are established is recorded in 'General, Administrative and Trading expenses' on the Consolidated Statement of Income.

A provision for onerous contracts is measured at the present value of the lowest net cost of exiting from the contract, which is the lower of the expected cost of terminating the contract and the expected cost of fulfilling it. Before a provision is established, CSS(E)L Group recognises any impairment loss on the assets associated with that contract.

u) Debt in issuance

Debt in issuances are initially recognised on the date on which the cash is received and are measured at amortised cost or designated at fair value through profit or loss.

Debt instruments designated at fair value through profit or loss are disclosed as a separate line item on the face of the balance sheet. Direct costs incurred upon the issuance of debt instruments designated at fair value through profit or loss are recognised as incurred in the respective non-interest expense classification relating to the expense incurred, e.g. legal expenses, printing, accounting fees, etc. Debt instruments issued by the entity which are not carried at fair value are recorded at par (nominal value) net of any premiums or discounts. Direct costs incurred with the issuance of the debt (debt issuance costs) are deferred and recorded as a direct deduction from the carrying amount of the related liability. Premiums and discounts and debt issue costs are amortised using the effective interest method.

CSS(E)L Group issues structured products with embedded derivatives. A structured product that contains a bifurcatable embedded derivative is designated at fair value through profit or loss.

v) Disposal Groups and Discontinued Operations

A disposal group comprising assets and liabilities is classified as held for sale if it is highly probable that it will be recovered primarily through sale rather than through continuing use.

A disposal group is generally measured at the lower of its carrying amount and fair value less costs to sell. However, certain assets, such as deferred tax assets, assets arising from employee benefits, financial assets and the related liabilities are exempt from this measurement requirement. Rather, those assets and liabilities are measured in accordance with other applicable IFRSs. The disposal groups presented in CSS(E)L Group's Statement of Financial Position consist exclusively of assets and liabilities that are measured in accordance with other applicable IFRSs.

A discontinued operation is a component of CSS(E)L Group that either has been disposed of or is classified as held for sale and:

(a) represents a separate major line of business or geographical area of operations;
(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
(c) is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative Consolidated Statement of Income is re-presented as if the operation had been discontinued from the start of the comparative year.

w) Retirement benefit obligations

CSS(E)L Group has both defined contribution and defined benefit pension plans. Plans where the Company is the legal sponsor, are accounted for using defined benefit accounting where the Company´s Defined Benefit Obligations ('DBO') are calculated using the projected unit credit method. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Consolidated Statement of Income as incurred.

x) Financial guarantee contracts

Financial guarantee contracts require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Such financial guarantee contracts are given to banks, financial institutions and other parties on behalf of customers to secure loans, overdrafts and other payables.

Financial guarantee contracts are initially recognised in the Consolidated Financial Statements at fair value on the date the guarantee was given, which is generally the fee received or receivable.

Financial guarantees not measured at fair value through profit or loss are in scope of ECL impairment. The maximum contractual period over which the reporting entity has a present contractual obligation to extend credit is considered as estimation period for measuring ECL, and not the period over which the entity expects to extend credit. This takes into consideration if a guarantee was contingent or cancellable.

The ECL would be based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs under the guaranteed financial asset less any amounts that the entity expects to receive from the holder, the debtor or any other party. In Stage 1, the time horizon of a credit loss incurring is 12 months. In Stage 2 and 3, the time horizon is the lifetime of the guarantee contract.

If the asset is fully guaranteed, the estimation of cash shortfalls for a financial guarantee contract would be consistent with the estimations of cash shortfalls for the asset subject to the guarantee.

Financial guarantees are subsequently measured at the higher of the amount of the provision for ECL and the amount recorded at the initial recognition, less the cumulative amount of income subsequently recognised in accordance with IFRS 15 Revenue from Contracts with Customers.

Any increase based on the subsequent measurement in the liability related to financial guarantee contracts is recorded in the Consolidated Statement of Income under 'Provision for credit losses'.

y) Leases

CSS(E)L Group recognises lease liabilities and right-of-use (ROU) assets, which are reported as property and equipment. Lease liabilities are recognised at the lease commencement date based on the present value of lease payments over the lease term. 'ROU' assets are initially measured based on the lease liability, adjusted for any initial direct costs, any lease payments made prior to lease commencement and for any lease incentives.

For certain leases, there are options that permit CSS(E)L Group to extend or terminate these leases. Such options are only included in the measurement of 'ROU' assets and lease liabilities when it is reasonably certain that the Group would exercise the extension option or would not exercise the termination option.

Lease payments which depend on an index or a referenced rate are considered to be unavoidable and are included in the lease liability. Subsequent changes in the index or reference rate result in a remeasurement of the lease liability. Other variable lease payments not depending on an index or rate are excluded from the lease liabilities.

The CSS(E)L Group's incremental borrowing rate, which is used in determining the present value of lease payments, is derived from information available at the lease commencement date.

Lease 'ROU' assets are amortised on straight-line basis over the lease term. Amortisation expense on 'ROU' assets are recognised in general, administrative and trading expenses. Interest expense on lease liabilities are recognised in interest expense. 'ROU' assets are subject to the same impairment guidance as property and equipment.

z) Contingent liabilities

Contingent liabilities are possible obligations that arise from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or are present obligations where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation, cannot be measured with sufficient reliability. A contingent liability is not recognised as a liability but is disclosed (unless the possibility of an outflow of economic resources is remote), except for those acquired under business combinations, which are recognised at fair value.

aa) Dividends

Dividends on ordinary shares are recognised as a liability and deducted from equity when declared.

ab) Insurance and reinsurance contracts

Classification

Contracts under which CSS(E)L Group accepts significant insurance risk are classified as insurance contracts. Contracts held by CSS(E)L Group under which it transfers significant insurance risk related to underlying insurance contracts issued by CSS(E)L Group are classified as reinsurance contracts. Insurance and reinsurance contracts also expose CSS(E)L Group to financial risk. However, contracts which do not transfer significant insurance risk are classified as investment contracts and measured at fair value through profit or loss as they are within a portfolio of financial assets/liabilities that is managed, and whose performance is evaluated, on a fair value basis. CSS(E)L Group has entered into longevity swaps with the private sector UK pension schemes. The pension schemes are exposed to longevity risk and inflation risk and through a longevity swap the risk is transferred to CSS(E)L Group. The longevity risk is further hedged by way of reinsurance agreements with external reinsurers. Accordingly, the longevity swap and the hedge meet the definition of insurance contract and reinsurance contract under IFRS 17.

Insurance contracts may be issued, and reinsurance contracts may be initiated by CSS(E)L Group, or they may be acquired in a business combination or in a transfer of contracts that do not form a business combination. All references in these accounting policies to 'insurance contracts' and 'reinsurance contracts' include contracts issued, initiated or acquired by CSS(E)L Group, unless otherwise stated. CSS(E)L Group does not issue any contracts with direct participating features.

Separating components from insurance and reinsurance contracts

At inception, CSS(E)L Group separates the following components from an insurance or reinsurance contract and accounts for them as if they were stand-alone financial instruments:

- derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance or reinsurance contract as a stand-alone instrument; and
- distinct investment components: i.e., investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

CSS(E)L Group has not identified any embedded derivative in an insurance contract that is required to be separated from the host contract. CSS(E)L Group has not identified any distinct investment components.

Aggregation and recognition of insurance and reinsurance contracts

Insurance contracts
CSS(E)L Group identifies portfolio of insurance contracts which comprise contracts that are subject to similar risks and are managed together. Risks included in this assessment comprise both risks transferred from the policyholder and other business risks. For this purpose, all the UK pension scheme insurance contracts (UK longevity swaps) have been determined to represent a single portfolio as they are all subjected to the same risk (primarily longevity and mortality risk) and they are all managed together.

These groups are established on transition and their composition is not reassessed subsequently. Due to the possibility of changes in assumptions experienced in recent years, CSS(E)L Group is of the opinion that there will be no contracts that are onerous on transition, have no significant possibility of becoming onerous subsequently. Therefore, the portfolio will comprise of Other remaining contracts only.

Reinsurance contracts held
The reinsurance contracts held relates to the longevity risk hedges (by way of reinsurance agreements with external reinsurers). Since these contracts comprise of similar risks and are managed together, there would be a single portfolio of reinsurance contracts. For reinsurance contracts held, the portfolio will comprise of any remaining contracts only.

Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in CSS(E)L Group. Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the current reporting period under which CSS(E)L Group has a substantive obligation to provide services or be compelled to pay reinsurance premiums or has a substantive right to receive services from the reinsurer. The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on CSS(E)L Group's substantive rights and obligations and, therefore, may change over time. Cash flows outside the contract boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria. The contract boundary starts at the issue date of the longevity swaps and the end of the contract boundary for the longevity swaps would be equivalent to the expiry date of the swaps.

Measurement of contracts

Insurance contracts – Initial measurement
CSS(E)L Group applied the fair value approach on transition to IFRS 17. The CSM at transition was calculated using the fair value approach. There are no new contracts being issued by the CSS(E)L Group.

Insurance contracts – Subsequent measurement
The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The liability for incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Outstanding balances due from or to policyholders are also included within this balance. Changes in fulfilment cash flows are recognised as follows.

Changes relating to future services	Adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous)
Changes relating to current or past services	Recognised in the insurance service result in profit or loss
Effects of the time value of money, financial risk and changes therein on estimated future cash flows	Recognised as insurance finance income or expenses

The CSM of each group of contracts is calculated on a cumulative year to date basis, rather than being locked in at each interim reporting period. for insurance contracts, the carrying amount of the CSM at the end of each period is the carrying amount at the start of the period, adjusted for:

- interest accreted on the carrying amount of the CSM during the period, measured at the discount rates determined on transition;
- changes in fulfilment cash flows that relate to future services, except to the extent that:

(a) any increases in the fulfilment cash flows exceed the carrying amount of CSM, in which case the excess is recognises as a loss in the profit or loss account and creates a loss component; or
(b) any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognised in profit or loss account;
(c) the changes are due to financial risk in policyholder cash flows compared with expectations, for example inflation
- the amount recognised as insurance revenue in respect of services provided in the period.

Changes in fulfilment cash flows that relate to future services and accordingly adjust the CSM comprise:
- premium adjustments to the extent that they relate to future coverage;
- changes in estimates of the present value of future cash flows in the liability for remaining coverage, except for those that relate to the effects of the time value of money, financial risk and changes therein; and
- changes in the risk adjustment for non-financial risk that relate to future services.

Adjustments to CSM for changes in fulfilment cash flows are measured at the discount rates determined at transition. The effect of changes to the related best estimate and risk adjustment balances caused by changes in discount rates are recognised as insurance finance income or expenses within the profit or loss account.

Reinsurance contracts held
The CSS(E)L Group applies consistent accounting policies to measure reinsurance contracts held as it does for the underlying contracts. The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be received under the contracts in the future periods and (b) any remaining CSM at that date.

The CSS(E)L Group considered any contractual amounts that the reinsurer expects to receive that are not contingent on claims on the underlying insurance contracts as part of the premiums ceded for insurance. The premiums ceded include the fees paid to the reinsurance company plus the fixed leg amounts as stipulated in the contract, adjusted for any financing effect. These amounts are not contingent on the claims on the underlying contracts, since they remain at the level set out in the contract irrespective of the actual experience. Conversely, The CSS(E)L Group considers any amount that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held. The expected recoveries from the reinsurance contracts is determined based on the amounts of the floating leg, because these amounts are contingent on claims on the underlying contracts.

Measurement of the estimates of the present value of future cash flows uses assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for risk of non-performance by the reinsurer. Allowance for non-performance risks of reinsurers is made within the future cash flows. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss. The risk adjustment for non-financial risk represents the amount of the risk transferred by the CSS(E)L Group to the reinsurer.

Reinsurance contracts are presented in the Statement of financial position based on whether the portfolios of reinsurance contracts are an asset or liability.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on transition.
- changes in fulfilment cash flows that relate to future services; and
- the amount recognised in profit or loss because of the services received in the year

Coverage units

Insurance contracts
The amount of CSM of a group of insurance contracts that is recognised as insurance revenue in each year is determined by identifying the coverage units in the group, allocating CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in profit or loss the amount of the CSM allocated to coverage units provided. The judgements applied in determining the coverage units are highlighted in the Critical Accounting Estimates and Judgements Note. Insurance revenue can be determined as the sum of the fees received plus the fixed-leg amounts as stipulated in the contract, adjusted for any financing effect. This amount represents the consideration received and/or receivable by the issuer for bearing the longevity risk if an insured event did not happen (i.e., all annuitants died prior to the annuities becoming payable). The coverage units are undiscounted and are based on the ratio of the actual floating leg cash flows in relation to the overall sum of actual plus expected floating leg cash flows until maturity.

Reinsurance contracts held
The coverage units for the reinsurance are determined as the sum of the estimated floating-leg payments, adjusted for any financing effect. The release of the reinsurance CSM in profit and loss are based on the ratio of the actual floating-leg cash flows in relation to the overall sum of actual and estimated 'floating leg' cash flows until maturity.

Derecognition and contract modification

CSS(E)L Group derecognises an insurance contract (and reinsurance contract held) when:

- the contract is extinguished – i.e., when the specified obligations in the contract expire or are discharged or cancelled; or
- the contract terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised.

Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position.

CSS(E)L Group disaggregates amounts recognised in the statement of profit or loss into (a) an insurance service result, comprising insurance revenue and insurance service expenses; and net expenses from reinsurance contracts held and (b) insurance finance income or expenses comprising finance income or expense from insurance contract issued and reinsurance contract held. Group does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

CSS(E)L Group recognises insurance revenue as it satisfies its performance obligations – i.e., as it provides services under groups of insurance contracts. The insurance revenue relating to services provided for each year represents the total of the changes in the liability for remaining coverage that relate to services for which CSS(E)L Group expects to receive consideration, and comprises:

- Release of CSM, measured based on coverage units provided
- Changes in the risk adjustment for non-financial risk relating to current services
- Expected incurred claims and other insurance service expenses incurred in the year
- Other amounts, including experience adjustments for premium receipts for current or past services.

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they occur. The insurance service expense is determined based on the “floating leg” inflation-indexed payments since these amounts are contingent on the claims on the underlying contracts.

Net expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers. CSS(E)L Group recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts. The allocation of reinsurance premiums paid relating to services received for each period represents the total changes in the asset for remaining coverage that relates to services for which CSS(E)L Group expects to pay consideration.

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein. CSS(E)L Group has chosen not to disaggregate insurance finance income or expenses between profit or loss and OCI.

3 Critical Accounting Estimates and Judgements in Applying Accounting Policies

In order to prepare the Consolidated Financial Statements, management is required to make critical judgements. Management also makes certain accounting estimates to ascertain the value of assets and liabilities and determine the impact to the income statement. Judgements and estimates are based upon the information available at the time, and actual results may differ materially. The following critical judgements and estimates are sources of uncertainty and as a result have the risk of having a material effect on the amounts recognised in the financial statements.

In the course of preparing the financial statements, judgements have been made in the process of applying the accounting policies in regards to taxes, disposal groups and discontinued operations and structured entities. However, a number of estimates have been made that have had a significant effect on the amounts recognised in the financial statements.

Taxes

Deferred tax valuation

Deferred tax assets ('DTA') and deferred tax liabilities ('DTL') are recognised for the estimated future tax effects of operating loss carry-forwards and temporary differences between the carrying amounts of existing assets and liabilities and their respective tax bases at the Statement of Financial Position date.

Key Judgements

The realisation of deferred tax assets on temporary differences is dependent upon the generation of taxable income in future accounting periods after those temporary differences become deductible. The realisation of deferred tax assets on net operating losses is dependent upon the generation of future taxable income. Only if management considers it probable that a deferred tax asset will be realised is a corresponding deferred tax asset established without impairment.

On a quarterly basis management makes the key judgement to determine whether deferred tax assets can be realised and considers both positive and negative evidence, including projected future taxable income, the scheduled reversal of deferred tax liabilities and tax planning strategies. This evaluation requires significant management judgement, primarily with respect to projected taxable income. These key judgements relate to the deferred tax balance on employee benefit and other temporary differences.

→ Please see Note 12 – Deferred Taxes for more information.

Key Estimates

The future taxable income can never be predicted with certainty, but management also evaluates the factors contributing to the losses carried forward and considers whether or not they are temporary or indicate an expected permanent decline in earnings. The critical accounting estimate is derived from budgets and strategic business plans but is dependent on numerous factors, some of which are beyond management's control, such as the fiscal and regulatory environment and external economic growth conditions. Substantial variance of actual results from estimated future taxable profits, or changes in CSS(E)L Group's estimate of future taxable profits and potential restructurings, could lead to changes in the amount of deferred tax assets that are realisable, or considered realisable, and would require a corresponding adjustment to the level of recognised DTA.

→ Please see Note 12 – Deferred Taxes for more information.

Fair Value

A significant portion of CSS(E)L Group's financial instruments (trading financial assets and liabilities, derivative instruments and financial assets and liabilities designated at fair value) are carried at fair value in the Consolidated Statement of Financial Position. Related changes in the fair value are recognised in the Consolidated Statement of Income. Deterioration of financial markets could significantly impact the fair value of these financial instruments and the results of operations.

Key Estimates

CSS(E)L Group holds some financial instruments for which no prices are publicly available, and which have little or no observable inputs. For these instruments, the determination of fair value requires subjective assessment and judgement on key estimates to be made depending on liquidity, pricing assumptions, the current economic and competitive environment and the risks affecting the specific instrument. In such circumstances, the valuation of financial instruments involves a significant degree of judgement, in particular where valuation models make use of unobservable inputs. These instruments that use valuation models that make use of unobservable inputs include certain OTC derivatives, including equity and credit derivatives, life settlement contracts and securities.

→ For more details regarding the valuation models used for each of these instruments please see Note 30 – Financial Instruments for more information.

The critical accounting estimate of the fair value of financial assets and liabilities is impacted by factors such as benchmark interest rates, prices of financial instruments issued by third parties, commodity prices, foreign exchange rates and index prices or rates. These factors are a key source of uncertainty as their volatility has the potential to have a material impact to the valuation of the fair value of financial assets and liabilities. In addition, valuation adjustments are an integral part of the valuation process when market prices are not indicative of the credit quality of a counterparty, and are applied to both OTC derivatives and debt instruments.

Control processes are applied to ensure that the fair value of the financial instruments reported in the Company and CSS(E)L Group Financial Statements, including those derived from pricing models, are appropriate and determined on a reasonable basis. For further information related to CSS(E)L Group's control and governance processes on the fair value of financial instruments please refer Note 30 – Financial Instruments.

Litigation contingencies

The CSS(E)L Group is involved in a variety of legal, regulatory and arbitration matters in connection with the conduct of its businesses.

Key Estimates

It is inherently difficult to predict the outcome of many of these matters, particularly those cases in which the matters are brought on behalf of various classes of claimants, which seek damages of unspecified or indeterminate amounts or which involve questionable legal claims. A provision is recognised if, and only if a present obligation (legal or constructive) has arisen as a result of a past event (the obligating event). In presenting the Consolidated Financial Statements, management makes critical accounting estimates regarding the outcome of legal, regulatory and arbitration matters and takes a charge to income when losses with respect to such matters are probable and can be reasonably estimated. Charges are not established for matters when losses cannot be reasonably estimated. Estimates, by their nature, are based on key judgement and currently available information and involve a variety of factors, including but not limited to the type and nature of the litigation, claim or proceeding, the progress of the matter, the advice of legal counsel and other advisers, CSS(E)L Group's defenses and its experience in similar cases or proceedings, as well as CSS(E)L Group's assessment of matters, including settlements, involving other defendants in similar or related cases or proceedings.

→ Please see Note 20 – Provisions for more information.

Structured Entities

As part of normal business, CSS(E)L Group engages in various transactions that include entities which are considered structured entities. A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. Transactions with structured entities are generally executed to facilitate securitisation activities or to meet specific client needs, such as providing liquidity or investment opportunities, and, as part of these activities, CSS(E)L Group may hold interests in the structured entities. If CSS(E)L Group controls the structured entity then that entity is included in CSS(E)L Group's consolidated financial statements.

Key Judgements

CSS(E)L Group exercises judgement in assessing whether an entity is a structured entity. The assessment performed considers whether CSS(E)L Group is the sponsor with a variable return, is the sponsor with no variable return but with additional involvement, or is not a sponsor but has a variable return. Additionally, CSS(E)L Group exercises judgement in assessing whether CSS(E)L Group has (joint) control of, or significant influence over another entity including structured entities. The assessment considers whether CSS(E)L Group has power over the entity, exposure or rights to variable returns from its involvement with the entity, and whether CSS(E)L Group has the ability to use its power over the entity to affect the amount of returns. CSS(E)L Group provides disclosures with regards to unconsolidated structured entities such as when it sponsors or has an interest in such an entity.

→ Please see Note 29 – Interests in Other Entities for more information.

Insurance and reinsurance

Contract boundaries

Insurance contracts

The boundary of a contract sets the start and end points for the inclusion of cash flows in the measurement of insurance contracts an entity issues or holds. There are several factors that could impact the contract boundary of a contract for e.g., the existence of any annual repricing mechanism, impact of regulatory caps, contracts with extension or rolling renewal features and any instances of contract modification. CSS(E)L Group has analysed its longevity swaps and no such features were observed in any of the swaps. Hence, the end of the contract boundary for the longevity swaps would be equivalent to the expiry date of swaps.

Future cash flows

Assumptions about mortality/longevity and inflation are used in estimating future cash flows. Mortality/longevity assumptions are updated every 5 years. Inflation projections, which are updated monthly, are calculated by internal quant models used to value inflation derivatives throughout the CS group. The primary sensitivities are inflation zero swap rates (these provide the forward curve) and the inflation volatility market (which provides the appropriate value to the embedded optionality in the trade). Other minor sensitivities include interest rate/inflation correlation and interest rate volatility.

For the insurance contracts, cash flows include (i) the "fixed leg" payments which are inflation-indexed and not longevity contingent, received from the pension schemes (ii) the "floating leg" inflation-indexed payments to the pension scheme in respect of the scheme's actual liabilities based on its mortality experience (iii) any policy maintenance and administration costs directly attributable to the performance of these insurance services.

For reinsurance contracts, the cash flow include (i) the "floating-leg" payments received from the external reinsurer (ii) the "fixed-leg" payments made to the external insurer (iii) any costs directly attributable to the reinsurance contract agreements.

Attributable costs

The attributable costs of USD 140k for servicing the UK Life Trades and GBP 35k for pensioner tracking are set as overall cost p.a. in GBP. The costs are directly attributable.

Risk adjustment

IFRS 17 requires that the future cashflows are adjusted by the risk adjustment for non-financial risk. The risk adjustment for non-financial risk reflects the compensation an entity requires for bearing the uncertainty about the amount and timing of cash flows that arise from non-financial risk.

The risk adjustment ('RA') calculation follows a cost of capital approach. It is based on sensitivities for several risk factors, taking a specific trade as a benchmark for the other trades. Cost of capital approach is based on a target level of capital, and that capital is calculated so that it is sufficient at a 57% confidence level over one year. The Cost of capital rate of 6.35% is applied. This technique is applied to both the insurance and reinsurance contracts.

Discount rates

According to IFRS 17, all future cash flows must be discounted. The IFRS 17 requirements for the interest curves used in the discounting are principle-based. An entity should use observable market data based on a risk-free base curve and portfolio-specific adjustments to reflect the illiquidity of insurance obligations in determining the interest curves. Credit Suisse applies a bottom-up approach in which the basic risk-free liquid yield curves are derived from the SONIA term structure. These yield curves are then adjusted to reflect illiquidity of the underlying insurance liabilities based on the Volatility Adjustment published by the Bank of England for GBP. CSS(E)L Group considers the volatility adjustment to be appropriate given the liquidity characteristics of the liabilities.

The tables below set out the yield curves used to discount the cash flows of insurance contracts.

2023	1 Year	10 Year	20 Year	30 Year	40 Year	50 Year	57 Year
GBP	5.035%	3.584%	3.732%	3.655%	3.460%	3.218%	3.174%

2022	1 Year	10 Year	20 Year	30 Year	40 Year	50 Year	58 Year
GBP	4.760%	4.010%	3.835%	3.651%	3.446%	3.229%	3.190%

Determination of coverage units

The CSM is recognised in profit or loss based on number of coverage units provided in the year. The coverage units are determined on an undiscounted basis by dividing the percentage of actual floating leg cash flows in relation to the overall sum of actual plus expected floating leg cash flows until maturity. The coverage unit are reviewed and updated at each reporting date.

4 Net Interest Income/(Expense)

	2023	2022
Net interest income/(expense) (USD million)		
Securities purchased under resale agreements and securities borrowing transactions	85	62
Loans and advances	–	2
Cash collateral paid on OTC derivatives transactions	36	12
Interest income on cash and cash equivalents	43	51
Interest income	**164**	**127**
Securities sold under repurchase agreements and securities lending transactions	(34)	(20)
Borrowings	(30)	(21)
Debt in issuance	(27)	(63)
Cash collateral received on OTC derivatives transactions	(25)	(9)
Other	(1)	(1)
Interest expense	**(117)**	**(114)**
Net interest income	**47**	**13**
of which		
Interest income of financial assets measured at fair value through profit or loss	–	10
Interest income of financial assets measured at amortised cost	164	117
Interest expenses of financial liabilities measured at fair value through profit or loss	–	(9)
Interest expenses of financial liabilities measured at amortised cost	(117)	(105)

For securities purchased under resale agreements and securities borrowing transactions if the interest rate is negative the associated interest expense is recorded in interest expense. For securities sold under repurchase agreements and securities lending transactions if the interest rate is negative the associated interest income is recorded in interest income.

5 Insurance Revenue / (Expense)

The insurance revenue is broken down as follows:

Amounts relating to changes in liabilities for remaining coverage (USD million)	2023	2022
CSM recognised for services provided	3	2
Changes in risk adjustment for non-financial risk for risk expired	2	2
Expected incurred claims and other insurance service expenses	191	187
Net expenses from reinsurance contracts	–	–
Total Insurance Revenue	**196**	**191**

The insurance service expenses are broken down as follows:

Amounts relating to changes to liabilities for remaining coverage (USD million)	2023	2022
Allocation of reinsurance premium paid	(195)	(190)
Expected amounts recoverable from reinsurers	190	186
Total Reinsurance result	**(5)**	**(4)**

Net finance result is broken down as follows:

Net insurance finance result (USD million)	2023	2022
Net finance income from insurance contracts		
Interest accreted	24	8
Effect of changes in interest rate and other financial assumptions	(38)	(342)
Foreign exchange gain/(loss)	24	(95)
Total net finance income from insurance contracts	9	(429)
Net finance expense from reinsurance contracts		
Interest accreted	(8)	(2)
Effect of changes in interest rate and other financial assumptions	–	9
Foreign exchange gain/(loss)	7	19
Total net finance expense from reinsurance contracts	(1)	26
Total	**8**	**(403)**

6 Commission and Fee Income

	2023	2022
Commission and fee income (USD million)		
Brokerage	6	45
Other customer services	13	38
Commission and fee income	**19**	**83**

Income under other customer services primarily consists of fees from mergers & acquisitions in Korea.

7 Revenue from Contracts with Customers

Nature of services

The following is a description of the principal activities from which CSS(E)L Group generates its revenues from contracts with customers.

The performance obligations are typically satisfied as the services in the contract are rendered. The contract terms are generally such that they do not result in any contract assets. The contracts generally do not include a significant financing component or obligations for refunds or other similar obligations. Any variable consideration is only included in the transaction price and recognised as revenue when it is probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the amount is subsequently resolved.

CSS(E)L Group also offers brokerage services in its investment banking businesses, including global securities sales, trading and execution and investment research. For the services provided, for example the execution of customer trades in securities or derivatives, CSS(E)L Group typically earns a brokerage commission when the trade is executed. CSS(E)L Group generally acts as an agent when buying or selling exchange-traded cash securities, exchange-traded derivatives or centrally cleared OTC derivatives on behalf of customers. Research income is disclosed under ‘other customer services’.

The following table explains disaggregation of the revenue from service contracts with customers into different categories:

Type of Services (USD million)	2023	2022
Brokerage	6	44
Other customer services	17	67
Total	**23**	**111**

Contract Balances (USD million)	2023	2022
Receivables	3	–
Contract Liabilities	(4)	(2)

CSS(E)L Group did not recognise any revenues in the reporting period from performance obligations satisfied in previous periods.

CSS(E)L Group did not recognise a net impairment loss on contract receivables and did not recognise any contract assets during 2023.

Remaining performance obligations

Upon review, the CSS(E)L Group determined that no material remaining performance obligations are in scope of the remaining performance obligations disclosure.

8 Net Gains/(Losses) from Financial Assets/Liabilities at Fair Value through Profit or Loss

	2023	2022 [1]
Net gains/(losses) from financial assets/liabilities at fair value through profit or loss (USD million)		
Net (losses)/ gains from financial assets/liabilities mandatorily measured at fair value through profit or loss	(20)	549
Net (losses)/gains from financial liabilities designated at fair value through profit or loss	1	1
Total net (losses)/gains from financial assets/ liabilities at fair value through profit or loss	**(19)**	**550**

[1] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

	2023	2022 [1]
Trading financial assets/ liabilities mandatorily measured at fair value through profit or loss (USD million)		
Total (losses)/gains from trading financial assets/liabilities mandatorily measured at fair value through profit or loss	**1**	**552**
Non-trading financial assets mandatorily measured at fair value through profit or loss (USD million)		
Other financial assets	(21)	(3)
Total gains/(losses) from non-trading financial assets mandatorily measured at fair value through profit or loss	**(21)**	**(3)**
Total net (losses)/gains from financial assets/liabilities mandatorily measured at fair value through profit or loss	**(20)**	**549**

[1] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

	2023	2022 [1]
Net gains/(losses) from financial liabilities designated at fair value through profit or loss (USD million)		
Other financial liabilities designated at fair value through profit or loss	1	1
Total net gains/(losses) from financial liabilities designated at fair value through profit or loss	**1**	**1**

[1] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

9 Compensation and Benefits

	2023	2022
Compensation and benefits (USD million)		
Salaries and variable compensation	(19)	(15)
Social security costs	(1)	(1)
Pension costs	(3)	(3)
Total compensation and benefits	**(23)**	**(19)**

Included in the previous table are amounts relating to Directors' remuneration. Further details are disclosed in Note 26 – Related Parties. Staff costs and staff numbers do not differ between CSS(E)L Group and Company.

The monthly average number of persons employed by CSS(E)L Group during the year was 84 employees (2022: 96 employees)

CSS(E)L Group incurs compensation and benefits costs which are recharged to the relevant CS group companies through 'Expenses payable to other Credit Suisse group companies' in Note 10 – General, Administrative and Trading Expenses.

10 General, Administrative and Trading Expenses

	2023	2022
General, administrative and trading expenses (USD million)		
Occupancy expenses	(1)	(1)
Provisions	(15)	(24)
Travel and entertainment	(2)	(2)
Professional services	(4)	(5)
Other	(12)	(23)
General, administrative and trading expenses	**(34)**	**(55)**
Expenses payable to other Credit Suisse group companies	(7)	(31)
Total General, administrative and trading expenses	**(41)**	**(86)**

CS group companies incur expenses on behalf of other group companies under common control. These are subsequently recharged to the relevant companies through 'Expenses payable to other CS group companies'. The recharges comprise of compensation and benefit expenses and general administrative expenses. See Note 26 - Related Parties.

Auditors' remuneration

Auditors' remuneration in relation to the statutory audit amounted to USD 0.92 million (2022: USD 0.68 million).

The following fees were payable by CSS(E)L Group to the independent auditors, PricewaterhouseCoopers LLP

CSS(E)L Auditors' Remuneration (USD '000)	2023	2022
Fees payable to CSS(E)L Group's auditor for the audit of the CSS(E)L Group's financial statements	(924)	(677)
Audit-related assurance services	(738)	(699)
Total Fees	**(1,662)**	**(1,376)**

11 Income Tax

CSS(E)L Group and Company	2023	2022 [1]
Current and deferred taxes (USD million)		
Current tax benefit/(expense) for the period	9	(33)
Adjustments in respect of previous periods	(4)	–
Income tax benefit/(expense)	**5**	**(33)**
Deferred tax		
Deferred tax expense for the period	(23)	(2)
Adjustments in respect of previous periods	3	1
Increase in Impairment of deferred tax asset	(15)	(2)
Effect of changes in tax rate or imposition of new taxes	–	(6)
Deferred income tax expense	**(35)**	**(9)**
Income tax expense	**(30)**	**(42)**

[1] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

During 2021 the UK government enacted legislation to increase the UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The impact on Deferred Taxes (Note 12) was reflected in the year the legislation was substantively enacted.

In May 2023, the IASB issued amendments to "IAS 12 Income Taxes" whereby, under an exception, deferred tax assets ('DTA') and deferred tax liabilities ('DTL') should not be recognised in respect of top-up tax on income under Global Anti-Base Erosion ('GloBE') rules that are imposed under tax laws that are enacted, or substantively enacted, to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. This exception was applicable immediately upon the issuance of the amendments.

CSS(E)L Group did not have any DTAs or DTLs on 31 December 2023 that had not been recognised as a result of the application of this exception. The amendments also introduced new disclosure requirements in relation to top-up tax which first apply to CSS(E)L Group's financial statements for the year ended 31 December 2023. CSS(E)L Group's current tax expense for 2023 does not include any expense in relation to top-up taxes and is not expected to have a material exposure to top-up taxes for future years under this legislation.

The income tax expense for the year can be reconciled to the (loss)/profit per the statement of income as follows:

Reconciliation of taxes computed at the UK statutory rate

CSS(E)L Group and Company	2023	2022 [1]
Reconciliation of taxes computed at the UK statutory rate (USD million)		
(Loss)/Profit before tax (continued and discontinued operations)	(4)	164
(Loss)/Profit before tax multiplied by the UK statutory rate of corporation tax @ 23.52% (2022: 19%)	1	(31)
Other permanent differences	(8)	10
Impact of UK bank corporation tax surcharge	(2)	(6)
Non-deductible expenses	(3)	(4)
Effect on deferred tax resulting from changes in tax rates	–	(6)
Tax rate differential in relation to branches	–	(4)
Movement in unrecognised deferred tax assets	(15)	(2)
Adjustments to current tax in respect of previous periods	(4)	–
Adjustments to deferred tax in respect of previous periods	3	1
Effect of group relief surrendered for consideration at less than statutory rate	(2)	–
Income tax expense	**(30)**	**(42)**

[1] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

12 Deferred Taxes

Deferred taxes are calculated on all temporary differences under the liability method using an effective tax rate of 28% (2022: 28%), which includes the impact of the UK banking surcharge. Deferred taxes are calculated on carry forward tax losses using effective tax rates of 25% or 28% (2022: 25% or 28%).

CSS(E)L Group and Company	2023	2022 [1]
Deferred tax (USD million)		
Deferred tax assets	2	37
Net position	**2**	**37**
Balance at 1 January, net position	**37**	**46**
Debit to statement of income for the year	(23)	(1)
Effect of change in tax rate	–	(6)
Movement in unrecognised deferred tax assets	(15)	(2)
Adjustments related to the previous year	3	1
Exchange differences	–	(1)
Balance at 31 December, net position	**2**	**37**

[1] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

Deferred tax assets and liabilities are attributable to the following items:

Components of net deferred tax assets

CSS(E)L Group and Company	2023	2022
Components of net deferred tax assets (USD million)		
Employee Benefits	1	–
Decelerated tax depreciation	–	15
Other short-term temporary differences	1	22
Balance at 31 December	**2**	**37**

Details of the deferred tax expense in the Statement of Income:

CSS(E)L Group and Company	2023	2022
Tax effect of temporary differences (USD million)		
Employee Benefits	1	(1)
Decelerated tax depreciation	(15)	(3)
Other short-term temporary differences	(21)	(5)
Total deferred tax expense in the Statement of Income	**(35)**	**(9)**

Following management's evaluation of the deferred tax asset recoverability as at the balance sheet date, deferred tax assets of USD 1,192 million (2022: USD 1,198 million) on net operating losses of USD 4,684 million (2022: USD 4,707 million) and deferred tax assets on temporary difference of USD 17 million (2022: USD 2 million) have not been recognised. If strategies and business plans will significantly deviate in the future from current management assumptions, the current level of deferred tax assets may need to be adjusted if full recovery of the remaining deferred tax asset balance is no longer probable.

The use of tax losses carried forward by UK banks is restricted to a maximum of 50% of taxable profits (25% for losses incurred prior to 1 April 2015). There is no loss expiry in the United Kingdom.

13 Securities Borrowed, Lent and Purchased/Sold under Resale/Repurchase Agreements

The following table summarises the financial assets resulting from the securities purchased under resale agreements, at their respective carrying values:

CSS(E)L Group and Company	2023	2022
Securities purchased under resale agreements and securities borrowing transactions (USD million)		
Securities purchased under resale agreements	1,484	1,651
Deposits paid for securities borrowed	11	27
Total securities purchased under resale agreements and securities borrowing transactions	**1,495**	**1,678**

The following table summarises the financial liabilities resulting from the securities lent under repurchase agreements and securities lending transactions, at their respective carrying values:

CSS(E)L Group and Company	2023	2022
Securities sold under repurchase agreements and securities lending transactions (USD million)		
Securities sold under repurchase agreements	696	633
Deposits received for securities lent	3	3
Total securities sold under repurchase agreements and securities lending transactions	**699**	**636**

See Note 15 – Non Trading Financial Assets Mandatorily at Fair Value Through Profit or Loss and Note 16 – Financial Liabilities Designated at Fair Value Through Profit or Loss for Securities Borrowed, Lent and Purchased/Sold under Resale/Repurchase Agreements that are measured at fair value.

Securities Borrowed, Lent and Purchased/Sold under Resale/Repurchase Agreements are mainly due within one year.

Resale and repurchase agreements represent collateralised financing transactions used to earn net interest income, increase liquidity or facilitate trading activity. These instruments are collateralised principally by government securities and money market instruments and have terms ranging from overnight to a longer or unspecified period of maturity (generally maturing within one year). CSS(E)L Group monitors the fair value of securities received or delivered. For securities purchased under resale agreements, CSS(E)L Group requests additional securities, or the return of a portion of the cash disbursed when appropriate, in response to a decline in the market value of the securities received. Similarly, the return of excess securities or additional cash is requested, when appropriate, in response to an increase in the market value of securities sold under repurchase agreements.

→ Refer Note 26 – Related Parties for details on balances with related parties.

14 Trading Financial Assets and Liabilities Mandatorily at Fair Value Through Profit or Loss

	CSS(E)L Group		Company	
	2023	2022 [1]	2023	2022 [1]
Trading financial assets at fair value through profit or loss (USD million)				
Debt securities	4	4	4	4
Equity securities	5	7	5	7
Derivative instruments	1,890	1,964	1,892	1,966
Total trading financial assets at fair value through profit or loss	**1,899**	**1,975**	**1,901**	**1,977**
Trading financial liabilities at fair value through profit or loss (USD million)				
Debt securities	–	1	–	1
Equity securities	–	4	–	3
Derivative instruments	1,988	2,092	1,993	2,112
Total trading financial liabilities at fair value through profit or loss	**1,988**	**2,097**	**1,993**	**2,116**

[1] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

Debt securities primarily consist of corporate bonds and government securities.

There are no encumbered assets for 2023 and 2022, refer Note 31 – Assets Pledged or Assigned. Refer Note 26 – Related Parties for details on balances with related parties.

15 Non-Trading Financial Assets Mandatorily at Fair Value through Profit or Loss

	CSS(E)L Group		Company	
	2023	2022 [3]	**2023**	2022 [3]
Non-trading financial assets mandatorily at fair value through profit or loss (USD million)				
Securities purchased under resale agreements and securities borrowing transactions	–	1	–	1
Other non-trading financial assets mandatorily at fair value through profit or loss	541 [1]	697 [1]	623 [2]	727 [2]
Total non-trading financial assets mandatorily at fair value through profit or loss	**541**	**698**	**623**	**728**

1 This includes balances relating to Life Settlement Contracts USD 297 million (2022:USD 259 million), Failed Purchases USD 37 million (2022:USD 34 million) and Single Premium Immediate Annuities ('SPIA') USD 202 million (2022:USD 416 million).
2 This includes balances relating to Investment in Life Finance Entities USD 581 million (2022:USD 692 million) and Failed Purchases USD 37 million (2022:USD 34 million).
3 2022 numbers are restated due to IFRS 17 adoption.Refer note 2 for more details.

For the change in fair value of reverse repurchase agreements, CSS(E)L Group's credit exposure to the counterparties of these trades is mitigated by posted collateral and through subsequent margin calls. Accordingly, CSS(E)L Group does not enter into hedges to mitigate credit exposure to the counterparties. Also, given that the credit exposure is eliminated to a large extent, the mark-to-market changes attributable to credit risk are insignificant.

Other non-trading financial assets mandatorily at fair value through profit or loss are exposed to credit risk and the maximum fair value exposure to credit risk as at 31 December 2023 for CSS(E)L Group as well as the Company equals their fair value.

The movement in fair values that is attributable to changes in the credit risk of the financial assets mandatorily at fair value through profit or loss during the period ended 31 December 2023 was USD Nil (2022: USD 2 million) for CSS(E)L Group and Company in the Statement of Income. The remaining changes in fair value are mainly due to movements in market risk.

Central to the calculation of fair value for Life Settlement Contracts, included in 'Other non-trading financial assets mandatorily at fair value through profit or loss', is the estimate of mortality rates. Individual mortality rates are typically obtained by multiplying a base mortality curve for the general insured population provided by a professional actuarial organisation together with an individual-specific multiplier. Individual-specific multipliers are determined based on data obtained from third-party life expectancy data providers, which examine insured individual's medical conditions, family history and other factors to arrive at a life expectancy estimate.

→ Refer Note 26- Related Parties for details on balances with related parties.

16 Financial Liabilities Designated at Fair Value Through Profit or Loss

	CSS(E)L Group		Company	
	2023	2022 [1]	**2023**	2022 [1]
Financial liabilities designated at fair value through profit or loss (USD million)				
Securities sold under repurchase agreements and securities lending transactions	–	1	–	1
Debt in issuance	7	7	–	–
Other financial liabilities designated at fair value through profit or loss	2	31	–	28
Total financial liabilities designated at fair value through profit or loss	**9**	**39**	**–**	**29**

1 2022 numbers are restated due to IFRS 17 adoption.Refer note 2 for more details.

Of the financial liabilities designated at fair value through profit or loss, securities sold under repurchase agreements and securities lending transactions were elected to alleviate an accounting mismatch while debt in issuance were elected because they are managed on a fair value basis.

The fair value of a financial liability incorporates the credit risk of that financial liability. If the instrument is quoted in an active market, the movement in fair value due to credit risk is calculated as the amount of change in fair value that is not attributable to changes in market conditions that give rise to market risk. If the instrument is not quoted in an active market, the fair value is calculated using a valuation technique that incorporates credit risk by discounting the contractual cash flows on the debt using a credit-adjusted yield curve which reflects the level at which CSS(E)L Group would issue similar instruments as of the reporting date.

The carrying amount of debt in issuance is USD 1 million higher than the principal amount that CSS(E)L Group and Company would be contractually required to pay to the holder of these financial liabilities at maturity (2022: USD 1 million higher (CSS(E)L Group and Company).

→ Refer Note 26 – Related Parties for details on balances with related parties.

17 Other Assets and Other Liabilities

	CSS(E)L Group		Company	
	2023	2022 [1]	**2023**	2022 [1]
Other assets (USD million)				
Brokerage receivables				
Due from customers	12	31	13	31
Due from banks, brokers and dealers	49	194	49	194
Interest and fees receivable	180	90	180	90
Cash collateral on derivative and non-derivative instruments	**625**	**587**	**625**	**587**
Banks	385	332	385	332
Customers	240	255	240	255
Prepaid expenses	–	1	–	1
Other	143	90	65	73
Total other assets	**1,009**	**993**	**932**	**976**

[1] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

	CSS(E)L Group		Company	
	2023	2022 [1]	**2023**	2022 [1]
Other liabilities (USD million)				
Brokerage payables				
Due to customers	8	22	8	22
Due to banks, brokers and dealers	38	79	38	79
Interest and fees payable	239	137	239	137
Cash collateral on derivative and non-derivative instruments	**348**	**446**	**348**	**446**
Banks	289	386	289	386
Customers	59	60	59	60
Share-based compensation liability	1	3	1	3
Other	82	187	81	187
Total other liabilities	**716**	**874**	**715**	**874**

[1] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

Other liabilities includes transfer pricing payable of USD 3 million (2022: USD 110 million), pension liability of USD 45 million (2022: USD 42 million), liability towards restructuring cost of USD 0.9 million (2022: USD 0.3 million) and Lease liabilities of USD 7 million (2022: USD 8 Million).

Included within brokerage payables are liabilities identified in respect of either initial margin or client money received from clients, but only where it has been determined that the cash received represents an asset of CSS(E)L Group. CSS(E)L Group and Company held USD 42 million of client money as at 31 December 2023 (2022: USD 116 million).

18 Property and Equipment

CSS(E)L Group and Company	Leasehold Improvements	Equipment	**Total**
2023 (USD million)			
Cost			
Cost as at 1 January 2023	**6**	**4**	**10**
Additions	–	–	–
Disposals	–	–	–
Other movements	–	–	–
Cost as at 31 December 2023	**6**	**4**	**10**
Accumulated depreciation:			
Accumulated depreciation as at 1 January 2023	**(2)**	**(2)**	**(4)**
Charge for the year	(1)	(1)	(2)
Disposals	–	–	–
Other movements	–	–	–
Accumulated depreciation as at 31 December 2023	**(3)**	**(3)**	**(6)**
Net book value as at 1 January 2023	**4**	**2**	**6**
Net book value as at 31 December 2023	**3**	**1**	**4**

2022 (USD million)			
Cost			
Cost as at 1 January 2022	**7**	**4**	**11**
Additions	1	–	1
Disposals	(1)	–	(1)
Other movements	(1)	–	(1)
Cost as at 31 December 2022	**6**	**4**	**10**
Accumulated depreciation:			
Accumulated depreciation as at 1 January 2022	**(2)**	**(2)**	**(4)**
Charge for the year	(1)	–	(1)
Disposals	1	–	1
Other movements	–	–	–
Accumulated depreciation as at 31 December 2022	**(2)**	**(2)**	**(4)**
Net book value as at 1 January 2022	**5**	**2**	**7**
Net book value as at 31 December 2022	**4**	**2**	**6**

Leasehold improvements relate to improvements to land and buildings that have been occupied on commercial lease terms by CSS(E)L Group and other CS group companies.

No interest has been capitalised and no impairment charges were recorded in 2023 and 2022 for property and equipment.

Right of use lease asset amounting to USD 6 million (2022: USD 7 million) is also part of Property and Equipment and not included in the table above.

19 Intangible Assets

CSS(E)L Group and Company	Right to Use Leisure Facility	Internally Developed Software	Total
2023 (USD million)			
Cost			
Cost as at 1 January 2023	**5**	**–**	**5**
Additions	–	–	–
Disposals	–	–	–
Cost as at 31 December 2023	**5**	**–**	**5**
Accumulated amortisation:			
Accumulated amortisation as at 1 January 2023	**(3)**	**–**	**(3)**
Amortisation for the year	–	–	–
Impairment	–	–	–
Disposals	–	–	–
Accumulated amortisation as at 31 December 2023	**(3)**	**–**	**(3)**
Net book value as at 1 January 2023	**2**	**–**	**2**
Net book value as at 31 December 2023	**2**	**–**	**2**
2022 (USD million)			
Cost			
Cost as at 1 January 2022	**5**	**1**	**6**
Additions	–	–	–
Disposals	–	(1)	(1)
Cost as at 31 December 2022	**5**	**–**	**5**
Accumulated amortisation:			
Accumulated amortisation as at 1 January 2022	**(3)**	**–**	**(3)**
Amortisation for the year	–	–	–
Impairment	–	–	–
Disposals	–	–	–
Accumulated amortisation as at 31 December 2022	**(3)**	**–**	**(3)**
Net book value as at 1 January 2022	**2**	**1**	**3**
Net book value as at 31 December 2022	**2**	**–**	**2**

No interest has been capitalised within intangible assets for 2023 and 2022.

The right to use leisure facility is held in the Seoul Branch. No impairment charges was recorded on right to use leisure facility in 2023 and 2022. The assets' fair value was calculated based on an average from external price quotes and is level 2 of the fair value hierarchy. The fair value of the asset is also equal to its recoverable amount.

20 Provisions

CSS(E)L Group and Company	Property	Litigation	Total
Provisions (USD million)			
Balance at 1 January 2023	1	12	13
Charges during the year	–	–	–
Utilised during the year	–	–	–
Intercompany Transfer	–	(12)	(12)
Balance at 31 December 2023	**1**	**–**	**1**

CSS(E)L Group and Company	Property	Litigation	Total
Provisions (USD million)			
Balance at 1 January 2022	1	225	226
Charges during the year	–	24	24
Utilised during the year	–	(237)	(237)
Intercompany Transfer	–	–	–
Balance at 31 December 2022	**1**	**12**	**13**

Property provision

The property provision mainly relates to property (Centropolis, Seoul) reinstatement obligations that will be incurred when the leases expire.

Litigation provision

The CSS(E)L Group accrues litigation provisions (including penalties and fines) in connection with certain judicial, regulatory and arbitration proceedings when reasonably possible losses, additional losses or ranges of loss are more likely than not and can be reliably estimated. General Counsel in consultation with the business reviews CS group's judicial, regulatory and arbitration proceedings each month to determine the adequacy of its litigation provisions and may increase or release provisions based on management's judgement and the advice of counsel, including which CS group entity records the provisions. The anticipated utilisation of these litigation provisions typically ranges from six to eighteen month period, however certain litigation provisions are anticipated to extend beyond this period. Further provisions or releases of litigation provisions may be necessary in the future as developments in such litigation, claims or proceedings warrant. It was agreed as part of the CSS(E)L wind down, CSS(E)L would be protected with indemnities from CSi and CS AG for agreed future litigation costs.

21 Insurance/Reinsurance Assets & Liabilities

The below table represents the net balance of Insurance assets and its breakup by measurement components.

CSS(E)L Group and Company (USD million)	Estimates of present value of future cash flows	Risk adjustment for non financial risk	CSM	Total 2023 [1]	Estimates of present value of future cash flows	Risk adjustment for non financial risk	CSM	Total 2022 [1]
Opening assets	493	(24)	(42)	428	993	(38)	–	956
Net opening balance	**493**	**(24)**	**(42)**	**428**	**993**	**(38)**	**–**	**956**
Changes in the statement of profit or loss and OCI								
Changes that relate to current service								
CSM recognised for service provided	–	–	3	3	–	–	2	2
Change in risk adjustment for non-financial risk expired	–	2	–	2	–	2	–	2
Experience adjustments	1	–	–	1	1	–	–	1
Changes that relate to future service								
Changes in estimates that adjust the CSM	31	(1)	(30)	–	35	8	(44)	–
Insurance service results	**32**	**0**	**(28)**	**5**	**36**	**9**	**(42)**	**4**
Net finance expenses from Insurance contracts	10	–	(0)	9	(429)	–	–	(429)
Effect of movement in exchange rates	28	(1)	(3)	24	(100)	4	1	(95)
Total changes in the statement of profit or loss and OCI	**71**	**(1)**	**(31)**	**39**	**(493)**	**13**	**(42)**	**(520)**
Cash flows								
Premiums received	(201)	–	–	(201)	(194)	–	–	(194)
Claims and other insurance service expenses paid	191	–	–	191	187	–	–	187
Total cash flows	**(10)**	**–**	**–**	**(10)**	**(7)**	**–**	**–**	**(7)**
Closing assets	553	(24)	(72)	457	493	(24)	(42)	428
Net closing balance	**553**	**(24)**	**(72)**	**457**	**493**	**(24)**	**(42)**	**428**

[1] Rounding differences exist as the numbers are reported in USD million.

The below table represents the net balance of Insurance assets and its breakup by remaining coverage and incurred claims.

CSS(E)L Group and Company (USD million)	Liability for remaining coverage	Liability for incurred claims	Total 2023 [1]	Liability for remaining coverage	Liability for incurred claims	Total 2022
Opening assets	428	–	428	956	–	956
Net opening balance	**428**	**–**	**428**	**956**	**–**	**956**
Changes in the statement of profit or loss						
Insurance revenue for contract under fair value approach	196	–	196	191	–	191
Insurance revenue	196	–	196	191	–	191
Expenses related to incurred claims	–	(191)	(191)	–	(187)	(187)
Insurance service expenses	–	(191)	(191)	–	(187)	(187)
Insurance service results	**196**	**(191)**	**5**	**191**	**(187)**	**4**
Net finance expense from insurance contracts	9	–	9	(429)	–	(429)
Effect of movement in exchange rates	24	–	24	(95)	–	(95)
Total changes in the statement of profit or loss and OCI	**230**	**(191)**	**39**	**(334)**	**(187)**	**(520)**
Cash flows						
Premiums received	(201)	–	(201)	(194)	–	(194)
Claims and other insurance service expenses paid	–	191	191	–	187	187
Total cash flows	**(201)**	**191**	**(10)**	**(194)**	**187**	**(7)**
Closing assets	457	–	457	428	–	428
Net closing balance	**457**	**–**	**457**	**428**	**–**	**428**

[1] Rounding differences exist as the numbers are reported in USD million.

The below table represents the net balance of reinsurance liabilities and its breakup by measurement components.

	2023 [1]				2022 [1]			
CSS(E)L Group and Company (USD million)	Estimates of present value of future cash flows	Risk adjustment for non financial risk	CSM	Total	Estimates of present value of future cash flows	Risk adjustment for non financial risk	CSM	Total
Opening liabilities	170	(24)	(21)	125	193	(38)	27	181
Net opening balance	**170**	**(24)**	**(21)**	**125**	**193**	**(38)**	**27**	**181**
Changes in the statement of profit or loss and OCI								
Changes that relate to current service								
CSM recognised for services provided	–	–	2	2	–	–	1	1
Change in risk adjustment for non-financial risk for risk expired	–	2	–	2	–	2	–	2
Experience adjustment	1	–	–	1	1	–	–	1
Changes that relate to future service								
Changes in estimates that adjust the CSM	31	(1)	(30)	–	39	9	(47)	–
Contracts initially recognised in the period	–	–	–	–	–	–	–	–
Effect of changes in non-performance risk of reinsurers	–	–	–	–	–	–	–	–
Net expenses from reinsurance contracts	**32**	**–**	**(27)**	**5**	**40**	**10**	**(46)**	**4**
Net finance expense from reinsurance contracts	1	–	–	1	(26)	–	–	(26)
Effect of movement in exchange rates	10	(1)	(2)	7	(20)	4	(2)	(19)
Total changes in the statement of profit or loss and OCI	**43**	**(1)**	**(29)**	**13**	**(6)**	**14**	**(48)**	**(41)**
Cash flows								
Premiums paid	(208)	–	–	(208)	(202)	–	–	(202)
Amount received	190	–	–	190	186	–	–	186
Total cash flows	**(18)**	**–**	**–**	**(18)**	**(16)**	**–**	**–**	**(16)**
Closing assets	–	–	–	–	–	–	–	–
Closing liabilities	195	(24)	(51)	120	170	(24)	(21)	125
Net closing balance	**195**	**(24)**	**(51)**	**120**	**170**	**(24)**	**(21)**	**125**

[1] Rounding differences exist as the numbers are reported in USD million.

The below table represents the net balance of reinsurance liabilities and its breakup by remaining coverage and incurred claims.

CSS(E)L Group and Company (USD million)	2023 [1]			2022 [1]		
	Liability for remaining coverage	Liability for incurred claims	Total	Liability for remaining coverage	Liability for incurred claims	Total
Opening liabilities	125	–	125	181	–	181
Net opening balance	**125**	**–**	**125**	**181**	**–**	**181**
Changes in the statement of profit or loss and OCI						
Allocation of reinsurance premiums paid	195	–	195	190	–	190
Allocation of reinsurance premiums paid	**195**	**–**	**195**	**190**	**–**	**190**
Amount recovered from reinsurers	–	(190)	(190)	–	(186)	(186)
Reinsurance recoveries	**–**	**(190)**	**(190)**	**–**	**(186)**	**(186)**
Effect of changes in non-performance risk of reinsurers	–	–	–	–	–	–
Net expenses from reinsurance contracts	195	(190)	5	190	(186)	4
Net finance expenses from Insurance contracts	1	–	1	(26)	–	(26)
Effect of movement in exchange rates	7	–	7	(19)	–	(19)
Total changes in the statement of profit or loss and OCI	**203**	**(190)**	**13**	**145**	**(186)**	**(41)**
Cash flows						
Premiums received	(208)	–	(208)	(202)	–	(202)
Amounts received	–	190	190	–	186	186
Total cash flows	**(208)**	**190**	**(18)**	**(202)**	**186**	**(15)**
Closing assets	–	–	–	–	–	–
Closing liabilities	120	–	120	125	–	125
Net closing balance	**120**	**–**	**120**	**125**	**–**	**125**

1 Rounding differences exist as the numbers are reported in USD million.

The below table shows an analysis of the expected recognition of the CSM remaining at the end of reporting period.

	2023	2022
Insurance contracts (USD million)		
Less than 1 year	(3)	(2)
In 1 to 2 years	(3)	(2)
In 2 to 3 years	(3)	(2)
In 3 to 4 years	(3)	(2)
In 4 to 5 years	(3)	(2)
>5 years	(57)	(32)
Total CSM for insurance contracts	**(72)**	**(42)**
Reinsurance contracts (USD million)		
Less than 1 year	3	1
In 1 to 2 years	2	1
In 2 to 3 years	2	1
In 3 to 4 years	2	1
In 4 to 5 years	2	1
>5 years	40	16
Total CSM for reinsurance contracts	**51**	**21**

22 Debt in Issuance

CSS(E)L Group and Company	2023	2022
Debt in issuance (USD million)		
Senior debt	450	350
Total Debt in issuance	**450**	**350**

Senior Debt

There is USD 450 million Senior debt as at 31 December 2023 (2022: USD 350 million) which comprises of:

CSS(E)L Group and Company	Counterparty Name	Date of Facility	
Outstanding as at 31 December 2023			
USD 350 million	Credit Suisse AG (London Branch)	28 September 2022	400 days call loans.
USD 100 million	Credit Suisse AG (London Branch)	28 September 2023	400 days call loans.

During 2023, the Senior debt is increased by USD 100 million to fund the capital repatriation and dividend payment to parent.

Below is the reconciliation of liabilities arising from financing activities.

CSS(E)L Group and Company	Balance as at 1 January 2023	Issuances	Cash Flows Repayments and other movements	Non Cash Changes Translation FX and Interest movements	Balance as at 31 December 2023
Debt in issuance (USD million)					
Debt in issuance	350	100	–	–	450
Total Debt in issuance	**350**	**100**	**–**	**–**	**450**

CSS(E)L Group and Company	Balance as at 1 January 2022	Issuances	Cash Flows Repayments and other movements	Non Cash Changes Translation FX and Interest movements	Balance as at 31 December 2022
Debt in issuance (USD million)					
Debt in issuance	1,250	1,100	(2,000)	–	350
Total Debt in issuance	**1,250**	**1,100**	**(2,000)**	**–**	**350**

23 Accumulated Other Comprehensive Income

CSS(E)L Group and Company	Cumulative Translation Adjustment	Unrealised gain/(loss) on Pension Fund	Accumulated other comprehensive income
2023			
Accumulated other comprehensive income (USD million)			
Balance at 1 January 2023	**(320)**	**(8)**	**(328)**
Increase/(decrease):			
Foreign exchange translation differences	(11)	–	(11)
Net gain on hedges of net investments in foreign entities taken to equity	17	–	17
Re-measurement of defined benefit liability/(asset)	–	–	–
Balance at 31 December 2023	**(314)**	**(8)**	**(322)**
2022			
Accumulated other comprehensive income (USD million)			
Balance at 1 January 2022	**(321)**	**(19)**	**(340)**
Increase/(decrease):			
Foreign exchange translation differences	(26)	–	(26)
Net gain on hedges of net investments in foreign entities taken to equity	27	–	27
Re-measurement of defined benefit liability/(asset)	–	11	11
Balance at 31 December 2022	**(320)**	**(8)**	**(328)**

24 Share Capital and Share Premium

CSS(E)L Group and Company

	Share Capital	Capital contribution	**Total Share Capital & Premium**
2023 Allotted called-up and fully paid (USD million)			
38,593,205,060 ordinary voting shares of USD 0.01060 each	409		409
Reduction of Share capital	(399)		(399)
38,593,205,060 ordinary voting shares of USD 0.00025 each	10		10
Total called-up share capital & capital contribution	**10**	**175**	**185**
2022 Allotted called-up and fully paid (USD million)			
38,593,205,060 ordinary voting shares of USD 0.10 each	3,859		3,859
Reduction of Share capital	(3,450)		(3,450)
38,593,205,060 ordinary voting shares of USD 0.01060 each	409		409
Total called-up share capital & capital contribution	**409**	**175**	**584**

In 2023, the issued nominal value of share capital was reduced by USD 399 million from USD 409 million, by cancelling and extinguishing capital to the extent of USD 0.01035 on each issued fully paid up Ordinary share of USD 0.01060, thereby reducing the nominal value of each share to USD 0.00025.

A dividend of USD 500 million was paid during the year on the outstanding shares at USD 0.013 per share.

In 2022, the nominal value of share capital was reduced by USD 3,450 million from USD 3,859 million, by cancelling and extinguishing capital to the extent of USD 0.08940 on each issued fully paid up Ordinary share of USD 0.10, thereby reducing the nominal value of each share to USD 0.01.

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights. The Company is a wholly owned subsidiary of Credit Suisse Investment Holdings (UK).

The capital contribution recorded in CSS(E)L mainly relates to consideration received on transfer of business to other CS Entities. There is no change in capital contribution in 2023.

25 Retirement Benefit Obligations

The Company operates an unfunded defined benefit plan in Germany and a funded defined benefit plan in South Korea.

Accounting for Defined Benefit Plans

The plans in Germany and South Korea are accounted for using defined benefit accounting based on a full actuarial valuation completed by independent actuaries once a year using the projected unit credit method and updated for each Consolidated Statement of Financial Position date. CSS(E)L is the plan sponsor of the international plans.

The following disclosures contain the balances for Germany and South Korea defined benefit plans on a combined basis.

Defined Benefit Costs

Expenses arising from retirement benefit obligations for the International plans are recorded in the Company's Consolidated Statement of Income under 'Compensation and benefits'. The following tables show the defined benefit costs for the Company's International defined benefit pension plans for 2023 and 2022.

Defined Benefit Pension Plans

CSS(E)L Group and Company	**2023**	2022
Defined benefit pension plans (USD million)		
Financing Cost		
Net Interest costs	2	1
Defined benefit costs	**2**	**1**

Defined Benefit Obligation and Fair Value of Plan Assets

The following table shows the changes in the defined benefit obligation and the fair value of plan assets during 2023 and 2022:

CSS(E)L Group and Company	**2023**	2022
Defined benefit pension plans (USD million)		
Defined benefit obligation – 1 January	**47**	**63**
Interest cost	2	1
Actuarial (gains) on assumptions	–	(11)
arising out of changes in financial assumptions	–	(11)
Actuarial (gains) – experience	–	–
Benefit payments	(2)	(2)
Exchange rate (gains)	1	(4)
Defined benefit obligation – 31 December	**48**	**47**
Fair value of plan assets – 1 January	**6**	**6**
Employer contributions	–	1
Benefit payments	(2)	(2)
Exchange rate (losses)	–	1
Fair value of plan assets – 31 December	**4**	**6**
Total funded status – 31 December		
Plan assets	4	6
Defined benefit obligation related to funded plans	(3)	(5)
Funded status for funded plans	**1**	**1**
Defined benefit obligation related to non-funded plans	(45)	(42)
Funded status recognised – 31 December	**(44)**	**(41)**

As at 31 December 2023, the Company recognised in its Statement of Financial Position a net pension liability of USD 44 million (2022: USD 41 million) for the International Plans.

Assumptions

The assumptions used in the measurement of the benefit obligation and defined benefit cost for the Company's defined benefit pension plans as at 31 December 2023 and 2022 were as follows:

CSS(E)L Group and Company (31 December in %)	**2023**	2022
Benefit obligation		
Discount rate	3.40%	3.40%
Consumer Price Inflation	2.10%	2.20%
Pension increases	2.10%	2.00%
Salary increases	3.50%	3.50%
Defined benefit costs		
Discount rate – Service costs	4.87%	1.40%
Discount rate – Interest costs	3.67%	1.40%
Salary increases	3.50%	3.75%

Sensitivity Analysis

Changes in the principal assumptions used to measure the benefit obligation would have had the following effects:

	DBO (USD million)	Increase %	DBO (USD million)	Decrease %
2023				
Benefit obligation				
One-percentage point change				
-1% / +1% Discount rate	53	12	43	(10)
+1% / -1% Inflation rate	50	4	46	(4)
+1% / -1% Salary increases rate	48	–	48	–
+1 / -1 year to life expectancy at 60	48	1	47	(1)
2022				
Benefit obligation				
One-percentage point change				
-1% / +1% Discount rate	53	13	42	(11)
+1% / -1% Inflation rate	49	4	45	(3)
+1% / -1% Salary increases rate	47	1	46	(1)
+1 / -1 year to life expectancy at 60	47	1	46	(1)

The sensitivity analysis has been derived using a number of additional full valuation runs that have been carried out using the same data used for calculating the 31 December 2023 defined benefit obligation. The sensitivity analysis focuses on changes to the obligations.

The methodology used to calculate the sensitivities is consistent with previous years.

Expected Contributions

Expected contributions to the Company's defined benefit plans for the year ending 31 December 2023 are USD 1 million for the International plans.

Fair Value of Plan Assets

The following table presents the plan assets measured at fair value on a recurring basis as at 31 December 2023 and 2022:

Plan assets measured at fair value

	Quoted	Unquoted	Total	% of total fair value of scheme assets
Plan assets measured at fair value (USD million)				
2023				
Debt Securities	4	–	4	100.0%
Total plan assets International Plans	**4**	**–**	**4**	**100.0%**
2022				
Debt Securities	6	–	6	100.0%
Total plan assets International Plans	**6**	**–**	**6**	**100.0%**

Defined Contribution Pension Plans

The Company also contributes to various defined contribution pensions primarily in South Korea. The contributions in these plans during 2023 and 2022 were USD 1 million and USD 2 million respectively.

26 Related Parties

The Company is controlled by UBS Group AG, its ultimate parent and also the largest group of undertakings to consolidate these financial statements. The registered office of UBS Group AG is at Bahnhofstrasse 45, 8001 Zurich, Switzerland. The Company's parent company, Credit Suisse Investment Holdings (UK), which holds all of the voting rights in the undertaking, is incorporated in the UK. The registered address of Credit Suisse Investment Holdings (UK) is One Cabot Square, London E14 4QJ. UBS Group AG now holds 100% of capital and votes in CS AG, which is incorporated in Switzerland.

The company is currently in wind down and targeted for closure in 2 years. The company has intercompany balances primarily with CS group entities. The Company has transfer pricing policies (revenue sharing and cost plus agreements) to govern its intercompany relationships.

Credit Suisse Investment Holdings (UK) ('CSIHUK') is CSS(E)L Group's immediate parent and CS AG is the smallest group of undertakings to prepare consolidated financial statements.

The Company holds service contracts in the UK. The costs associated with these are allocated to fellow CS group companies (see 'Expenses payable to other CS group companies' in Note 10 – General, Administrative and Trading Expenses) based on detailed cost allocation statistics. The Company generally enters into these transactions in the ordinary course of business and these transactions are on market terms that could be obtained from unrelated parties.

a) Related party assets and liabilities

CSS(E)L Group	31 December 2023 Parent	Fellow group companies	Total	31 December 2022 Parent	Fellow group companies	Total
Assets (USD million)						
Cash and due from banks	–	8	8	–	313	313
Interest bearing deposits with banks	–	259	259	–	166	166
Securities purchased under resale agreements and securities borrowing transactions	–	1,495	1,495	–	1,678	1,678
Trading financial assets mandatorily at fair value through profit or loss	–	1,810	1,810	–	1,880	1,880
Non-trading financial assets mandatorily at fair value through profit or loss	–	42	42	–	35	35
Other assets	–	419	419	–	428	428
Total assets	**–**	**4,033**	**4,033**	**–**	**4,500**	**4,500**
Liabilities and Equity (USD million)						
Due to Banks	–	–	–	–	3	3
Securities sold under repurchase agreements and securities lending transactions	–	699	699	–	635	635
Trading financial liabilities designated at fair value through profit or loss	–	1,863	1,863	–	1,928	1,928
Financial liabilities designated at fair value through profit or loss	–	7	7	–	36	36
Borrowings	–	642	642	–	395	395
Other liabilities	–	262	262	102	396	498
Debt in issuance	–	450	450	–	350	350
Share capital	10	–	10	409	–	409
Total liabilities and equity	**10**	**3,923**	**3,933**	**511**	**3,743**	**4,254**

CSS(E)L Company	31 December 2023 Parent	Fellow group companies	Subsidiaries and SPEs	Total	31 December 2022 Parent	Fellow group companies	Subsidiaries and SPEs	Total
Assets (USD million)								
Cash and due from banks	–	8	–	8	–	313	–	313
Interest bearing deposits with banks	–	259	–	259	–	166	–	166
Securities purchased under resale agreements and securities borrowing transactions	–	1,495	–	1,495	–	1,678	–	1,678
Trading financial assets mandatorily at fair value through profit or loss	–	1,810	2	1,812	–	1,880	2	1,882
Non-trading financial assets mandatorily at fair value through profit or loss	–	42	–	42	–	35	–	35
Other assets	–	419	1	420	–	428	–	428
Total assets	**–**	**4,033**	**3**	**4,036**	**–**	**4,500**	**2**	**4,502**
Liabilities and Equity (USD million)								
Due to Banks	–	–	–	–	–	3	–	3
Securities sold under repurchase agreements and securities lending transactions	–	699	–	699	–	635	–	635
Trading financial liabilities designated at fair value through profit or loss	–	1,863	4	1,867	–	1,928	19	1,947
Financial liabilities designated at fair value through profit or loss	–	–	–	–	–	29	–	29
Borrowings	–	642	–	642	–	395	–	395
Other liabilities	–	262	–	262	102	396	–	498
Debt in issuance	–	450	–	450	–	350	–	350
Share capital	10	–	–	10	409	–	–	409
Total liabilities and equity	**10**	**3,916**	**4**	**3,930**	**511**	**3,736**	**19**	**4,266**

Related party off-balance sheet transactions

CSS(E)L Group and Company (USD million)	31 December 2023 Parent	Fellow group companies	Total	31 December 2022 Parent	Fellow group companies	Total
Credit guarantees	–	131	131	–	130	130
Total	**–**	**131**	**131**	**–**	**130**	**130**

b) Related party revenues and expenses

CSS(E)L Group (USD million)	31 December 2023 Parent	Fellow group companies	Total	31 December 2022 Parent	Fellow group companies	Total
Interest income	–	137	137	–	112	112
Interest expense	–	(105)	(105)	–	(110)	(110)
Net interest income/(expense)	**–**	**32**	**32**	**–**	**2**	**2**
Commissions and fee income	–	–	–	–	24	24
Transfer pricing arrangements	–	4	4	–	28	28
Total non-interest revenues	**–**	**4**	**4**	**–**	**52**	**52**
Net revenue	**–**	**36**	**36**	**–**	**54**	**54**
Total operating expenses [1]	**–**	**(7)**	**(7)**	**–**	**(8)**	**(8)**

[1] Net overheads allocated from other CS group entities of USD 4 million (2022:USD 25 million) are not included in the Total operating expenses.

c) Remuneration

Disclosure required by the Companies Act 2006

Remuneration of Directors

(USD '000)	**2023**	2022
Emoluments	529	1,078
Long term incentive schemes:		
Amounts paid under Deferred Cash Awards	76	61
Amounts delivered under Share Based Awards	46	175
Total	**651**	**1,314**
Compensation for loss of office	190	14
Bank's contributions to defined contribution plan	3	1
Total	**844**	**1,329**

Emoluments include amounts paid to or receivable by the Directors. Only vested Cash Retention Awards are included in emoluments. Long term incentive schemes consist of deferred cash awards and share based awards. Deferred cash awards are included in the period when the amounts vest (if taxed at the same time) are paid and share based awards are included in the period when the amounts vest (if taxed at the same time) are delivered.

Where Directors perform services for a number of companies within the CS group, the total remuneration payable to each Director has been apportioned to the respective entities based on a time spent per company allocation for that Director.

The aggregate of emoluments and deferred cash awards paid to or receivable by the highest paid Director was USD 491,000 (2022: USD 446,000).

The amounts included in the Companies Act disclosures are on a different basis than the recognition requirements of IFRS 2 and IAS 19 and the disclosure requirements of IAS 24. The aggregate amount of remuneration accrued in the Company's accounts for Directors in accordance with IFRS requirements for 2023 was USD 579,000 (2022: USD 19,000).

Number of Directors and Benefits	**2023**	2022 [1]
Retirement benefits are accruing to the following number of Directors under:		
Defined contribution schemes	2	1
No Scheme	7	9
Directors in respect of whom services were received or receivable under long term incentive schemes	4	4

[1] Prior period has been restated following a reassessment of contractual arrangements.

Remuneration of Key Management Personnel

	2023	2022
Remuneration of Key Management Personnel (USD' 000)		
Emoluments	1,722	4,053
Long term incentive schemes	338	(2,009)
Total	**2,060**	**2,044**
Compensation for loss of office	27	61
Bank's contributions to defined contribution plan	30	37
Total	**2,117**	**2,142**

The numbers disclosed in the 'Remuneration of Key Management Personnel' are based on amounts accrued in the financial statements for all emoluments and long term incentive schemes.

Where Key Management Personnel perform services for a number of companies within the CS group, the total remuneration payable to each key management person has been apportioned to the respective entities based on a time spent per company allocation for that key management person.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the CSS(E)L Group, directly or indirectly, including any director of the CSS(E)L Group.

Key management personnel include Directors and the members of the CSS(E)L Executive Committee.

Shares awarded to Key Management Personnel

	2023 [1]	**2022 [2]**
Number of shares	12,328	594,913

[1] # of shares are UBS shares.
[2] # of shares were CS shares

The shares included in the table are the shares accrued in the period under the requirements of IFRS 2. These numbers differ from the share awards included in the Companies Act disclosures above, which are disclosed in the period in which they vest and are delivered.

For information and details on the subsequent events on employee compensation, refer Note 36 – Subsequent Events.

d) Loans and Advances to Directors and Key Management Personnel

No loans outstanding to or due from Directors or Key management personnel of the CSS(E)L Group for 2023 and 2022.

27 Derivatives and Hedging Activities

Derivatives are generally either bilateral OTC contracts or standard contracts transacted through regulated exchanges. The CSS(E)L Group's most frequently used freestanding derivative products, entered into for trading and risk management purposes, include interest rate, equity, cross currency and credit default swaps, interest rate and foreign currency options, foreign exchange forward contracts, foreign currency and interest rate futures and life-finance instruments.

Furthermore, the CSS(E)L Group enters into contracts that are not considered derivatives in their entirety but include embedded derivatives features. Such transactions primarily include issued and purchased structured debt instruments where the return may be calculated by reference to an equity security, index, or third-party credit risk or that have non-standard or foreign currency terms.

The following table sets forth details of trading and hedging derivatives instruments:

	31 December 2023				31 December 2022 [1]			
	Trading		Hedging		Trading		Hedging	
CSS(E)L Group	Gross Derivative Assets	Gross Derivative Liabilities	Gross Derivative Assets	Gross Derivative Liabilities	Gross Derivative Assets	Gross Derivative Liabilities	Gross Derivative Assets	Gross Derivative Liabilities
Trading and hedging derivatives instruments (USD million)								
Interest rate products	1,673	1,485	–	–	1,688	1,475	–	–
Foreign exchange products	116	92	5	–	129	119	–	28
Equity/indexed-related products	–	6	–	–	–	4	–	–
Credit Swaps	3	–	–	–	3	–	–	–
Life Finance Instruments and other products	98	405	–	–	144	494	–	–
Total derivative instruments	**1,890**	**1,988**	**5**	**–**	**1,964**	**2,092**	**–**	**28**

[1] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

	2023		2022 [2]	
CSS(E)L Group	Gross Derivative Assets [1]	Gross Derivative Liabilities [1]	Gross Derivative Assets [1]	Gross Derivative Liabilities [1]
Derivatives Assets and Liabilities (USD million)				
Derivatives Assets and Liabilities (trading and hedging) before netting	1,895	1,988	1,964	2,120
Derivatives Assets and Liabilities (trading and hedging) after netting	1,895	1,988	1,964	2,120

[1] Gross Derivative Assets and Liabilities indicate Fair value.
[2] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

	31 December 2023				31 December 2022 [1]			
	Trading		Hedging		Trading		Hedging	
Company	Gross Derivative Assets	Gross Derivative Liabilities	Gross Derivative Assets	Gross Derivative Liabilities	Gross Derivative Assets	Gross Derivative Liabilities	Gross Derivative Assets	Gross Derivative Liabilities
Trading and hedging derivatives instruments (USD million)								
Interest rate products	1,673	1,485	–	–	1,688	1,475	–	–
Foreign exchange products	116	92	5	–	129	119	–	28
Equity/indexed-related products	–	6	–	–	–	4	–	–
Credit Swaps	3	–	–	–	3	–	–	–
Life Finance Instruments and other products	100	410	–	–	146	514	–	–
Total derivative instruments	**1,892**	**1,993**	**5**	**–**	**1,966**	**2,112**	**–**	**28**

[1] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

Company	2023 Gross Derivative Assets [1]	2023 Gross Derivative Liabilities [1]	2022 [2] Gross Derivative Assets [1]	2022 [2] Gross Derivative Liabilities [1]
Derivatives Assets and Liabilities (USD million)				
Derivatives Assets and Liabilities (trading and hedging) before netting	1,897	1,993	1,966	2,140
Derivatives Assets and Liabilities (trading and hedging) after netting	1,897	1,993	1,966	2,140

1 Gross Derivative Assets and Liabilities indicate Fair value.
2 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

→ Refer Note 26 – Related Parties for details on balances with related parties.

Disclosures relating to contingent credit risk

Certain of the Company's derivative instruments contain provisions that require it to maintain a specified credit rating from each of the major credit rating agencies. If the ratings fall below the level specified in the contract, the counterparties to the agreements could request payment of additional collateral on those derivative instruments that are in a net liability position. Certain of the derivative contracts also provide for termination of the contract, generally upon a downgrade of either UBS Group or the counterparty, at the existing mark to market replacement value of the derivative contract.

On a daily basis, the level of incremental collateral that would be required by derivative counterparties in the event of a UBS Group ratings downgrade is monitored. Collateral triggers are maintained by the Collateral Management department and vary by counterparty.

The impact of downgrades in the UBS Group's long-term debt ratings are considered in the stress assumptions used to determine the liquidity and funding profile of the Company. The Company holds a liquidity pool made up of 'high quality liquid assets' ('HQLA') to meet any additional collateral calls as a result of a downgrade. The assessment takes into consideration a two-notch downgrade in credit rating of UBS Group.

28 Contingent Liabilities, Guarantees and Commitments

The following tables set forth details of contingent liabilities associated with guarantees and other commitments:

CSS(E)L Group and Company	Maturity <1 year	Maturity 1-3 years	Maturity 3-5 years	Maturity >5 years	**Total gross amount**	Secured by collateral	Net of collateral
31 December 2023							
Guarantees (USD million)							
Credit guarantees and similar instruments	99	–	–	32	131	–	131
Total guarantees	**99**	**–**	**–**	**32**	**131**	**–**	**131**
31 December 2022							
Guarantees (USD million)							
Credit guarantees and similar instruments	98	–	–	32	130	–	130
Total guarantees	**98**	**–**	**–**	**32**	**130**	**–**	**130**

Credit guarantees are contracts that require the CSS(E)L Group to make payments, should a third party fail to do so under a specified existing credit obligation. For example, in connection with its corporate lending business and other corporate activities, the CSS(E)L Group provides guarantees to counterparties in the form of standby letters of credit, which represent obligations to make payments to third parties if the counterparty fails to fulfil its obligation under a borrowing arrangement or other contractual obligation.

Commitments to purchase cash securities represents the value of debt and equity cash security contracts which requires the CSS(E)L Group to make payments to customers, banks, brokers and dealers which have not settled as at the reporting date.

Contingent Liabilities and Other Commitments

CSS(E)L is the subject of a number of litigation matters. Provision for loss are made where the IFRS requirements for recognition of a provision are satisfied i.e. i) loss is 'more likely than not' (>50% likelihood of loss); and ii) losses can be reasonably estimated.

CSS(E)L has no litigation provision at year end (Refer Note 20 – Provisions). Below are potentially more significant litigation matters.

CSS(E)L, Credit Suisse Group AG and Credit Suisse AG received a Statement of Objections and a Supplemental Statement of Objections from the Commission on 26 July 2018 and 19 March 2021, respectively, which allege that Credit Suisse entities engaged in anticompetitive practices in connection with their foreign exchange trading business. On 6 December 2021, the Commission issued a formal decision imposing a fine of EUR 83.3 million. On 15 February 2022, Credit Suisse appealed this decision to the EU General Court.

On 20 December 2018, CSS(E)L and Credit Suisse Group AG received a Statement of Objections from the Commission, alleging that Credit Suisse entities engaged in anticompetitive practices in connection with its supranational, sub-sovereign, and agency (SSA) bonds trading business. On 28 April 2021, the Commission issued a formal decision imposing a fine of EUR 11.9 million. On 8 July 2021, Credit Suisse appealed this decision to the EU General Court.

CSS(E)L and other Credit Suisse entities have been subject to investigations by regulatory and enforcement authorities, as well as civil litigation, regarding certain Credit Suisse entities' arrangement of loan financing to Mozambique state enterprises, Proindicus S.A. and Empresa Mocambiacana de Atum S.A. (EMATUM), a distribution to private investors of loan participation notes (LPN) related to the EMATUM financing in September 2013, and certain Credit Suisse entities' subsequent role in arranging the exchange of those LPNs for Eurobonds issued by the Republic of Mozambique.

In October 2021, Credit Suisse reached settlements with the UK Financial Conduct Authority (FCA), the US Department of Justice (DOJ), the US Securities Exchange Commission (SEC), and FINMA to resolve inquiries by these agencies, including findings that Credit Suisse failed to appropriately organise and conduct its business with due skill and care, and manage risks. Credit Suisse Group AG entered into a three-year Deferred Prosecution Agreement (DPA) with the DOJ in connection with the criminal information charging Credit Suisse Group AG with conspiracy to commit wire fraud and consented to the entry of a Cease and Desist Order by the SEC. Under the terms of the DPA, UBS Group AG (as successor to Credit Suisse Group AG) must continue compliance enhancement and remediation efforts agreed by Credit Suisse, report to the DOJ on those efforts for three years and undertake additional measures as outlined in the DPA. If the DPA's conditions are implied with, the charges will be dismissed at the end of the DPA's three-year term. In addition, CSS(E)L has pleaded guilty to one count of conspiracy to violate the US federal wire fraud statute. CSS(E)L is bound by the same compliance, remediation and reporting obligations under the DPA.

In connection with the resolution with the FCA, CSS(E)L, CSi and CSAG paid a penalty of approximately USD 200 million and, further to an agreement with the FCA, forgave USD 200 million of debt owed to Credit Suisse by Mozambique.

In February 2019, CSAG and CSi (with CSS(E)L being added later), three former employees, and several other unrelated entities were sued in the English High Court by the Republic of Mozambique seeking a declaration that the sovereign guarantee issued in connection with the ProIndicus loan syndication was void, and damages.

Credit Suisse entities, including CSS(E)L, subsequently filed cross claims against several entities controlled by Privinvest Holding SAL ('Privinvest') that acted as the project contractor, Iskander Safa, the owner of Privinvest, and several Mozambique officials. In addition, several of the banks that participated in the ProIndicus loan syndicate brought claims against Credit Suisse entities seeking a declaration that Credit Suisse is liable to compensate them for alleged loss.

In September 2023, Credit Suisse, the Republic of Mozambique, and certain of the lenders in the ProIndicus syndicate entered into a settlement agreement that, with the subsequent settlement with Privinvest entities referred to below, resolved all claims relating to Credit Suisse entities in the English High Court.

In February 2022, Privinvest and Iskandar Safa brought a defamation claim in a Lebanese court against CSS(E)L and Credit Suisse Group AG and in November 2022, a Privinvest employee who was the lead negotiator on behalf of Privinvest entities in relation to the Mozambique transactions, also brought a defamation claim in that court against the same entities.

In November 2023, UBS Group AG (as successor to Credit Suisse Group AG), the Credit Suisse entities, Privinvest and Iskander Safa entered into an agreement to settle all claims among them in the English High Court and in Lebanon.

In relation to the Archegos matter, Credit Suisse has received requests for documents and information in connection with inquiries, investigations and/or actions relating to Credit Suisse's relationship with Archegos Capital Management ('Archegos'), including from FINMA (assisted by a third party appointed by FINMA), the DOJ, the SEC, the US Federal Reserve, the US Commodity Futures Trading Commission ('CFTC'), the US Senate Banking Committee, the Prudential Regulation Authority (PRA), the FCA, COMCO, the Hong Kong Competition Commission and other regulatory and governmental agencies. Credit Suisse is cooperating with the authorities in these matters.

In July 2023, the PRA and the US Federal Reserve announced resolutions of their investigations of Credit Suisse's relationship with Archegos. CSS(E)L and CSi entered into a settlement agreement with the PRA providing for the resolution of the PRA's investigation, following which the PRA published a Final Notice imposing a financial penalty of GBP 87m on CSS(E)L and CSi for breaches of various of the PRA's Fundamental Rules which was paid.

UBS Group AG, Credit Suisse AG, Credit Suisse Holdings (USA) Inc., and Credit Suisse AG, New York Branch entered into an Order to Cease and Desist with the Board of Governors of the Federal Reserve System. Under the terms of the order, Credit Suisse agreed to pay a civil money penalty of USD 269m and to undertake certain remedial measures. FINMA also entered a decree dated 14 July 2023 announcing the conclusion of its enforcement proceeding, finding that Credit Suisse had seriously violated financial market law in connection with its business relationship with Archegos and ordering remedial measures directed at Credit Suisse AG and UBS Group AG, as the legal successor to Credit Suisse Group AG.

Civil actions relating to Credit Suisse's relationship with Archegos have been filed against Credit Suisse and/or certain officers and directors, including claims for breaches of fiduciary duties.

In November 2018, Loreley Financing (Jersey) No. 30 Limited ('L30') filed a claim in the English High Court against certain Credit Suisse entities, including CSS(E)L, seeking USD 100 million in damages, plus interest and costs, on the basis of a number of causes of action, including fraudulent misrepresentation. The claim concerns losses allegedly suffered by L30 relating to its purchase of certain notes in July 2007 issued in Ireland by Magnolia Finance II plc and linked to the credit of a reference portfolio of RMBS. Following service of the claim in the first quarter of 2020, Credit Suisse filed its Defence in June 2020. L30 served further amended versions of its claim in January and October 2022. Credit Suisse filed its amended Defence in November 2022. Trial concluded in June 2023. In November 2023 judgement was issued in favour of Credit Suisse, dismissing all claims brought by L30. In January 2024 L30 sought permission to appeal against the judgement from the Court of Appeal.

29 Interests in Other Entities

Subsidiaries

Composition of the Group

Subsidiaries are entities (including structured entities) controlled by the CSS(E)L Group. The CSS(E)L Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The following table sets forth all the subsidiaries the CSS(E)L Group owns, directly or indirectly.

Composition of the Group

Entity	Domicile	Currency	**Percentage of ownership held 2023**	Percentage of ownership held 2022
Credit Suisse Client Nominees (UK) Limited	United Kingdom	USD	100%	100%
Credit Suisse Guernsey AF Trust	Guernsey	USD	100%	100%
CSSEL Guernsey Bare Trust	Guernsey	USD	100%	100%
Redwood Guernsey I Funding Trust	Guernsey	USD	100%	100%
Redwood Guernsey I Master Trust	Guernsey	USD	100%	100%
Redwood Guernsey I SPIA Trust	Guernsey	USD	100%	100%
Redwood Guernsey II Funding Trust	Guernsey	USD	100%	100%
Redwood Guernsey II Master Trust	Guernsey	USD	100%	100%
Redwood Guernsey II SPIA Trust	Guernsey	USD	100%	100%
Sail Guernsey I Funding Trust	Guernsey	USD	100%	100%
Sail Guernsey I Master Trust	Guernsey	USD	100%	100%
Sail Guernsey I SPIA Trust	Guernsey	USD	100%	100%
Sail Guernsey II Funding Trust	Guernsey	USD	100%	100%
Sail Guernsey II Master Trust	Guernsey	USD	100%	100%
Sail Guernsey II SPIA Trust	Guernsey	USD	100%	100%

	Country	Security	Registered Office
31 December 2023			
Subsidiaries [1]			
Credit Suisse Client Nominees (UK) Limited	United Kingdom	Ordinary Shares	One Cabot Square, London E14 4QJ – United Kingdom
Credit Suisse Guernsey AF Trust	Guernsey	Beneficiary	De Catapan House, 1 Grange Terrace, St. Peter Port GY1 2QG – Guernsey
CSSEL Guernsey Bare Trust	Guernsey	Beneficiary	De Catapan House, 1 Grange Terrace, St. Peter Port GY1 2QG – Guernsey
Redwood Guernsey I Funding Trust	Guernsey	Beneficiary	De Catapan House, 1 Grange Terrace, St. Peter Port GY1 2QG – Guernsey
Redwood Guernsey I Master Trust	Guernsey	Beneficiary	De Catapan House, 1 Grange Terrace, St. Peter Port GY1 2QG – Guernsey
Redwood Guernsey I SPIA Trust	Guernsey	Beneficiary	De Catapan House, 1 Grange Terrace, St. Peter Port GY1 2QG – Guernsey
Redwood Guernsey II Funding Trust	Guernsey	Beneficiary	De Catapan House, 1 Grange Terrace, St. Peter Port GY1 2QG – Guernsey
Redwood Guernsey II Master Trust	Guernsey	Beneficiary	De Catapan House, 1 Grange Terrace, St. Peter Port GY1 2QG – Guernsey
Redwood Guernsey II SPIA Trust	Guernsey	Beneficiary	De Catapan House, 1 Grange Terrace, St. Peter Port GY1 2QG – Guernsey
Sail Guernsey I Funding Trust	Guernsey	Beneficiary	De Catapan House, 1 Grange Terrace, St. Peter Port GY1 2QG – Guernsey
Sail Guernsey I Master Trust	Guernsey	Beneficiary	De Catapan House, 1 Grange Terrace, St. Peter Port GY1 2QG – Guernsey
Sail Guernsey I SPIA Trust	Guernsey	Beneficiary	De Catapan House, 1 Grange Terrace, St. Peter Port GY1 2QG – Guernsey
Sail Guernsey II Funding Trust	Guernsey	Beneficiary	De Catapan House, 1 Grange Terrace, St. Peter Port GY1 2QG – Guernsey
Sail Guernsey II Master Trust	Guernsey	Beneficiary	De Catapan House, 1 Grange Terrace, St. Peter Port GY1 2QG – Guernsey
Sail Guernsey II SPIA Trust	Guernsey	Beneficiary	De Catapan House, 1 Grange Terrace, St. Peter Port GY1 2QG – Guernsey

[1] All subsidiaries in above table are consolidated entities having CSS(E)L as immediate parent.

There are no material differences between the date of the end of the reporting period of the financial statements of the CSS(E)L Group and those of any of its subsidiaries (including any consolidated structured entities).

There were no significant changes in ownership during the year ended 31 December 2023 in relation to the CSS(E)L Group's subsidiaries that resulted in a loss of control. Various trusts were closed during the year.

There were no significant changes in ownership during the year ended 31 December 2023 that resulted in a change in the consolidation conclusion.

The CSS(E)L Group has not provided financial or other support to consolidated structured entities that it was not contractually required to provide.

The CSS(E)L Group does not have the intention to provide financial or other support to consolidated structured entities that it is not contractually required to provide.

Restrictions

CSS(E)L Group and its subsidiaries have certain restrictions which may restrict the ability of CSS(E)L Group to access or use the assets and settle the liabilities of CSS(E)L Group. These restrictions may be statutory, contractual or regulatory in nature.

The Company must at all times monitor and demonstrate compliance with the relevant regulatory capital requirements set out in the EU Capital Requirements Regulation ('CRR') and additionally as laid down by the PRA. The Company has put into place processes and controls to monitor and manage its capital adequacy. For more information regarding the Company's capital adequacy and how the capital resources are managed and monitored please refer to Note 35 – Capital Adequacy.

CSS(E)L is required to maintain minimum levels of capital in the form of equity shares and reserves to meet PRA requirements.

Restricted assets include those assets protected under client segregation rules. Please refer to Note 17 – Other Assets and Other Liabilities for further information.

CSS(E)L Group pledges assets mainly for repurchase agreements and other securities financing. Certain pledged assets may be encumbered, meaning the counterparty has the right to resell or repledge the pledged asset. Please refer to Note 14 – Trading Financial Assets and Liabilities Mandatorily at Fair Value Through Profit or Loss for more information on encumbered assets.

Other restrictions include those that prevent some subsidiaries from making any distributions to the parent such as restrictions on redemption or the payments of dividends.

Unconsolidated structured entities

CSS(E)L Group has interests in structured entities which are not consolidated. An interest is either a contractual or non-contractual involvement that exposes CSS(E)L Group to variability in returns from the performance of another entity. An interest in another entity can be evidenced by, but is not limited to, the holding of equity or debt instruments as well as other forms of involvement such as the provision of funding, liquidity support, credit enhancement and guarantees. CSS(E)L Group does not have an interest in another entity solely because of a Typical Customer Supplier Relationship such as, fees other than management and performance fees that are passively earned and are typically one-off in nature.

Type of structured entity

Loans
Loans are single-financing vehicles where CSS(E)L Group provides financing for specified assets or business ventures and the

respective owner of the assets or manager of the businesses provides the equity in the vehicle. These tailored lending arrangements are established to purchase, lease or otherwise finance and manage clients' assets.

The following table provides the carrying amounts and classifications of the assets and liabilities of interests recorded in CSS(E)L Group's Consolidated Statement of Financial Position, the maximum exposure to loss and the total assets of the unconsolidated structured entities.

Interests in unconsolidated structured entities

31 December 2023	Type of Structured entity				
Line item in the Consolidated Statement of Financial Position (USD million)	Securiti-sations	CDO	Loans	Other Financial Intermedi-ation	**Total**
Other liabilities	–	–	–	–	–
Maximum exposure to loss	–	–	–	–	–
Unconsolidated structured entity assets	**1,272**	**–**	**191**	**–**	**1,463**
31 December 2022					
Other liabilities	–	–	–	–	–
Maximum exposure to loss	**–**	**–**	**–**	**–**	**–**
Unconsolidated structured entity assets	**970**	**383**	**210**	**3**	**1,566**

The unconsolidated structured entity assets relate to where CSS(E)L Group has an interest in the unconsolidated structured entity. These amounts represent the assets of the entities themselves and are typically unrelated to the exposures CSS(E)L Group has with the entity and thus are not amounts that are considered for risk management purposes.

Income from interests in unconsolidated structured entities
Interest Income of USD Nil is earned from unconsolidated structured entities during the reporting period (2022: USD Nil). Income from unconsolidated structured entities comprises changes in the fair value, interest income, commission and fees income of interests held with the unconsolidated structured entities.

CSS(E)L Group considers itself the sponsor of a structured entity when either its name appears in the name of the structured entity or in products issued by it or there is a general expectation from the market that CSS(E)L Group is associated with the structured entity or CSS(E)L Group was involved in the design or set up of the structured entity and has a form of involvement with the structured entity.

The following table shows information about unconsolidated structured entities sponsored by CSS(E)L Group where no interest is held by CSS(E)L Group.

Sponsored unconsolidated structured entities

	Income/(losses)	
Structured entity type (USD million)	Derivative gain/(loss)	**Total**
31 December 2023		
Loans	–	–
Total	**–**	**–**
31 December 2022		
Loans	4	4
Total	**4**	**4**

The previous table shows the income earned from the unconsolidated structured entities during the reporting period. Income from unconsolidated structured entities includes, but is not limited to recurring and non-recurring fees, interest and dividends income, gains or losses from the transfer of assets and liabilities and changes in the fair value of derivative instruments and other instruments held at fair value.

CSS(E)L Group has not provided financial or other support to unconsolidated structured entities that it was not contractually required to provide.

CSS(E)L Group does not have the intention to provide financial or other support to unconsolidated structured entities that it is not contractually required to provide.

30 Financial Instruments

The following disclosure of CSS(E)L Group's financial instruments includes the following sections:
- Analysis of financial instruments by categories;
- Fair value measurement (including fair value hierarchy; transfers between levels; level 3 reconciliation; qualitative and quantitative disclosures of valuation techniques; sensitivity analysis of unobservable input parameters; and recognition of trade date profit); and
- Fair value of financial instruments not carried at fair value.

Analysis of financial instruments by categories

Financial instruments are measured on an ongoing basis either at fair value or at amortised cost. The following table sets out the carrying amounts and fair values of CSS(E)L Group's financial instruments.

Certain short-term financial instruments are not carried at fair value on the balance sheet, but a fair value has been disclosed in the table "Carrying value and fair value of financial instruments not carried at fair value" below. These instruments include: cash and due from banks, Interest-bearing deposits with banks, Securities purchased under resale agreements and securities borrowing transactions, cash collateral receivables and payables & other receivables and payables arising in the ordinary course of business (included in Other Assets and Other Liabilities), Securities sold under repurchase agreements and securities lending transactions and Borrowings.

For these financial instruments, the carrying value approximates the fair value due to the relatively short period of time between their origination and expected realisation, as well as the minimal credit risk inherent in these instruments. The Debt in issuance instruments are long dated with greater than one year original maturity and have met the IFRS 9 – Solely Payments of Principal and Interest ('SPPI') test, therefore, are carried at amortised cost on the balance sheet and their calculated fair value is disclosed in the below table.

Financial assets and liabilities by categories

				Carrying amount	**Total fair value**
31 December 2023 CSS(E)L Group	Total carrying value	Mandatorily at FVTPL	Designated at fair value	Other amortised cost	
Financial Assets (USD million)					
Cash and due from banks	**335**	–	–	335	**335**
Interest-bearing deposits with banks	**259**	–	–	259	**259**
Securities purchased under resale agreements and securities borrowing transactions	**1,495**	–	–	1,495	**1,495**
Trading financial assets mandatorily at fair value through profit or loss	**1,899**	1,899	–	–	**1,899**
Non-trading financial assets mandatorily at fair value through profit or loss	**541**	541	–	–	**541**
Other assets	**1,008**	–	–	1,008	**1,008**
Total financial assets	**5,537**	**2,440**	**–**	**3,097**	**5,537**
Financial Liabilities (USD million)					
Securities sold under repurchase agreements and securities lending transactions	**699**	–	–	699	**699**
Trading financial liabilities mandatorily at fair value through profit or loss	**1,988**	1,988	–	–	**1,988**
Financial liabilities designated at fair value through profit or loss	**9**	–	9	–	**9**
Borrowings	**642**	–	–	642	**642**
Other liabilities	**668**	–	–	668	**668**
Debt in issuance	**450**	–	–	450	**450**
Total financial liabilities	**4,456**	**1,988**	**9**	**2,459**	**4,456**

Financial assets and liabilities by categories

31 December 2022 CSS(E)L Group [1]	Total carrying value	Mandatorily at FVTPL	Designated at fair value	Other amortised cost	Total fair value
				Carrying amount	
Financial Assets (USD million)					
Cash and due from banks	**873**	–	–	873	**873**
Interest-bearing deposits with banks	**166**	–	–	166	**166**
Securities purchased under resale agreements and securities borrowing transactions	**1,678**	–	–	1,678	**1,678**
Trading financial assets mandatorily at fair value through profit or loss	**1,975**	1,975	–	–	**1,975**
Non-trading financial assets mandatorily at fair value through profit or loss	**698**	698	–	–	**698**
Other assets	**993**	–	–	993	**993**
Total financial assets	**6,383**	**2,673**	**–**	**3,710**	**6,383**
Financial Liabilities (USD million)					
Due to Banks	**16**	–	–	16	**16**
Securities sold under repurchase agreements and securities lending transactions	**636**	–	–	636	**636**
Trading financial liabilities mandatorily at fair value through profit or loss	**2,097**	2,097	–	–	**2,097**
Financial liabilities designated at fair value through profit or loss	**39**	–	39	–	**39**
Borrowings	**395**	–	–	395	**395**
Other liabilities	**822**	–	–	822	**822**
Debt in issuance	**350**	–	–	350	**350**
Total financial liabilities	**4,355**	**2,097**	**39**	**2,219**	**4,355**

[1] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

Financial assets and liabilities by categories

31 December 2023 Company	Total carrying value	Mandatorily at FVTPL	Designated at fair value	Other amortised cost	Total fair value
				Carrying amount	
Financial Assets (USD million)					
Cash and due from banks	**319**	**–**	**–**	**319**	**319**
Interest-bearing deposits with banks	**259**	**–**	**–**	**259**	**259**
Securities purchased under resale agreements and securities borrowing transactions	**1,495**	**–**	**–**	**1,495**	**1,495**
Trading financial assets mandatorily at fair value through profit or loss	**1,901**	1,901	**–**	**–**	**1,901**
Non-trading financial assets mandatorily at fair value through profit or loss	**623**	623	**–**	**–**	**623**
Other assets	**931**	**–**	**–**	**931**	**931**
Total financial assets	**5,528**	**2,524**	**–**	**3,004**	**5,528**
Financial Liabilities (USD million)					
Securities sold under repurchase agreements and securities lending transactions	**699**	**–**	**–**	**699**	**699**
Trading financial liabilities mandatorily at fair value through profit or loss	**1,993**	1,993	**–**	**–**	**1,993**
Financial liabilities designated at fair value through profit or loss	**–**	**–**	**–**	**–**	**–**
Borrowings	**642**	**–**	**–**	**642**	**642**
Other liabilities	**668**	**–**	**–**	**668**	**668**
Debt in issuance	**450**	**–**	**–**	**450**	**450**
Total financial liabilities	**4,452**	**1,993**	**–**	**2,459**	**4,452**

Financial assets and liabilities by categories

31 December 2022 Company [1]	Total carrying value	Mandatorily at FVTPL	Designated at fair value	Other amortised cost	Total fair value
				Carrying amount	
Financial Assets (USD million)					
Cash and due from banks	**863**	–	–	863	**863**
Interest-bearing deposits with banks	**166**	–	–	166	**166**
Securities purchased under resale agreements and securities borrowing transactions	**1,678**	–	–	1,678	**1,678**
Trading financial assets mandatorily at fair value through profit or loss	**1,977**	1,977	–	–	**1,977**
Non-trading financial assets mandatorily at fair value through profit or loss	**727**	727	–	–	**727**
Other assets	**976**	–	–	976	**976**
Total financial assets	**6,387**	**2,704**	**–**	**3,683**	**6,387**
Financial Liabilities (USD million)					
Due to Banks	**16**	–	–	16	**16**
Securities sold under repurchase agreements and securities lending transactions	**636**	–	–	636	**636**
Trading financial liabilities mandatorily at fair value through profit or loss	**2,116**	2,116	–	–	**2,116**
Financial liabilities designated at fair value through profit or loss	**29**	–	29	–	**29**
Borrowings	**395**	–	–	395	**395**
Other liabilities	**822**	–	–	822	**822**
Debt in issuance	**350**	–	–	350	**350**
Liabilities held for sale	**–**	–	–	–	**–**
Total financial liabilities	**4,364**	**2,116**	**29**	**2,219**	**4,364**

[1] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date. A significant portion of CSS(E)L Group's financial instruments are carried at fair value. Deterioration of financial markets could significantly impact the fair value of these financial instruments and the results of operations.

The fair value of the majority of CSS(E)L Group's financial instruments is based on quoted prices in active markets or observable inputs. These instruments include government and agency securities, most investment grade corporate debt, certain high grade debt securities, exchange-traded and certain OTC derivative instruments and most listed equity securities.

In addition, CSS(E)L Group holds financial instruments for which no prices are available and which have little or no observable inputs. Further deterioration of financial markets could significantly impact the value of these financial instruments and the results of operations. For these instruments, the determination of fair value requires subjective assessment and judgement, depending on liquidity, pricing assumptions, the current economic and competitive environment and the risks affecting the specific instrument. In such circumstances, valuation is determined based on management's own judgements about the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. These instruments include certain OTC derivatives including equity and credit derivatives, life finance instruments and securities.

→ For more details regarding the life finance instruments, please see Page 90.

The fair value of financial assets and liabilities is impacted by factors such as benchmark interest rates, prices of financial instruments issued by third parties, commodity prices, foreign exchange rates and index prices or rates. In addition, valuation adjustments are an integral part of the valuation process when market prices are not indicative of the credit quality of a counterparty and are applied to both OTC derivatives and debt instruments. The impact of changes in a counterparty's credit spreads (known as credit valuation adjustments) is considered when measuring the fair value of assets and the impact of changes in CSS(E)L Group's own credit spreads (known as debit valuation adjustments) is considered when measuring the fair value of its liabilities. For OTC derivatives, the impact of changes in both CSS(E)L Group's and the counterparty's credit standing is considered when measuring their fair value, based on current CDS prices. The adjustments also take into account contractual factors designed to reduce CSS(E)L Group's credit exposure to a counterparty, such as collateral held and master netting agreements. For hybrid debt instruments with embedded derivative features, the impact of changes in CSS(E)L Group's credit standing is considered when measuring their fair value, based on current funded debt spreads.

IFRS 13 permits a reporting entity to measure the fair value of a group of financial assets and financial liabilities on the basis of the price that would be received to sell a net long position or paid to transfer a net short position for a particular risk exposure in an orderly transaction between market participants at the measurement date. This is consistent with industry practice. As such, CSS(E)L Group applies bid and offer adjustments to net portfolios of cash securities and/or derivative instruments to adjust the value of the net position from a mid-market price to the appropriate bid or offer level that would be realised under normal market conditions for the net long or net short position for a specific market risk. In addition, CSS(E)L Group reflects the net maximum exposure to credit risk for its derivative instruments where CSS(E)L Group has legally enforceable agreements with its counterparties that mitigate credit risk exposure in the event of default. Valuation adjustments are recorded in a reasonable and consistent manner that results in an allocation to the relevant disclosures in the notes to the financial statements as if the valuation adjustment had been allocated to the individual unit of account.

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 CSS(E)L Group has the ability to access. This level of the fair value hierarchy provides the most reliable evidence of fair value and is used to measure fair value whenever available.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. These inputs include: (i) quoted prices for similar assets or liabilities in active markets; (ii) quoted prices for identical or similar assets or similar liabilities in markets that are not active, that is, markets in which there are few transactions for the asset and liability, the prices are not current or price quotations vary substantially either over time or among market makers, or in which little information is publicly available; (iii) input other than quoted prices that are observable for the asset or liability; or (iv) inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). These inputs reflect the CSS(E)L Group's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available in the circumstances, which include the CSS(E)L Group's own data. The CSS(E)L Group's own data used to develop unobservable inputs is adjusted if information indicates that market participants would use different assumptions.

The following table presents the carrying value of the financial instruments held at fair value across the three levels of the fair value hierarchy.

Fair value of assets and liabilities measured at fair value on a recurring basis

31 December 2023 CSS(E)L Group	Level 1	Level 2	Level 3	Impact of netting	**Total at fair value**
Assets (USD million)					
Debt securities	–	1	3	–	**4**
Equity securities	–	–	5	–	**5**
Derivatives	–	1,790	100	–	**1,890**
Trading financial assets mandatorily at fair value through profit or loss	**–**	**1,791**	**108**	**–**	**1,899**
Securities purchased under resale agreements and securities borrowing transactions	–	–	–	–	**–**
Other Non-trading financial assets mandatorily at fair value through profit or loss	–	42	499	–	**541**
Non-trading financial assets mandatorily at fair value through profit or loss	**–**	**42**	**499**	**–**	**541**
Total assets at fair value	**–**	**1,833**	**607**	**–**	**2,440**

Fair value of assets and liabilities measured at fair value on a recurring basis

31 December 2023 CSS(E)L Group	Level 1	Level 2	Level 3	Impact of netting	**Total at fair value**
Liabilities (USD million)					
Debt securities	–	–	–	–	**–**
Equity securities	–	–	–	–	**–**
Derivatives	–	1,577	411	–	**1,988**
Trading financial liabilities mandatorily at fair value through profit or loss	**–**	**1,577**	**411**	**–**	**1,988**
Securities sold under resale agreements and securities borrowing transactions	–	–	–	–	**–**
Debt in Issuance	–	–	7	–	**7**
Other financial liabilities designated at fair value through profit or loss	**–**	**–**	**2**	**–**	**2**
Financial liabilities designated at fair value through profit or loss	**–**	**–**	**9**	**–**	**9**
Total liabilities at fair value	**–**	**1,577**	**420**	**–**	**1,997**
Net assets/(liabilities) at fair value	**–**	**256**	**187**	**–**	**443**

Fair value of assets and liabilities measured at fair value on a recurring basis

31 December 2023 Company	Level 1	Level 2	Level 3	Impact of netting	**Total at fair value**
Assets (USD million)					
Debt securities	–	1	3	–	**4**
Equity securities	–	–	5	–	**5**
Derivatives	–	1,789	103	–	**1,892**
Trading financial assets mandatorily at fair value through profit or loss	**–**	**1,790**	**111**	**–**	**1,901**
Securities purchased under resale agreements and securities borrowing transactions	–	–	–	–	**–**
Other Non-trading financial assets mandatorily at fair value through profit or loss	**–**	**42**	**581**	**–**	**623**
Non-trading financial assets mandatorily at fair value through profit or loss	**–**	**42**	**581**	**–**	**623**
Total assets at fair value	**–**	**1,832**	**692**	**–**	**2,524**

Fair value of assets and liabilities measured at fair value on a recurring basis

31 December 2023 Company	Level 1	Level 2	Level 3	Impact of netting	**Total at fair value**
Liabilities (USD million)					
Debt securities	–	–	–	–	**–**
Equity securities	–	–	–	–	**–**
Derivatives	–	1,577	416	–	**1,993**
Trading financial liabilities mandatorily at fair value through profit or loss	**–**	**1,577**	**416**	**–**	**1,993**
Securities sold under resale agreements and securities borrowing transactions	–	–	–	–	**–**
Other financial liabilities designated at fair value through profit or loss	–	–	–	–	**–**
Financial liabilities designated at fair value through profit or loss	**–**	**–**	**–**	**–**	**–**
Total liabilities at fair value	**–**	**1,577**	**416**	**–**	**1,993**
Net assets/(liabilities) at fair value	**–**	**255**	**276**	**–**	**531**

Fair value of assets and liabilities measured at fair value on a recurring basis

31 December 2022 CSS(E)L Group [2]	Level 1	Level 2	Level 3	Impact of netting	**Total at fair value**
Assets (USD million)					
Debt securities	–	1	3	–	**4**
Equity securities	–	2	5	–	**7**
Derivatives	–	1,820	144	–	**1,964**
Trading financial assets mandatorily at fair value through profit or loss	**–**	**1,823**	**152**	**–**	**1,975**
Securities purchased under resale agreements and securities borrowing transactions [1]	–	1	–	–	**1**
Other Non-trading financial assets mandatorily at fair value through profit or loss	**–**	**34**	**663**	**–**	**697**
Non-trading financial assets mandatorily at fair value through profit or loss	**–**	**35**	**663**	**–**	**698**
Assets Held for Sale	**–**	**–**	**–**	**–**	**–**
Total assets at fair value	**–**	**1,858**	**815**	**–**	**2,673**

[1] Securities purchased under resale agreements and securities borrowing transactions are reported on a gross basis by level. The impact of netting represents an adjustment related to counterparty netting.
[2] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

Fair value of assets and liabilities measured at fair value on a recurring basis

31 December 2022 CSS(E)L Group [2]	Level 1	Level 2	Level 3	Impact of netting	**Total at fair value**
Liabilities (USD million)					
Debt securities	–	1	–	–	**1**
Equity securities	2	1	1	–	**4**
Derivatives	–	1,595	497	–	**2,092**
Trading financial liabilities mandatorily at fair value through profit or loss	**2**	**1,597**	**498**	**–**	**2,097**
Securities sold under resale agreements and securities lending transactions [1]	**–**	1	–	–	**1**
Debt in Issuance	–	–	7	–	**7**
Other financial liabilities designated at fair value through profit or loss	**–**	**28**	**3**	**–**	**31**
Financial liabilities designated at fair value through profit or loss	**–**	**29**	**10**	**–**	**39**
Total liabilities at fair value	**2**	**1,626**	**508**	**–**	**2,136**
Net assets/(liabilities) at fair value	**(2)**	**232**	**307**	**–**	**537**

[1] Securities sold under resale agreements and securities lending transactions are reported on a gross basis by level. The impact of netting represents an adjustment related to counterparty netting.
[2] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

Fair value of assets and liabilities measured at fair value on a recurring basis

31 December 2022 Company [2]	Level 1	Level 2	Level 3	Impact of netting	Total at fair value
Assets (USD million)					
Debt securities	–	1	3	–	**4**
Equity securities	–	2	5	–	**7**
Derivatives	–	1,820	146	–	**1,966**
Trading financial assets mandatorily at fair value through profit or loss	**–**	**1,823**	**154**	**–**	**1,977**
Securities purchased under resale agreements and securities borrowing transactions [1]	–	1	–	–	**1**
Other Non-trading financial assets mandatorily at fair value through profit or loss	**–**	**34**	**692**	**–**	**726**
Non-trading financial assets mandatorily at fair value through profit or loss	**–**	**35**	**692**	**–**	**727**
Total assets at fair value	**–**	**1,858**	**846**	**–**	**2,704**

[1] Securities purchased under resale agreements and securities borrowing transactions are reported on a gross basis by level. The impact of netting represents an adjustment related to counterparty netting.
[2] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

Fair value of assets and liabilities measured at fair value on a recurring basis

31 December 2022 Company [2]	Level 1	Level 2	Level 3	Impact of netting	Total at fair value
Liabilities (USD million)					
Debt securities	–	1	–	–	**1**
Equity securities	2	–	1	–	**3**
Derivatives	–	1,595	517	–	**2,112**
Trading financial liabilities mandatorily at fair value through profit or loss	**2**	**1,596**	**518**	**–**	**2,116**
Securities sold under resale agreements and securities borrowing transactions [1]	–	1	–	–	**1**
Other financial liabilities designated at fair value through profit or loss	**–**	**28**	**-**	**–**	**28**
Financial liabilities designated at fair value through profit or loss	**–**	**29**	**–**	**–**	**29**
Total liabilities at fair value	**2**	**1,625**	**518**	**–**	**2,145**
Net assets/(liabilities) at fair value	**(2)**	**233**	**328**	**–**	**559**

[1] Securities sold under resale agreements and securities lending transactions are reported on a gross basis by level. The impact of netting represents an adjustment related to counterparty netting.
[2] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

Transfers between level 1 and level 2

Transfers out of level 1 to level 2 are primarily driven by debt and equity securities where liquidity had decreased and subsequently lacked pricing transparency. Transfers to level 1 out of level 2 are primarily driven by debt and equity securities due to the higher trading volume leading to increased observability. All transfers were reported at the end of the reporting period.

The following table shows the transfers from level 1 to level 2 and from level 2 to level 1 of the fair value hierarchy.

	2023		2022	
CSS(E)L Group and Company	Transfers out of level 1 to level 2	Transfers to level 1 out of level 2	Transfers out of level 1 to level 2	Transfers to level 1 out of level 2
Assets (USD million)				
Trading financial assets mandatorily at fair value through profit or loss	–	–	–	–
Total transfers in assets at fair value	**–**	**–**	**–**	**–**
Liabilities (USD million)				
Trading financial liabilities mandatorily at fair value through profit or loss	–	–	–	–
Total transfers in liabilities at fair value	**–**	**–**	**–**	**–**

Movements of level 3 instruments

The following table presents a reconciliation of financial instruments categorised in level 3 of the fair value hierarchy.

Assets and liabilities measured at fair value on a recurring basis for Level 3

As at December 2023	Balance at beginning of period	Transfers in	Transfers out	Purchases	Sales	Issua-nces	Settle-ments	Trading revenues		Balance at end of period
CSS(E)L Group Assets								On transfers in/out [1]	On all other	
Assets at fair value (USD million)										
Debt securities	3	–	–	–	–	–	–	–	–	3
Equity securities	5	–	–	–	–	–	–	–	–	5
Derivatives	144	–	–	–	–	16 [2]	(57) [2]	–	(3)	100
Trading financial assets mandatorily at fair value through profit or loss	**152**	**–**	**–**	**–**	**–**	**16**	**(57)**	**–**	**(3)**	**108**
Loans	–	–	–	–	–	–	–	–	–	–
Other Non-trading financial assets mandatorily at fair value through profit or loss	**663**	**–**	**–**	**53**	**(196)**	**–**	**–**	**–**	**(21)**	**499**
Non-trading financial assets mandatorily at fair value through profit or loss	**663**	**–**	**–**	**53**	**(196)**	**–**	**–**	**–**	**(21)**	**499**
Total assets at fair value	**815**	**–**	**–**	**53**	**(196)**	**16**	**(57)**	**–**	**(24)**	**607**

[1] For all the transfers to level 3 or out of level 3, the CSS(E)L Group determines and discloses as level 3 events only gains or losses through the last day of the reporting period.
[2] Issuance of derivatives is where cash is paid on a derivative contract. Settlement of derivatives is where cash is received on a derivative contract.

Assets and liabilities measured at fair value on a recurring basis for Level 3

As at December 2023	Balance at beginning of period	Transfers in	Transfers out	Purchases	Sales	Issua-nces	Settle-ments	Trading revenues		Balance at end of period
CSS(E)L Group Liabilities								On transfers in/out [1]	On all other	
Liabilities at fair value (USD million)										
Equity securities	1	–	–	–	(1)	–	–	–	–	–
Derivatives	497	–	–	–	–	66 [2]	(173) [2]	–	21	411
Trading financial liabilities mandatorily at fair value through profit or loss	**498**	**–**	**–**	**–**	**(1)**	**66**	**(173)**	**–**	**21**	**411**
Debt In Issuance	7	–	–	–	–	–	–	–	–	7
Other financial liabilities designated at fair value through profit or loss	3	–	–	–	–	–	–	–	(1)	2
Financial liabilities designated at fair value through profit or loss	**10**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1)**	**9**
Total liabilities at fair value	**508**	**–**	**–**	**–**	**(1)**	**66**	**(173)**	**–**	**20**	**420**
Net asset/(liabilities) at fair value	**307**	**–**	**–**	**53**	**(195)**	**(50)**	**116**	**–**	**(44)**	**187**

[1] For all the transfers to level 3 or out of level 3, the CSS(E)L Group determines and discloses as level 3 events only gains or losses through the last day of the reporting period.
[2] Issuance of derivatives is where cash is received on a derivative contract. Settlement of derivatives is where cash is paid on a derivative contract.

Assets and liabilities measured at fair value on a recurring basis for Level 3

As at December 2023	Balance at beginning of period	Transfers in	Transfers out	Purchases	Sales	Issua-nces	Settle-ments	Trading revenues		**Balance at end of period**
Company Assets								On transfers in/out [1]	On all other	
Assets at fair value (USD million)										
Debt securities	3	–	–	–	–	–	–	–	–	**3**
Equity securities	5	–	–	–	–	–	–	–	–	**5**
Derivatives	146	–	–	–	–	16 [2]	(58) [2]	–	(1)	**103**
Trading financial assets mandatorily at fair value through profit or loss	**154**	**–**	**–**	**–**	**–**	**16**	**(58)**	**–**	**(1)**	**111**
Other Non-trading financial assets mandatorily at fair value through profit or loss	692	–	–	–	(111)	–	–	–	–	**581**
Non-trading financial assets mandatorily at fair value through profit or loss	**692**	**–**	**–**	**–**	**(111)**	**–**	**–**	**–**	**–**	**581**
Total assets at fair value	**846**	**–**	**–**	**–**	**(111)**	**16**	**(58)**	**–**	**(1)**	**692**

[1] For all the transfers to level 3 or out of level 3, the CSS(E)L Group determines and discloses as level 3 events only gains or losses through the last day of the reporting period.
[2] Issuance of derivatives is where cash is paid on a derivative contract. Settlement of derivatives is where cash is received on a derivative contract.

Assets and liabilities measured at fair value on a recurring basis for Level 3

As at December 2023	Balance at beginning of period	Transfers in	Transfers out	Purchases	Sales	Issua-nces	Settle-ments	Trading revenues		**Balance at end of period**
Company Liabilities								On transfers in/out [1]	On all other	
Liabilities at fair value (USD million)										
Equity securities	1	–	–	–	(1)	–	–	–	–	–
Derivatives	516	–	–	–	–	66 [2]	(173) [2]	–	7	416
Trading financial liabilities mandatorily at fair value through profit or loss	**517**	**–**	**–**	**–**	**(1)**	**66**	**(173)**	**–**	**7**	**416**
Total liabilities at fair value	**517**	**–**	**–**	**–**	**(1)**	**66**	**(173)**	**–**	**7**	**416**
Net asset/(liabilities) at fair value	**329**	**–**	**–**	**–**	**(110)**	**(50)**	**115**	**–**	**(8)**	**276**

[1] For all the transfers to level 3 or out of level 3, the CSS(E)L Group determines and discloses as level 3 events only gains or losses through the last day of the reporting period.
[2] Issuance of derivatives is where cash is received on a derivative contract. Settlement of derivatives is where cash is paid on a derivative contract.

Assets and liabilities measured at fair value on a recurring basis for Level 3

As at December 2022 [3]	Balance at beginning of period	Transfers in	Transfers out	Purchases	Sales	Issua-nces	Settle-ments	Trading revenues		**Balance at end of period**
CSS(E)L Group Assets								On transfers in/out [1]	On all other	
Assets at fair value (USD million)										
Debt securities	4	1	–	–	(2)	–	–	–	–	**3**
Equity securities	11	–	–	1	(3)	–	–	–	(4)	**5**
Derivatives	239	10	–	–	–	143 [2]	(161) [2]	–	(87)	**144**
Trading financial assets mandatorily at fair value through profit or loss	**254**	**11**	**–**	**1**	**(5)**	**143**	**(161)**	**–**	**(91)**	**152**
Loans	–	–	–	–	–	–	–	–	–	**–**
Other Non-trading financial assets designated at fair value through profit or loss	**921**	**–**	**–**	**62**	**(317)**	**–**	**–**	**–**	**(3)**	**663**
Non-trading financial assets designated at fair value through profit or loss	**921**	**–**	**–**	**62**	**(317)**	**–**	**–**	**–**	**(3)**	**663**
Total assets at fair value	**1,175**	**11**	**–**	**63**	**(322)**	**143**	**(161)**	**–**	**(94)**	**815**

[1] For all the transfers to level 3 or out of level 3, the CSS(E)L Group determines and discloses as level 3 events only gains or losses through the last day of the reporting period.
[2] Issuance of derivatives is where cash is paid on a derivative contract. Settlement of derivatives is where cash is received on a derivative contract.
[3] 2022 numbers are restated due to IFRS 17 adoption. Refer note 2 for more details.

Assets and liabilities measured at fair value on a recurring basis for Level 3

As at December 2022 [3]	Balance at beginning of period	Transfers in	Transfers out	Purchases	Sales	Issua- nces	Settle- ments	Trading revenues		**Balance at end of period**
CSS(E)L Group Liabilities								On transfers in/out [1]	On all other	
Liabilities at fair value (USD million)										
Equity securities	17	–	(2)	–	(12)	–	–	(1)	(1)	**1**
Derivatives	552	–	–	–	–	109 [2]	(141) [2]	–	(23)	**497**
Trading financial liabilities mandatorily at fair value through profit or loss	**569**	**–**	**(2)**	**–**	**(12)**	**109**	**(141)**	**(1)**	**(24)**	**498**
Debt In Issuance	27	–	–	–	–	–	(23)	–	3	**7**
Other financial liabilities designated at fair value through profit or loss	5	–	–	-	(1)	–	–	–	(1)	**3**
Financial liabilities designated at fair value through profit or loss	**32**	**–**	**–**	**–**	**(1)**	**–**	**(23)**	**–**	**2**	**10**
Total liabilities at fair value	**601**	**–**	**(2)**	**–**	**(13)**	**109**	**(164)**	**(1)**	**(22)**	**508**
Net asset/(liabilities) at fair value	**574**	**11**	**2**	**63**	**(309)**	**34**	**3**	**1**	**(72)**	**307**

[1] For all the transfers to level 3 or out of level 3, the CSS(E)L Group determines and discloses as level 3 events only gains or losses through the last day of the reporting period.
[2] Issuance of derivatives is where cash is received on a derivative contract. Settlement of derivatives is where cash is paid on a derivative contract.
[3] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

Assets and liabilities measured at fair value on a recurring basis for Level 3

As at December 2022 [3]	Balance at beginning of period	Transfers in	Transfers out	Purchases	Sales	Issua- nces	Settle- ments	Trading revenues		**Balance at end of period**
Company Assets								On transfers in/out [1]	On all other	
Assets at fair value (USD million)										
Debt securities	4	1	–	–	(2)	–	–	–	–	**3**
Equity securities	11	–	–	1	(3)	–	–	–	(4)	**5**
Derivatives	242	10	–	–	–	143 [2]	(162) [2]	–	(87)	**146**
Trading financial assets mandatorily at fair value through profit or loss	**257**	**11**	**–**	**1**	**(5)**	**143**	**(162)**	**–**	**(91)**	**154**
Other Non-trading financial assets mandatorily at fair value through profit or loss	994	–	–	–	(302)	–	–	–	–	**692**
Non-trading financial assets mandatorily at fair value through profit or loss	**994**	**–**	**–**	**–**	**(302)**		**–**	**–**	**–**	**692**
Total assets at fair value	**1,251**	**11**	**–**	**1**	**(307)**	**143**	**(162)**	**–**	**(91)**	**846**

[1] For all the transfers to level 3 or out of level 3, the CSS(E)L Group determines and discloses as level 3 events only gains or losses through the last day of the reporting period.
[2] Issuance of derivatives is where cash is paid on a derivative contract. Settlement of derivatives is where cash is received on a derivative contract.
[3] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

Assets and liabilities measured at fair value on a recurring basis for Level 3

As at December 2022 [3]	Balance at beginning of period	Transfers in	Transfers out	Purchases	Sales	Issua- nces	Settle- ments	Trading revenues		**Balance at end of period**
Company Liabilities								On transfers in/out [1]	On all other	
Liabilities at fair value (USD million)										
Equity securities	17	–	(2)	–	(12)	–	–	(1)	(1)	**1**
Derivatives	572	–	–	–	–	109 [2]	(143) [2]	–	(21)	**517**
Trading financial liabilities mandatorily at fair value through profit or loss	**589**	**–**	**(2)**	**–**	**(12)**	**109**	**(143)**	**(1)**	**(22)**	**518**
Debt in issuance	20	–	–	–	–	–	(23)	–	3	**–**
Other financial liabilities designated at fair value through profit or loss	–	–	–	–	–	–	–	–	–	**–**
Financial liabilities designated at fair value through profit or loss	**20**	**–**	**–**	**–**	**–**	**–**	**(23)**	**–**	**3**	**–**
Total liabilities at fair value	**609**	**–**	**(2)**	**–**	**(12)**	**109**	**(166)**	**(1)**	**(19)**	**518**
Net asset/(liabilities) at fair value	**642**	**11**	**2**	**1**	**(295)**	**34**	**4**	**1**	**(72)**	**328**

[1] For all the transfers to level 3 or out of level 3, the CSS(E)L Group determines and discloses as level 3 events only gains or losses through the last day of the reporting period.
[2] Issuance of derivatives is where cash is received on a derivative contract. Settlement of derivatives is where cash is paid on a derivative contract.
[3] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

Gains and losses on assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3)

	2023		2022 [1]	
Trading revenues (USD million)	CSS(E)L Group	Company	CSS(E)L Group	Company
Net realised/unrealised gains/(losses) included in net revenues	**(44)**	**(8)**	**(71)**	**(71)**
Whereof:				
Changes in unrealised gains/(losses) relating to assets and liabilities still held as of the reporting date				
Trading financial assets mandatorily at fair value through profit or loss	22	22	(40)	(41)
Non-trading financial assets mandatorily at fair value through profit or loss	23	–	(62)	–
Trading financial liabilities mandatorily at fair value through profit or loss	(221)	(222)	(88)	(91)
Financial liabilities designated at fair value through profit or loss	(7)	–	–	–
Changes in unrealised gains/(losses) relating to assets and liabilities held for sale as of the reporting date	**(183)**	**(200)**	**(190)**	**(132)**
Total changes in unrealised gains/(losses) relating to assets and liabilities still held as of the reporting date	**(183)**	**(200)**	**(190)**	**(132)**

[1] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

Both observable and unobservable inputs may be used to determine the fair value of positions that have been classified within Level 3. As a result, the unrealised gains and losses from assets and liabilities within Level 3 presented in the previous table may include changes in fair value that were attributable to both observable and unobservable inputs.

The CSS(E)L Group employs various economic hedging techniques in order to manage risks, including risks in Level 3 positions. Such techniques may include the purchase or sale of financial instruments that are classified in Levels 1 and/or 2. The realised and unrealised gains and losses for assets and liabilities in Level 3 presented in the previous table do not reflect the related realised or unrealised gains and losses arising on economic hedging instruments classified in Levels 1 and/or 2.

Transfers in and out of level 3

The transfers into Level 3 are mainly driven by equity securities and derivatives due to limited observability of pricing data and reduced pricing information from external providers. All transfers were reported at the end of the reporting period.

The transfers out of Level 3 are mainly driven by derivatives due to improved observability of pricing data and increased availability of pricing information from external providers. All transfers were reported at the end of the reporting period.

Qualitative disclosures of valuation techniques

The CSS(E)L Group has implemented and maintains a valuation control framework, which is supported by policies and procedures that define the principles for controlling the valuation of the CSS(E)L Group's financial instruments. Product Control and Risk Management create, review and approve significant valuation policies and procedures. The framework includes three main internal processes: (i) valuation governance; (ii) independent price verification and significant unobservable inputs review; and (iii) a cross-functional pricing model review. Through this framework, the CSS(E)L Group determines the reasonableness of the fair value of its financial instruments.

There is segregation of duties between the Business and Product Control. The Business is responsible for measuring inventory at fair value on a daily basis, while Product Control is responsible for independently reviewing and validating those valuations on a periodic basis. The Business values the inventory using, wherever possible, observable market data which may include executed transactions, dealer quotes, or broker quotes for the same or similar instruments. Product Control validates this inventory using independently sourced data that also includes executed transactions, dealer quotes, and broker quotes.

Product Control utilises independent pricing service data as part of their review process. Independent pricing service data is analysed to ensure that it is representative of fair value including confirming that the data corresponds to executed transactions or executable broker quotes, review and assessment of contributors to ensure they are active market participants, review of statistical data and utilisation of pricing challenges. The analysis also includes understanding the sources of the pricing service data and any models or assumptions used in determining the results. The purpose of the review is to judge the quality and reliability of the data for fair value measurement purposes and its appropriate level of usage within the Product Control independent valuation review.

For certain financial instruments the fair value is estimated in full or in part using valuation techniques based on assumptions that are not supported by market observable prices, rates, or other inputs. In addition, there may be uncertainty about a valuation, which results from the choice of valuation technique or model used, the assumptions embedded in those models, the extent to which inputs are not market observable, or as a consequence of other elements affecting the valuation technique or model. Model calibration is performed when significant new market information becomes available or at a minimum on a quarterly basis as part of the business review of significant unobservable inputs for level 3 instruments.

For models that have been deemed to be significant to the overall fair value of the financial instrument, model validation is performed as part of the periodic review of the related model.

The CSS(E)L Group performs a sensitivity analysis of its significant level 3 financial instruments. This sensitivity analysis estimates a fair value range by changing the related significant unobservable inputs value. Where a model-based technique is used to determine the fair value of the level 3 financial instrument, an alternative input value is utilised to derive an estimated fair value range. Where a price-based technique is used to determine the fair value of the level 3 financial instrument, Business professional judgement is used to estimate a fair value range.

The following information on the valuation techniques and significant unobservable inputs of the various financial instruments, and the sensitivity of fair value measurements to changes in significant unobservable inputs, should be read in conjunction with the table 'Quantitative disclosure of valuation techniques'.

Securities purchased/sold under resale/repurchase agreements and securities borrowing/lending transactions
Securities purchased under resale agreements and securities sold under repurchase agreements are measured at fair value using discounted cash flow analysis. Future cash flows are discounted using observable market interest rate repurchase/resale curves for the applicable maturity and underlying collateral of the instruments. As such, the significant majority of both securities purchased under resale agreements and securities sold under repurchase agreements are included in level 2 of the fair value hierarchy. Structured resale and repurchase agreements include embedded derivatives, which are measured using the same techniques as described below for stand-alone derivative contracts held for trading purposes or used in hedge accounting relationships. If the value of the embedded derivative is determined using significant unobservable inputs, those structured resale and repurchase agreements are classified within level 3 of the fair value hierarchy. The significant unobservable inputs for those classified as level 3 are funding spread and general collateral rate.

Securities purchased under resale agreements are usually fully collateralised or over collateralised by government securities, money market instruments, corporate bonds, or other debt instruments. In the event of counterparty default, the collateral service agreement provides the CSS(E)L Group with the right to liquidate the collateral held.

Debt securities

Foreign governments and corporates
Government debt securities typically have quoted prices in active markets and are categorised as level 1 instruments. For debt securities for which market prices are not available, valuations are based on yields reflecting credit rating, historical performance, delinquencies, loss severity, the maturity of the security, recent transactions in the market or other modelling techniques, which may involve judgement. Those securities where the price or model inputs are observable in the market are categorised as level 2 instruments, while those securities where prices are not observable and significant model inputs are unobservable are categorised as level 3 of the fair value hierarchy.

Corporate bonds are priced to reflect current market levels either through recent market transactions or broker or dealer quotes. Where a market price for the particular security is not directly available, valuations are obtained based on yields reflected by other instruments in the specific or similar entity's capital structure and adjusting for differences in seniority and maturity, benchmarking to a comparable security where market data is available (taking into consideration differences in credit, liquidity and maturity), or through the application of cash flow modelling techniques utilising observable inputs, such as current interest rate curves and observable CDS spreads. The significant unobservable input is price. For securities using market comparable price, the differentiation between level 2 and level 3 is based upon the relative significance of any yield adjustments as well as the accuracy of the comparison characteristics (i.e., the observable comparable security may be in the same country but a different industry and may have a different seniority level – the lower the comparability the more likely the security will be level 3).

Equity securities
The majority of the CSS(E)L Group's positions in equity securities are traded on public stock exchanges for which quoted prices are readily and regularly available and are therefore categorised as level 1 instruments. Level 2 and level 3 equities include, convertible bonds or equity securities with restrictions that are not traded in active markets. The significant unobservable input is price.

Derivatives
Derivatives held for trading purposes or used in hedge accounting relationships include both OTC and exchange-traded derivatives. The fair values of exchange-traded derivatives measured using observable exchange prices are included in level 1 of the fair value hierarchy. For exchange-traded derivatives where the market is not considered active, the observable exchange prices may not be considered executable at the reporting date. These derivatives are valued in the same manner as similar observable OTC derivatives and are included in level 2 of the fair value hierarchy. If the similar OTC derivative used for valuing the exchange-traded derivative is not observable, then the exchange-traded derivative is included in level 3 of the fair value hierarchy.

The fair values of OTC derivatives are determined on the basis of either industry standard models or internally developed proprietary models. Both model types use various observable and unobservable inputs in order to determine fair value. The inputs include those characteristics of the derivative that have a bearing on the economics of the instrument. The determination of the fair value of many derivatives involves only a limited degree of subjectivity because the required inputs are observable in the marketplace, while more complex derivatives may use unobservable inputs that rely on specific proprietary modelling assumptions. Where observable inputs (prices from exchanges, dealers, brokers or market consensus data providers) are not available, attempts are made to infer values from observable prices through model calibration (spot and forward rates, mean reversion, benchmark interest rate curves and volatility inputs for commonly traded option products).

For inputs that cannot be derived from other sources, estimates from historical data may be made. OTC derivatives where the majority of the value is derived from market observable inputs are categorised as level 2 instruments, while those where the majority of the value is derived from unobservable inputs are categorised as level 3 of the fair value hierarchy.

The CSS(E)L Group's valuation of derivatives includes an adjustment for the cost of funding uncollateralised OTC derivatives. The impact of changes in a counterparty's credit spreads (known as credit valuation adjustments or 'CVA') is considered when measuring the fair value of assets and the impact of changes in the CSS(E)L Group's own credit spreads (known as debit valuation adjustments or 'DVA') is considered when measuring the fair value of its liabilities.

Interest rate derivatives

OTC vanilla interest rate products, such as interest rate swaps, swaptions, and caps and floors are valued by discounting the anticipated future cash flows. The future cash flows and discounting are derived from market standard yield curves and industry standard volatility inputs. Where applicable, exchange-traded prices are also used to value exchange-traded futures and options and can be used in yield curve construction. For more complex products, inputs include, but are not limited to correlation, volatility, volatility skew, prepayment rate, credit spread, basis spread and mean reversion.

Foreign exchange derivatives

Foreign exchange derivatives include vanilla products such as spot, forward and option contracts where the anticipated discounted future cash flows are determined from foreign exchange forward curves and industry standard optionality modelling techniques. Where applicable, exchange-traded prices are also used for futures and option prices. For more complex products inputs include, but are not limited to prepayment rate and correlation.

Equity and index-related derivatives

Equity derivatives include vanilla options and swaps in addition to different types of exotic options. Inputs for equity derivatives can include price, correlation, volatility, skew, buyback probability and gap risk.

Credit derivatives

Credit derivatives include index and single name CDS in addition to more complex structured credit products. Vanilla products are valued using industry standard models and inputs that are generally market observable including credit spread and recovery rate.

Complex structured credit derivatives are valued using proprietary models requiring unobservable inputs such as recovery rate, credit spread, correlation and price. These inputs are generally implied from available market observable data. Fair values determined by price may include discounted cash flow models using the inputs prepayment rate, default rate, loss severity and discount rate.

Other derivatives

Other derivatives include longevity swaps where the CSS(E)L Group enters into longevity and mortality swap transactions with institutional investors to transfer mortality risk. Generally, in a longevity swap, counterparty 'A' pays life contingent premiums to counterparty 'B' and in return receive death benefit at maturity of the underlying life. Longevity swaps are also structured to exchange fixed vs life contingent cash flows without any referenced death benefits. The longevity swaps cash flows may also be credit linked to underlying insurance carriers. Longevity swaps are valued using the discounted cash flow model and the primary unobservable input is market implied remaining life expectancy.

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

Failed Purchases

These assets represent securitisations that do not meet the criteria for purchase treatment under IFRS. Failed purchases are valued in a manner consistent with the related underlying financial instruments.

Life Finance Instruments

Life finance instruments include physical and synthetic Single Premium Immediate Annuities ('SPIA'), life settlement and premium finance instruments. SPIAs are valued using discounted cash flow models and are purchased with an upfront payment to receive life contingent annuity income stream. Annuity streams are fixed and received for the lifetime of the individual. SPIAs annuity helps finance ongoing premium obligation on the underlying policies and also acts as mortality hedge. Life settlement and premium finance instruments are valued using proprietary models with the primary input being market implied remaining life expectancy. Life settlement policies are life insurance policies issued by insurance companies and pay a lump sum death benefit upon insured's death to beneficiaries in return for premiums paid over the life of an individual. Premium finance is where the CSS(E)L Group finances policy premiums for the insured / borrower set up as an Irrevocable Life Insurance Trust in return for receiving the majority of the insured's death benefit at maturity. The primary unobservable input for SPIAs, life settlement and premium finance instruments is market implied remaining life expectancy.

Loans

Loans include fully funded swaps, which are valued using discounted cash flow models. The primary unobservable input is market implied remaining life expectancy.

Short-term financial instruments

Certain short-term financial instruments are not carried at fair value on the Statement of Financial Position, but a fair value has been disclosed in the table 'Analysis of financial instruments by categories' above on pages 82 to 84. These instruments include: cash and due from banks, cash collateral receivables and payables and other receivables and payables arising in the ordinary course of business. For these financial instruments, the carrying value approximates the fair value due to the relatively short period of time between their origination and expected realisation, as well as the minimal credit risk inherent in these instruments.

Other financial liabilities designated at fair value through profit or loss

Failed sales

These liabilities represent securitisations that do not meet the criteria for sale treatment under IFRS. Failed sales are valued in a manner consistent with the related underlying financial instruments.

Sensitivity of fair value measurements to changes in significant unobservable inputs

For level 3 assets instruments with a significant unobservable input of price, funding spread, general collateral rate and market implied remaining life expectancy (for life finance instruments), in general, an increase in the significant unobservable input would increase the fair value. For level 3 assets instruments with a significant unobservable input of market implied remaining life expectancy (for life settlement instruments and premium finance instruments), in general, an increase in the significant unobservable input would decrease the fair value.

For level 3 liabilities an increase in the related significant unobservable inputs would have the inverse impact on fair value.

Interrelationships between significant unobservable inputs

There are no material interrelationships between the significant unobservable inputs for the financial instruments. As the significant unobservable inputs move independently, generally an increase or decrease in one significant unobservable input will have no impact on the other significant unobservable inputs.

Quantitative disclosures of valuation techniques

The following tables provide the representative range and the associated weighted average of each significant unobservable input for level 3 assets and liabilities by the related valuation technique most significant to the related financial instrument.

Quantitative information about level 3 assets and liabilities at fair value

As at 31 December 2023 CSS(E)L Group (USD million, except as indicated)	Fair Value	Valuation technique	Unobservable input	Lower value	Upper value	Weighted average[1]
Assets						
Trading financial assets mandatorily at fair value through profit or loss						
Debt securities	**3**					
Of which corporates	3	Market comparable	Price, in %	–	20	12
Equity securities	**5**					
Of which	5	Market comparable	Price in actuals	–	22	22
Derivatives	**100**					
Of which	100	Discounted cash flow	Market implied life expectancy, in years	2	12	6
Other Non-trading financial assets designated at fair value through profit or loss	**499**					
Of which life finance instruments	202	Discounted cash flows	Market implied life expectancy, in years	2	14	5
Of which	297	Discounted cash flows	Market implied life expectancy, in years	3	12	6
Liabilities						
Trading financial liabilities mandatorily at fair value through profit or loss						
Derivatives	**411**					
Of which	405	Discounted cash flows	Market implied life expectancy, in years	2	12	5
Debt in Issuance	**7**					
Of which other debt instruments	7	Discounted cash flows	Market implied life expectancy, in years	4	11	7

[1] Cash instruments are generally presented on a weighted average basis while certain derivative instruments either contain a combination of weighted averages and arithmetic means of the related inputs or are presented on the arithmetic mean basis.

As at 31 December 2022 CSS(E)L Group (USD million, except as indicated) [2]	Fair Value	Valuation technique	Unobservable input	Lower value	Upper value	Weighted average[1]
Assets						
Trading financial assets mandatorily at fair value through profit or loss						
Debt securities	**3**					
Of which corporates	3	Market comparable	Price, in %	–	20	12
Equity securities	**5**					
Of which	3	Market comparable	Price in actuals	–	38	35
Of which	2	Price	Price in actuals	–	114	2
Derivatives	**144**					
Of which	144	Discounted cash flow	Market implied life expectancy, in years	2	13	6
Non-trading financial assets designated at fair value through profit or loss						
Other Non-trading financial assets designated at fair value through profit or loss	**663**					
Of which life finance instruments	405	Discounted cash flows	Market implied life expectancy, in years	2	15	5
Of which	258	Discounted cash flows	Market implied life expectancy, in years	3	13	6
Liabilities						
Trading financial liabilities mandatorily at fair value through profit or loss						
Equity securities	**1**					
Of which	1	Price	Price in actuals	–	114	2
Derivatives	**497**					
Of which	494	Discounted cash flows	Market implied life expectancy, in years	2	18	6
Debt in Issuance	**7**					
Of which other debt instruments	7	Discounted cash flows	Market implied life expectancy, in years	5	12	8

[1] Cash instruments are generally presented on a weighted average basis while certain derivative instruments either contain a combination of weighted averages and arithmetic means of the related inputs or are presented on the arithmetic mean basis.
[2] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

Qualitative discussion of the ranges of significant unobservable inputs

The following sections provide further information about the ranges of significant unobservable inputs included in the tables above. The level of aggregation and diversity within the financial instruments disclosed in the tables above result in certain ranges of significant inputs being wide and unevenly distributed across asset and liability categories.

Market implied remaining life expectancy

The CSS(E)L Group's market implied remaining life expectancy determines an individual's mortality curve and is the primary unobservable input used on various longevity instruments including life settlements, premium finance, SPIAs and longevity swaps. Market implied remaining life expectancy is determined based on individual's gender, age, and health status. It is calibrated to the market data when transaction data is available.

Mortality Rate

Mortality rate is the primary significant unobservable input for pension swaps. The expected present value of future cash flow of the trades depend on the mortality of individuals in the pension fund who are grouped into categories such as gender, age, pension amount, and other factors. In some cases mortality rates include a 'scaler' (also referred to as a loading or multiplier) that align mortality projections with historical experience and calibrate to exit level.

Price

Bond equivalent price is a primary significant unobservable input for bonds and equities. Where market prices are not available for an instrument, benchmarking may be utilised to identify comparable issues (same industry and similar product mixes) while adjustments are considered for differences in deal terms and performance.

Sensitivity of fair values to reasonably possible alternative assumptions

The fair value of certain financial instruments recognised in the consolidated financial statements is dependent in part or fully upon unobservable parameters which may include market inputs, prices or other data.

The following table summarises the sensitivity of these financial instruments to reasonable changes in the assumptions underlying these parameters:

CSS(E)L Group and Company	As at 31 December 2023 Favourable changes	As at 31 December 2023 Unfavourable changes	As at 31 December 2022[1] Favourable changes	As at 31 December 2022[1] Unfavourable changes
Impact on net income/(loss)(USD million)				
Life insurance products	72	(72)	88	(88)
Derivative assets and liabilities	3	(3)	1	(1)
Debt and equity securities	–	–	2	(2)
Other liabilities	2	(2)	–	–
Total	**77**	**(77)**	**92**	**(92)**

[1] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

When the fair value of an instrument has multiple unobservable inputs, there is assumed to be no correlation between those inputs, as such the total sensitivity reflected in the table may be larger than if correlation had been included in the analysis. The analysis also ignores any correlation between the different categories of financial instruments listed in the table.

Life insurance products, both physical and synthetic, are sensitive to mortality assumption. Sensitivity analysis is carried out by stressing market life expectancy of each underlying product in months between 2 to 9 months.

Debt and equity securities include corporate bonds. The parameter subjected to sensitivity for corporate debt is price. Corporate debt positions are generally subjected to movements up and down of 3% to 4% of the price of the security.

The sensitivities applied to the unobservable parameters are in all cases dependent upon management judgement and derived from multiple sources including historical and statistical information as well as analysing the range of bids and offers on observable market information as a proxy for the unobservable portion of the market.

Recognition of trade date profit/loss

If there are significant unobservable inputs used in the valuation technique, the financial instrument is recognised at the transaction price and any profit implied from the valuation technique at trade date is deferred over the life of the contract or until the fair value is expected to become observable.

The following table sets out the aggregate difference yet to be recognised in the Statement of Income at the beginning of the year and end of the year with a reconciliation of the changes of the balance during the year.

CSS(E)L Group and Company	**2023**	2022
Deferred trade date profit and loss (USD million)		
Balance at 1 January	2	11
Reduction due to passage of time	(1)	(9)
Balance at 31 December	**1**	**2**

Fair value of financial instruments not carried at fair value

IFRS requires the disclosure of the fair value of financial instruments not carried at fair value in the Consolidated Statement of Financial Position. IFRS also requires the disclosure of the fair values of these financial instruments within the fair value hierarchy.

Certain short-term financial instruments are not carried at fair value on the balance sheet, but a fair value has been disclosed in the table “Carrying value and fair value of financial instruments not carried at fair value” below. These instruments include: cash and due from banks, Interest-bearing deposits with banks, Securities purchased under resale agreements and securities borrowing transactions, cash collateral receivables and payables, other receivables and payables arising in the ordinary course of business (included in Other Assets and Other Liabilities), Securities sold under repurchase agreements and securities lending transactions and Borrowings.

For these financial instruments, the carrying value approximates the fair value due to the relatively short period of time between their origination and expected realisation, as well as the minimal credit risk inherent in these instruments. The Debt in issuance instruments are long dated with greater than one year original maturity and have met the IFRS 9 – Solely Payments of Principal and Interest (‘SPPI’) test, therefore, are carried at amortised cost on the balance sheet and their calculated fair value is disclosed in the below table.

As at 31 December 2023 CSS(E)L Group	Level 1	Level 2	Level 3	Impact of Netting	**Total at fair value**
Assets (USD million)					
Cash and due from banks	335	–	–	–	335
Interest-bearing deposits with banks	–	259	–	–	259
Securities purchased under resale agreements and securities borrowing transactions	–	1,495	–	–	1,495
Other assets	–	1,009	–	–	1,009
Total fair value of financial assets	**335**	**2,763**	**–**	**–**	**3,098**
Liabilities (USD million)					
Securities sold under repurchase agreements and securities lending transactions	–	699	–	–	699
Borrowings	–	642	–	–	642
Debt in issuance	–	450	–	–	450
Other financial liabilities	–	668	–	–	668
Total fair value of financial liabilities	**–**	**2,459**	**–**	**–**	**2,459**

As at 31 December 2023 Company	Level 1	Level 2	Level 3	Impact of Netting	**Total at fair value**
Assets (USD million)					
Cash and due from banks	319	–	–	–	319
Interest-bearing deposits with banks	–	259	–	–	259
Securities purchased under resale agreements and securities borrowing transactions	–	1,495	–	–	1,495
Other assets	–	932	–	–	932
Total fair value of financial assets	**319**	**2,686**	**–**	**–**	**3,005**
Liabilities (USD million)					
Securities sold under repurchase agreements and securities lending transactions	–	699	–	–	699
Borrowings	–	642	–	–	642
Debt in issuance	–	450	–	–	450
Other financial liabilities	–	668	–	–	668
Total fair value of financial liabilities	**–**	**2,459**	**–**	**–**	**2,459**

As at 31 December 2022 CSS(E)L Group [1]	Level 1	Level 2	Level 3	Impact of Netting	**Total at fair value**
Assets (USD million)					
Cash and due from banks	873	–	–	–	873
Interest-bearing deposits with banks	–	166	–	–	166
Securities purchased under resale agreements and securities borrowing transactions	–	1,678	–	–	1,678
Other assets	–	993	–	–	993
Total fair value of financial assets	**873**	**2,837**	**–**	**–**	**3,710**
Liabilities (USD million)					
Due to Banks	16	–	–	–	16
Securities sold under repurchase agreements and securities lending transactions	–	636	–	–	636
Borrowings	–	395	–	–	395
Debt in issuance	–	350	–	–	350
Other financial liabilities	–	822	–	–	822
Total fair value of financial liabilities	**16**	**2,203**	**–**	**–**	**2,219**

[1] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

As at 31 December 2022 Company [1]	Level 1	Level 2	Level 3	Impact of Netting	**Total at fair value**
Assets (USD million)					
Cash and due from banks	863	–	–	–	863
Interest-bearing deposits with banks	–	166	–	–	166
Securities purchased under resale agreements and securities borrowing transactions	–	1,678	–	–	1,678
Other assets	–	976	–	–	976
Total fair value of financial assets	**863**	**2,820**	**–**	**–**	**3,683**
Liabilities (USD million)					
Due to Banks	16	–	–	–	16
Securities sold under repurchase agreements and securities lending transactions	–	636	–	–	636
Borrowings	–	395	–	–	395
Debt in issuance	–	350	–	–	350
Other financial liabilities	–	822	–	–	822
Total fair value of financial liabilities	**16**	**2,203**	**–**	**–**	**2,219**

[1] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

Expected Credit Loss Measurement

There was no material Expected Credit Loss (ECL) provision made during 2023 and 2022.

31 Assets Pledged or Assigned

The following table sets forth details of assets pledged or assigned:

CSS(E)L Group and Company	**2023**	2022
Assets pledged or assigned (USD million)		
Trading financial assets at fair value through profit or loss	–	–
Collateral received		
Fair value of collateral received with the right to resell or repledge	2,183	2,508
Of which sold or repledged	690	665

Assets pledged or assigned represents the Statements of Financial Position of trading assets at fair value through profit or loss which have been pledged as collateral under securities sold under repurchase agreements, securities lending transactions and derivative instruments. Refer to Note 14 – Trading Financial Assets and Liabilities Mandatorily at Fair Value Through Profit or Loss for the amount of securities transferred which are encumbered.

As at 31 December 2023 and 2022, collateral was received in connection with resale agreements, securities borrowings and loans, derivative transactions and margined broker loans. As at these dates, a substantial portion of the collateral received by the CSS(E)L Group had been sold or repledged in connection with repurchase agreements, securities sold not yet purchased, securities lent, pledges to clearing organisations, segregation requirements under securities laws and regulations, derivative transactions, and bank loans.

These transactions were generally conducted under terms that are usual and customary for standard securitised lending activities and the other transactions described. The CSS(E)L Group, as the secured party, has the right to sell or repledge such collateral, subject to the CSS(E)L Group returning equivalent securities upon completion of the transaction.

The CSS(E)L Group enters into agreements with counterparties where collateral or security interests in positions which the CSS(E)L Group holds, has been provided. This includes situations where the CSS(E)L Group has registered charges to certain counterparties over the CSS(E)L Group's assets in connection with its normal operating activities.

32 Derecognition of Financial Assets

In the normal course of business, the CSS(E)L Group enters into transactions where it transfers previously recognised financial assets, such as debt securities, equity securities and other financial instruments. The CSS(E)L Group's accounting policy regarding derecognition of such assets under IAS 39 is described in Note 2 – Significant Accounting Policies.

Transferred Financial Assets that are not derecognised in their entirety

Certain transactions may include provisions that prevent derecognition of the transferred financial asset and the transfers are accounted for as secured financing transactions. Repurchase agreements, securities lending agreements and total return swaps, in which the CSS(E)L Group retains substantially all of the associated credit, market, interest rate and foreign exchange risks and rewards associated with the assets, represent the most common examples of such transactions. Where the transfer of an asset does not meet derecognition, it remains on the CSS(E)L Group's statement of financial position with a corresponding liability established to represent an obligation to the counterparty. As part of the CSS(E)L Group's repurchase agreements and securities lending transactions, there is an obligation to return equivalent securities at the end of the transaction.

There are no financial assets which have been sold or otherwise transferred, but which do not qualify for derecognition, together with their associated liabilities for the year 2023 and year 2022.

The CSS(E)L Group also participates in securities lending agreements where the counterparty provides security as collateral. The carrying amount of the assets not derecognised in such transactions is equal to USD Nil (2022: USD 4 million).

Where the CSS(E)L Group sells the contractual rights to the cash flows of the securities included above, it does not have the ability to use the transferred assets during the term of the arrangement. The counterparties to the associated liabilities included above, have full recourse to the CSS(E)L Group.

Assets not derecognised are included in Note 14 – Trading Financial Assets and Liabilities Mandatorily at Fair Value Through Profit or Loss and corresponding liabilities in Note 13 – Securities Borrowed, Lent and Purchased/Sold under Resale/Repurchase Agreements and Note 15 – Non-Trading Financial Assets Mandatorily at Fair Value through Profit or Loss.

33 Financial Risk Management

Risks Detail

i) Market risk

Overview
Market risk is the risk of loss arising from fair-valued financial instruments in response to adverse changes in interest rates, credit spreads, foreign currency exchange rates, equity and commodity prices and other relevant parameters, such as market volatilities and correlations. A typical transaction or position in financial instruments may be exposed to a number of different market risks.

The Company has policies and processes in place to ensure that market risk is captured, accurately modelled and reported, and effectively managed. Trading and non-trading portfolios are managed at various organisational levels, from the specific positions up to the overall risk positions at the Company level. The Company uses market risk measurement and management methods in line with regulatory and industry standards. These include general tools capable of calculating comparable risk metrics across the Company's many activities and focused tools that can specifically model the unique characteristics of certain instruments or portfolios. The tools are used for internal market risk management, internal market risk reporting and external disclosure purposes. The principal portfolio measurement tools are Value-at-Risk ('VaR'), scenario analysis and sensitivity analysis, which complement each other in measuring the market risk at the Company. The Company regularly reviews the risk management techniques and policies to ensure they remain appropriate.

Measurement of traded market risk using Value-at-Risk
VaR is a risk measure that quantifies the potential loss on a given portfolio of financial instruments over a certain holding period that is expected not to be exceeded at a certain confidence level. Positions are aggregated by risk factors rather than by product. For example, interest rate risk VaR captures potential losses driven by fluctuations of interest rates affecting a wide variety of interest rate products (such as interest rate swaps and swaptions) as well as other products (such as foreign exchange derivatives and equity derivatives) for which interest rate risk is not the primary market risk driver. The use of VaR allows the comparison of risk across different businesses. It also provides a means of aggregating and netting a variety of positions within a portfolio to reflect historical correlations between different assets, allowing for a portfolio diversification benefit.

VaR is an important tool in risk management and is used for measuring quantifiable risks from our activities exposed to market risk on a daily basis. In addition, VaR is one of the main risk measures for limit monitoring, financial reporting, calculation of regulatory capital and regulatory backtesting.

The Company's VaR model is based on historic data moves that derive plausible future trading losses. VaR is calculated for all the financial instruments. The model is responsive to changes in market conditions through the use of exponential weighting that applies a greater weight to more recent events. The model avoids any explicit assumptions on the correlation between risk factors leveraging the historical correlation observed.

For regulatory capital purposes, the Company operates under the Basel III market risk framework which includes the following components for the calculation of regulatory capital: regulatory VaR, stressed VaR, IRC, Risk not in VaR ('RNIV'), stressed RNIV and a regulatory prescribed standardised approach for securitisations. The regulatory VaR for capital purposes uses a two-year historical dataset, a ten-day holding period and a 99% confidence level. This measure captures all risks in the trading book and foreign exchange and commodity risks in the banking book and excludes securitisation positions, as these are treated under the securitisation approach for regulatory purposes. Stressed VaR replicates the regulatory VaR calculation on the Company's current portfolio over a continuous one-year observation period that reflects a period of significant financial stress for the Company. The historical dataset starting in 2006 allows for the capturing of a longer history of potential loss events and helps reduce the pro-cyclicality of the minimum capital requirements for market risk. IRC is a regulatory capital charge for default and migration risk on positions in the trading books that may not be captured adequately under a ten-day holding period. RNIV captures a variety of risks, such as certain basis risks, higher order risks and cross risks between asset classes, not adequately captured by the VaR model for example due to lack of sufficient or accurate risk or historical market data. Additionally, Risk Management VaR is calculated for trading and banking book positions using a two-year historical dataset, a ten-day holding period and a 98% confidence level.

Backtesting VaR uses a two-year historical dataset, a one-day holding period and a 99% confidence level. This measure captures risks in the trading book and includes securitisation positions. Backtesting VaR is not a component used for the calculation of regulatory capital but may have an impact through the regulatory capital multiplier if the number of backtesting exceptions exceeds regulatory thresholds.

The VaR model uses assumptions and estimates that the Company believes are reasonable, which are:
- VaR relies on historical data to estimate future changes in market conditions. Historical scenarios may not capture all potential future outcomes, particularly where there are significant changes in market conditions, such as increases in volatilities and changes in the correlation of market prices across asset classes.
- VaR provides an estimate of losses at a specific confidence level, which means that it does not provide any information on the size of losses that could occur beyond that threshold.
- VaR for regulatory capital calculations is based on ten-day holding period. This assumes that risks can be either sold or hedged over that period, which may not be possible for all

types of exposure, particularly during periods of market illiquidity or turbulence. It also assumes that risks will remain in existence over the entire holding period.

Where there is insufficient historical market data for a calculation within the Company's VaR model, either market data proxies or conservative parameter moves for these risk types are used to replicate the risk of the underlying instrument as closely possible.

The VaR measures are also complemented by Risk not in VaR and pillar 2A risk assessments which provide further assessments for any missing risks identified.

Scenario analysis

Stress testing complements other risk measures by quantifying the potential losses arising from moves across financial markets in response to plausible external events. The majority of scenario analysis calculation performed is specifically tailored towards the risk profile of particular businesses and limits may be established for some of them. In addition, to identify areas of risk concentration and potential vulnerability to stress events at the Company level, a set of scenarios is consistently applied across all businesses to assess the impact of significant, simultaneous movements across a broad range of markets and asset classes. Additionally, scenarios targeted at a specific market, product or risk type are used to better understand the risk profiles and concentrations, to monitor and control the exposure.

Scenarios can be defined with reference to historic events or based on forward-looking, hypothetical events that could impact the Company's positions, capital, or profitability. The scenarios used within the Company are reviewed at the relevant risk committees. The scenarios used within the Company continuously evolve to reflect changes in market conditions and any change in business strategy.

Sensitivity analysis

The sensitivity analysis for the trading activities includes a wide range of measures such as sensitivities, both net and gross, and sensitivity impacts under scenarios, amongst others. This family of measures allow to quantify the potential profit or loss resulting from specified, generally small, hypothetical shocks to market factors.

Similarly, to stress testing, the majority of sensitivity analysis calculations performed is specifically tailored towards the risk profile of particular businesses and limits may be established for some of them. Sensitivity analysis may also be used to identify, monitor and control areas of risk concentration at the Company's level across a broad range of markets, products and asset classes.

VaR, stress testing and sensitivity analysis are fundamental elements of the Company's risk control framework. Their results are used in risk appetite discussions and strategic business planning and support the Company's internal capital adequacy assessment. VaR, scenario and sensitivity calculations are conducted on a regular basis and the results, trend information and supporting analysis are reported to the Board, senior management and shared and discussed with the business lines.

Trading portfolios

Risk measurement and management

Market risk arises in the Company's trading portfolios primarily through its trading activities.

For the purposes of this disclosure, the aggregated market risks associated with the Company's trading book portfolios along with foreign exchange and commodity risks in the banking book portfolios are measured using VaR. This classification of assets and liabilities as trading is based on the trading intent and for the purpose of analysing the Company's market risk exposure, not for financial reporting purposes.

The Company uses a range of trading and hedging products, including derivatives and structured products (some of which are customised transactions often using combinations of financial instruments and executed to meet specific client or internal needs). As a result of the Company's broad participation in products and markets, trading strategies are correspondingly diverse, and exposures are generally spread across a range of risk factors and locations.

Development of trading portfolio risks

The following table shows the trading-related market risk exposure along with foreign exchange and commodity risks in the banking book for the Company, as measured by Regulatory VaR. This VaR model used by the Company is based on a historical simulation approach over a two-year historical dataset. VaR estimates are computed separately for each risk type and for the whole portfolio. The diversification benefit reflects the net difference between the sum of the 99th percentile loss for each individual risk type and for the total portfolio.

We regularly review our VaR model to ensure that it remains appropriate given evolving market conditions and the composition of our trading portfolio. While there were no material changes to our VaR methodology in 2023, we have introduced an enhanced approach to measure Regulatory VaR for individual risk types, further to the changes introduced in 2020. The enhanced approach is applied to each risk type using a collection of risk factors included within the respective risk type only, ignoring cross-risk effects. This change in the measurement approach for individual risk types affected particularly standalone Regulatory VaR for equity risk and foreign exchange risk, with no impact on total Regulatory VaR.

Ten-day, 99% VaR – trading portfolios

in / end of period	Interest rate and credit spread [4]	Foreign exchange [1,4]	Commodity [1,4]	Equity [4]	Diversi-fication benefit [2]	Total
2023 (USD million)						
Average	**1**	**1**	**–**	**–**	**(1)**	**1**
Minimum	1	–	–	–	– [3]	1
Maximum	2	2	–	–	– [3]	3
End of period	1	–	–	–	–	1
2022 (USD million)						
Average	**1**	**1**	**–**	**1**	**(1)**	**2**
Minimum	1	–	–	–	– [3]	1
Maximum	4	1	–	1	– [3]	5
End of period	2	1	–	–	(1)	3

[1] Along with the trading related market risk exposure, foreign exchange and commodity risks in the banking book is included in the VaR computation.
[2] VaR is calculated separately for each risk type and for the whole portfolio using the historical simulation methodology.
Diversification benefit reflects the net difference between the sum of the 99% percentile VaR for each risk type compared to the whole portfolio.
[3] As the minimum and maximum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification benefit.
[4] Asset class VaR for 2023 is updated to be calculated using risk based approach. This change in approach is driving large reductions in Foreign exchange and Equity VaR

VaR results

CSS(E)L ten-day, 99% Regulatory VaR as of 31 December 2023 decreased by 53% to USD 1 million compared to 31 December 2022 (USD 3 million).

The decrease in VAR is materially driven by de-risking across business in Non-core and Legacy division.

Banking portfolios

Risk measurement and management

The market risks associated with non-trading portfolios are measured, monitored and limited using several tools, including sensitivity analysis, scenario analysis and VaR. For the purpose of this disclosure, the aggregated market risks associated with CSS(E)L's non-trading portfolios are measured using sensitivity analysis. In addition, scenario analysis measures the amount of potential change in economic value resulting from specified hypothetical shocks to market factors. It is not a measure of the potential impact on reported earnings in the current period, since the non-trading activities generally are not marked to market through earnings. Foreign exchange translation risk is not included in this analysis.

Development of non-trading portfolio risks

Interest rate sensitivity analysis measures the impact of a one-basis-point parallel move in yield curves on the fair value of interest rate-sensitive non-trading book positions. As of the 31 December 2023 it was USD 0.00 million compared to USD (0.01) million as of 31 December 2022. Non-trading interest rate risk is assessed using other measures including the potential value change resulting from significant but possible moves in yield curves applying a floor to negative rates as prescribed in PRA's Internal Capital Adequacy Assessment Process ('ICAAP') rules. As of 31 December 2023 the fair value impacts were:

- A fair value loss of USD 8 million (2022: loss of USD 12 million) for a parallel up move.
- A fair value loss of USD 10 million (2022: loss of USD 6 million) for a parallel down move.

Note: CSS(E)L has aligned the Interest Rate Risk in the Banking Book ('IRRBB') Delta Economic Value of Equity ('EVE') calculation to the ICAAP. CSS(E)L have applied a floor to negative interest rates. Aggregated Delta EVE for each interest rate shock scenario is calculated by adding together any positive or negative Delta EVE in each currency and positive changes are weighted by a factor of 50%. This methodology is consistent with PRA guidelines.
The decrease in interest rate risk is mainly driven by unwinding of USD interest rate swap hedges in longevity Markets.

Macro-Economic Environment

CSS(E)L's performance is dependent on the market environment. CSS(E)L has developed specific macro-economic scenarios for material risks to continue to monitor and manage these risks.

Russia's invasion of Ukraine

CSS(E)L is assessing the impact of the sanctions imposed in Russia and potential future escalations as a consequence of the geopolitical actions occurring globally. CSS(E)L is actively monitoring potential market moves and risk assessing in conjunction with other risk functions.

ii) Liquidity Risk

Liquidity risk is the risk that a company is unable to fund assets and meet obligations as they fall due in times of stress, whether caused by market events and/or firm-specific issues.

CS group wide management of liquidity risk

The liquidity risk governance model at CS follows the three lines of defence ('3LoD') model, with CSG/CS BoD and Executive Board ('ExB') providing on-going oversight. Explicit roles and responsibilities for the various aspects of liquidity risk management are assigned to the various functions involved in the process. The business divisions are responsible for understanding and articulating their liquidity demand and liquidity generation, forecasting their liquidity needs at a business-level and ensuring adherence to agreed liquidity targets. Treasury and Liquidity Risk Management ('LRM') are global functions with responsibilities both at a global level, as well as at a geographical, legal entity and divisional level. Further key stakeholders include the Global Liquidity Group ('GLG'), who execute a number of funding and liquidity management activities on behalf of Treasury, as well as the Liquidity Measurement and Reporting function ('LMR'), who are responsible for production of internal and regulatory Management Information ('MI') reporting. To provide assurance of the ongoing effectiveness of the liquidity risk management framework, independent review is regularly provided by internal and external audit.

UBS Group operates its funding and liquidity processes under a central treasury model, in which CSAG plays the focal role, by sourcing, aggregating and distributing capital and unsecured funding in a range of products across UBS Group's legal entity network, in addition to funding the requirements arising from business activity booked directly in the legal entity. In order to minimise funding flow network complexity, funding proceeds flow from the source CSAG to the end use branch or affiliate legal entity in alignment with an agreed 'Hub and Spoke' routing.

To address short-term liquidity stress, a liquidity pool comprising of cash held at central banks and high-quality liquid assets ('HQLA') is maintained and managed by Treasury for the purpose of covering unexpected outflows in the event of severe market and idiosyncratic stress. CS liquidity risk parameters reflect various liquidity stress assumptions calibrated as such that in the event CS is unable to access unsecured funding, CS expects to have sufficient liquidity to sustain operations for a period of time in excess of the minimum limit. This includes potential currency mismatches, which are monitored and subject to limits, particularly in the significant currencies of euro, Japanese yen, pound sterling, Swiss franc and US dollar.

CS uses the internal liquidity Barometer to manage its liquidity to internal targets and as a basis to model both CS-specific and market-wide stress scenarios and their impact on the liquidity and funding over different time horizons. Other functionalities include the ability to manage entity-specific liquidity, and low point and currency controls. The internal Barometer framework also supports the management of the funding structure.

In the event of a liquidity crisis, CS would activate its Contingency Funding Plan ('CFP'), which focuses on the specific actions that would be taken as a response, including a detailed communication plan for creditors, investors and customers.

Legal entity management of liquidity risk

The legal entity internal liquidity risk management framework is aligned with the group-wide approach but also incorporates local regulatory compliance requirements. Such compliance requirements are measured as part of the Prudential Regulation Authority's ('PRA') Individual Liquidity Guidance ('ILG') which results in CSS(E)L holding term funding and a local liquid asset buffer of qualifying securities.

The liquidity and funding profile reflects CSS(E)L's respective strategies and risk appetites, and is driven by business activity levels and the overall operating environment. The Liquidity and Funding risk metrics capture all the identified material risks and provide sufficient coverage from both liquidity and a capital adequacy perspective. Liquidity for CSS(E)L is managed and monitored according to the Credit Suisse internal stress measure (Barometer 2.0, "B2.0") and the regulatory defined stress measures (Liquidity Coverage Ratio ('LCR') and Net Stable Funding Ratio ('NSFR').In the context of the internal model, CSS(E)L liquidity risk is stressed across a number of different scenarios covering market stress, CS specific idiosyncratic stress and stressed conditions which see a combination of these.

B2.0 captures the liquidity positions and flows over a 30 and 365 day time horizons, with the absolute surplus or deficit position determined by deducting outflows from unencumbered assets and inflows. Risk controls have been set for CSS(E)L covering two distinct stress scenarios and time horizons. The primary B2.0 controls are against:

- A 30-day low point position under the severe combined scenario and
- A 365-day low point position under the less severe combined scenario.

The "low point" is the specific point across the time horizon where the liquidity coverage level is at its worst. The low-point controls ensure that the firm has enough liquidity buffer to cover both net outflows for 30 days under a severe combined stress (i.e. idiosyncratic and market stress) and net outflows for 365 days under a less severe combined stress.

The objective of the Liquidity Coverage Ratio ('LCR') defined by the PRA, based on the recommendations by the Basel Committee on Banking Supervision, is to promote the short-term resilience of the liquidity risk profile of banks by ensuring that banks have an adequate stock of unencumbered high-quality liquid assets ('HQLA') that can be converted easily and immediately into cash to meet their liquidity needs for a 30 calendar day liquidity stress scenario.

The NSFR metric requires CSS(E)L to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. The NSFR limits overreliance on short-term wholesale funding, encourages better assessment of funding risk across on- and off-balance sheet items, and promotes funding stability.

Liquidity Risk Appetite for CSS(E)L is set by the CSS(E)L Board and include quantitative and qualitative statements. It is set based on both regulatory and internal metrics, such as the Liquidity Coverage Ratio, Net Stable Funding Ratio and the Barometer 2.0, which capture the impact on CSS(E)L's funding liquidity in a stressed situation. The authority to set more granular liquidity risk limits is delegated by the Board to the CSS(E)L ExCo, which has appointed the CSS(E)L CRO as the Accountable Executive. The liquidity risk operating limits are approved through the CSS(E)L Risk Management Committee (‘RMC’).

CSS(E)L holds buffers of high quality liquid assets including government securities and on demand cash with Central Banks (via CS AG London Branch), which CSS(E)L both access through CS AG London Branch. Additionally, each entity is provided with unsecured funding from CS AG in a combination of 120 day and 400 day evergreen tenors, subordinated debt and equity. CSS(E)L also generates funding from its structured notes issuance platform.

CSS(E)L LRM function is part of the overall Global LRM Liquidity organisation with supporting functions from the Global LRM Liquidity roles to oversee and manage liquidity risk for CSS(E)L.

CSS(E)L LRM as part of the CRO organisation is responsible for the oversight of Treasury and the business divisions in managing CSS(E)L’s liquidity risks as a second line of defence. As a reflection of its risk constraint mandate, CSS(E)L LRM is responsible for ensuring that liquidity risk management is consistent with the overall mandate. CSS(E)L LRM defines related risk management frameworks and processes in line with requirements at entity level. The team works with Treasury, GLG and the business divisions to ensure comprehensive liquidity risk limit adherence and manage breaches thereof, should they occur.

Incremental to CSS(E)L’s unsecured funding sources from CS, CSS(E)L has the ability to access secured funding markets via repurchase and stock lending agreements. These funding streams provide diversification to the funding profile of the entity.

The following table sets out details of the remaining contractual maturity of all financial liabilities:

		Current			Noncurrent			**Total**
CSS(E)L Group	On Demand	Due within 3 months	Between 3 and 12 months	**Total**	Between 1 and 5 years	Due after 5 years	**Total**	
2023 Contractual maturity of Financial Liabilities (USD million)								
Due to banks	–	–	–	–	–	–	–	–
Securities sold under repurchase agreements and securities lending transactions	506	193	–	699	–	–	–	699
Trading financial liabilities mandatorily at fair value through profit or loss	1,988	–	–	1,988	–	–	–	1,988
Financial liabilities designated at fair value through profit or loss	2	–	–	2	–	7	7	9
Borrowings	–	91	551	642	–	–	–	642
Other liabilities	662	–	–	662	–	–	–	662
Debt in issuance	–	8	23	31	453	–	453	484
Total financial liabilities	**3,158**	**292**	**574**	**4,024**	**453**	**7**	**460**	**4,484**
2022 Contractual maturity of Financial Liabilities (USD million) [1]								
Due to banks	16	–	–	16	–	–	–	16
Securities sold under repurchase agreements and securities lending transactions	360	276	–	636	–	–	–	636
Trading financial liabilities mandatorily at fair value through profit or loss	2,097	–	–	2,097	–	–	–	2,097
Financial liabilities designated at fair value through profit or loss	32	–	–	32	–	7	7	39
Borrowings	395	–	–	395	–	–	–	395
Other liabilities	823	–	–	823	–	–	–	823
Debt in issuance	–	6	20	26	353	–	353	379
Total financial liabilities	**3,723**	**282**	**20**	**4,025**	**353**	**7**	**360**	**4,385**

1 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

Company	On Demand	Current: Due within 3 months	Current: Between 3 and 12 months	Current: Total	Noncurrent: Between 1 and 5 years	Noncurrent: Due after 5 years	Noncurrent: Total	Total
2023 Contractual maturity of Financial Liabilities (USD million)								
Due to banks	–	–	–	–	–	–	–	–
Securities sold under repurchase agreements and securities lending transactions	506	193	–	699	–	–	–	699
Trading financial liabilities mandatorily at fair value through profit or loss	1,993	–	–	1,993	–	–	–	1,993
Financial liabilities designated at fair value through profit or loss	–	–	–	–	–	–	–	–
Borrowings	–	91	551	642	–	–	–	642
Other liabilities	661	–	–	661	–	–	–	661
Debt in issuance	–	8	23	31	453	–	453	484
Total financial liabilities	**3,160**	**292**	**574**	**4,026**	**453**	**–**	**453**	**4,479**
2022 Contractual maturity of Financial Liabilities (USD million) [1]								
Due to banks	16	–	–	16	–	–	–	16
Securities sold under repurchase agreements and securities lending transactions	360	276	–	636	–	–	–	636
Trading financial liabilities mandatorily at fair value through profit or loss	2,116	–	–	2,116	–	–	–	2,116
Financial liabilities designated at fair value through profit or loss	29	–	–	29	–	–	–	29
Borrowings	395	–	–	395	–	–	–	395
Other liabilities	823	–	–	823	–	–	–	823
Debt in issuance	–	6	20	26	353	–	353	379
Total financial liabilities	**3,739**	**282**	**20**	**4,041**	**353**	**–**	**353**	**4,394**

2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

Liabilities in trading portfolios have not been analysed by contractual maturity because these liabilities are used to risk manage positions held across CS group and can be closed out at very short notice. They have been classified as being ‘on demand’ at their fair value.

For instruments with perpetual features (i.e. no maturity dates), the projected coupons have been excluded. Callable deposits, open ended positions and overnight funding will be recorded at their present value in an ‘on demand’ categorisation. This classification will be based on the underlying legal and contractual ability of the counterparty or the Company to put or call the positions at short notice.

The following table sets out details of the remaining contractual maturity of insurance and re-insurance liabilities:

2023 (USD million)	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Discounting	**Total**
Insurance contracts issued that are liabilities	–	–	–	–	–	–	–	–
Reinsurance contracts held that are liabilities	18	18	18	17	17	149	(42)	195

2022 (USD million)	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Discounting	**Total**
Insurance contracts issued that are liabilities	–	–	–	–	–	–	–	–
Reinsurance contracts held that are liabilities	16	16	16	16	15	127	(36)	170

iii) Currency Risk

The Company takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

The Company has approval to manage its own trading profit and loss related foreign exchange risk through a formal trading mandate and has defined risk limits using the VaR methodology. Its currency exposure within the non-trading portfolios is managed through the CS group levelling process as set out in the Corporate Foreign Exchange Policy. The VaR methodology is discussed in more detail in section i) Market Risk of this note.

One of the components of CSS(E)L total expenses is operational expenses in GBP which are subject to currency risk when converted into USD, the functional currency of the entity. This exposure is reduced through hedging. The Company has also an investment in the South Korea Seoul Branch, whose impact on capital ratios is hedged.

The group is exposed to foreign currency risk to the extent that the currencies in which insurance and reinsurance contracts are denominated differ from the functional currency of CSS(E)L Group. Primarily, these transactions are denominated in GBP and USD.

Sensitivity analysis

There is no material impact on the UK Lives Longevity Swaps when sensitised by a 5% movement in currency risk.

iv) Credit Risk

Credit risk is the possibility of a loss being incurred as the result of a borrower or counterparty failing to meet its financial obligations or as a result of deterioration in the credit quality of the borrower or counterparty. In the event of a customer default a company generally incurs a loss equal to the amount owed by the debtor, less any recoveries from foreclosure, liquidation of collateral or the restructuring of the debtor company. A change in the credit quality of the counterparty has an impact on the valuation of assets eligible for fair value measurement, with valuation changes recorded in the Consolidated Statement of Income.

Credit risk in CSS(E)L is managed by the CSS(E)L Chief Credit Officer ('CSS(E)L CCO'), who in turn reports to the CSS(E)L Chief Risk Officer ('CRO') with support from the Credit Risk Non-Core & Legacy (NCL) functions . Credit Risk NCL is a part of the UBS Group Risk Control function, and is an independent function with responsibility for approving credit limits, monitoring and managing individual exposures and assessing and managing the quality of the segment and business areas' credit portfolios and allowances. All credit limits in CSS(E)L are subject to approval by Credit Risk.

Credit risk management approach

Effective credit risk management is a structured process to assess, quantify, measure, monitor and manage risk on a consistent basis. This requires careful consideration of proposed extensions of credit, the setting of specific limits, monitoring during the life of the exposure, active use of credit mitigation tools and a disciplined approach to recognising credit impairment.

Credit limits are used to manage concentration to individual counterparties. A system of limits is also established to address concentration risk in the portfolio, including country limits, industry limits and limits for certain products. In addition, credit risk concentration is regularly supervised by credit and risk management committees, taking current market conditions and trend analysis into consideration. A credit quality review process provides an early identification of possible changes in the creditworthiness of clients and includes regular asset and collateral quality reviews, business and financial statement analysis and relevant economic and industry studies. Regularly updated watch lists and review meetings are used for the identification of counterparties where adverse changes in creditworthiness could occur.

Counterparty and transaction rating

CS employs a set of credit ratings for the purpose of internally rating counterparties to which it is exposed to credit risk as the contractual party. Credit ratings are intended to reflect the risk of default of each counterparty. Ratings are assigned based on internally developed rating models and processes, which are subject to governance and internally independent validation procedures.

CSS(E)L's internal ratings may differ from counterparties external ratings where present. Policy requires the review of internal ratings at least annually. For the calculation of internal risk estimates and Risk Weighted Assets ('RWAs'), a probability of default ('PD') is assigned to each facility, with the PD determined by the internal credit rating. Internal ratings are based on the analysis and evaluation of both quantitative and qualitative factors. The specific factors analysed are dependent on the type of counterparty. The analysis emphasises a forward-looking approach, concentrating on economic trends and financial fundamentals. Analysts make use of peer analysis, industry comparisons, external ratings and research, other quantitative tools and the judgement of credit experts. The PD for each rating is calibrated based on historic default experience, using external data from Standard & Poor's, and back-tested to ensure consistency with internal experience.

CSS(E)L assigns an estimate of expected loss in the event of a counterparty default based on the structure of each transaction. The counterparty credit rating is used in combination with credit (or credit equivalent) exposure and the loss given default ('LGD') assumption to estimate the potential credit loss. LGD represents the expected loss on a transaction should default occur, and takes into account structure, collateral, seniority of the claim and, in certain areas, the type of counterparty. CSS(E)L uses credit risk estimates consistently for the purposes of approval, establishment and monitoring of credit limits and credit portfolio management, credit policy, management reporting and allocation and certain financial accounting purposes. This approach also allows us to price transactions involving credit risk more accurately, based on risk/return estimates. CSS(E)L has been granted permission by the PRA to use internal credit rating models under the CRD4 A-Internal Rating Based ('A-IRB') approach for the majority of credit exposures in CSS(E)L. Exposures which are not covered by A-IRB treatment are subject to the standardised approach.

Credit Risk Overview

All transactions that are exposed to potential losses due to failure of a counterparty to meet an obligation are subject to credit risk exposure measurement and management.

Maximum exposure to credit risk

The following table presents the maximum exposure to credit risk of balance sheet and off-balance sheet financial instruments, before taking account of the fair value of any collateral held or other credit enhancements unless such credit enhancements meet offsetting requirements as set out in IAS 32. For financial assets recognised on the balance sheet the maximum exposure to credit risk equals their carrying amount as at 31 December 2023. For financial guarantees granted and other credit-related contingencies the maximum exposure to credit risk is the maximum amount that CSS(E)L would have to pay if the guarantees and contingencies are called upon. For loan commitments and other credit-related commitments that are irrevocable over the life of the respective facilities the maximum exposure to credit risk is the full amount of the committed facilities.

Maximum exposure to credit risk:

			Group			Company
	Gross	Collateral	**Net**	Gross	Collateral	**Net**
2023 Maximum exposure to credit risk (USD million)						
Trading financial assets mandatorily at fair value through profit or loss						
Debt securities	4	–	4	4	–	4
Derivative trading positions	1,890	1,870	20	1,892	1,870	22
Non-trading financial assets mandatorily at fair value through profit or loss						
Securities purchased under resale agreements and securities borrowing transactions	–	–	–	–	–	–
Other	541	–	541	622	–	622
Maximum exposure to credit risk – total assets	**2,435**	**1,870**	**565**	**2,518**	**1,870**	**648**
Maximum exposure to credit risk – total off-balance sheet	**–**	**–**	**–**	**–**	**–**	**–**
Maximum exposure to credit risk	**2,435**	**1,870**	**565**	**2,518**	**1,870**	**648**
2022 Maximum exposure to credit risk (USD million) [1]						
Trading financial assets mandatorily at fair value through profit or loss						
Debt securities	4	–	4	4	–	4
Derivative trading positions	1,964	1,906	58	1,966	1,906	60
Non-trading financial assets mandatorily at fair value through profit or loss						
Securities purchased under resale agreements and securities borrowing transactions	1	1	–	1	1	–
Other	697	–	697	726	–	726
Maximum exposure to credit risk – total assets	**2,666**	**1,907**	**759**	**2,697**	**1,907**	**790**
Maximum exposure to credit risk – total off-balance sheet	**–**	**–**	**–**	**–**	**–**	**–**
Maximum exposure to credit risk	**2,666**	**1,907**	**759**	**2,697**	**1,907**	**790**

1 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Financial Assets credit risk exposures by rating grades

CSS(E)L Group and Company (USD million)	Cash and due from banks [1]	Interest bearing deposits with banks	Securities purchases under resale agreements and securities borrowing transactions	Other assets [2]	**Total**
2023					
AAA	–	–	–	–	–
AA+ to AA-	22	–	–	44	66
A+ to A-	270	259	1,485	513	2,527
BBB+ to BBB-	7	–	10	250	267
BB+ to BB-	–	–	–	–	–
B+ and below	36	–	–	202	238
Loss allowance	**–**	**–**	**–**	**–**	**–**
Carrying amount	**335**	**259**	**1,495**	**1,009**	**3,098**
2022 [3]					
AAA	–	–	–	–	–
AA+ to AA-	22	–	–	75	97
A+ to A-	818	166	1,677	515	3,176
BBB+ to BBB-	19	–	1	271	291
BB+ to BB-	9	–	–	20	29
B+ and below	5	–	–	112	117
Loss allowance	**–**	**–**	**–**	**–**	**–**
Carrying amount	**873**	**166**	**1,678**	**993**	**3,710**

[1] The above table applies to Company with the exception of rating grade AA+ to AA- for which the 12-month ECL (Stage 1) balance is USD 9 million (2022: USD 17 million) and rating grade B+ and below for which the 12-month ECL (Stage 1) balance is USD 32 million (2022: USD 1 million).
[2] The above table applies to Company with the exception of rating grade A+ to A- for which the 12-month ECL (Stage 1) balance is USD 456 million (2022: USD 496 million) and rating grade B+ and below for which the 12-month ECL (Stage 1) balance is USD 117 million (2022: USD 114 million).
[3] 2022 numbers are restated due to IFRS 17 adoption.Refer note 2 for more details.

Financial Guarantee credit risk exposures by rating grades

CSS(E)L Group and Company (USD million)	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	**Total**
2023					
AAA	–	–	–	–	**–**
AA+ to AA-	–	–	–	–	**–**
A+ to A-	131	–	–	–	**131**
BBB+ to BBB-	–	–	–	–	**–**
BB+ to BB-	–	–	–	–	**–**
B+ and below	–	–	–	–	–
Loss allowance	**–**	**–**	**–**	**–**	**–**
Carrying amount	**131**	**–**	**–**	**–**	**131**
2022					
AAA	–	–	–	–	**–**
AA+ to AA-	–	–	–	–	**–**
A+ to A-	130	–	–	–	**130**
BBB+ to BBB-	–	–	–	–	**–**
BB+ to BB-	–	–	–	–	**–**
B+ and below	–	–	–	–	**–**
Loss allowance	**–**	**–**	**–**	**–**	**–**
Carrying amount	**130**	**–**	**–**	**–**	**130**

CSS(E)L is exposed to credit risk as a result of a counterparty, borrower or issuer being unable or unwilling to honour its contractual obligations. These exposures to credit risk exist within financing relationships, derivatives and other transactions.

CSS(E)L typically enters into master netting arrangements ('MNAs') with over the counter ('OTC') derivative counterparties. The MNAs allow CSS(E)L to offset derivative liabilities against the derivative assets with the same counterparty in the event the counterparty defaults. Collateral on these derivative contracts is usually posted on a net counterparty basis and comprises either cash or marketable securities or a combination thereof. Included in the table above as collateral and other credit enhancements are the derivative liability amounts which would be offset against the derivative asset position upon default of the counterparty as well as any cash or marketable securities collateral held. Amounts disclosed as collateral and credit enhancements are where a counterparty has an offsetting derivative exposure with CSS(E)L, a legally enforceable MNA exists, and the credit risk exposure is managed on a net basis or the position is specifically collateralised, typically in the form of cash.

Also included in the table within both loans and receivables and financial assets designated at fair value through profit and loss is collateral which CSS(E)L holds against loans in the form of guarantees, cash and marketable securities. CSS(E)L also mitigates its credit exposures on certain loans primarily with credit default swaps, which economically hedge the position and as such the notional on the relevant credit default swap has been included. For further information on the collateral and credit enhancements held against loans designated at fair value, Note 15 – Non-Trading Financial Assets Mandatorily at Fair Value through Profit or Loss.

Note 14 – Non-Trading Financial Assets Mandatorily at Fair Value through Profit or Loss.

Reverse repurchase agreements and securities borrowings are typically fully collateralised instruments and in the event of default, the agreement provides CSS(E)L the right to liquidate the collateral held. Reverse repos are included either within Securities purchased under resale agreements or Non-trading financial assets mandatorily at fair value through profit or loss, based on the accounting methodology. These instruments are collateralised principally by government securities, money market instruments, corporate bonds and cash. CSS(E)L monitors the fair value of securities borrowed and lent on a daily basis with additional collateral obtained as necessary. The fair value of the collateral has been included in the table above. For further information on the collateral and credit enhancements held against reverse repurchase agreements and securities borrowing refer to Note 13 – Securities Borrowed, Lent and Purchased/Sold under Resale or Repurchase Agreements.

Included within Other (Financial assets designated at fair value through profit or loss) are failed purchases that arise when a transaction to purchase an asset has not met the conditions for sale accounting. CSS(E)L typically holds collateral in the form of insurance or securities against the failed purchases.

Collateral held against financial guarantees and loan commitments typically includes securities and letters of credit. For further information about the collateral and credit enhancements held against financial guarantees and loan commitments refer to Note 28 – Contingent Liabilities, Guarantees and Commitments.

For further information on collateral held as security that CSS(E)L is permitted to sell or repledge refer to Note 31 – Assets Pledged or Assigned.

If collateral or the credit enhancement value for a particular instrument is in excess of the maximum exposure, then the value of collateral and other credit enhancements included in the table has been limited to the maximum exposure to credit risk.

Risk Mitigation
CSS(E)L actively manages its credit exposure utilising credit hedges and monetiseable collateral (cash and marketable securities). Credit hedges represent the notional exposure that has been transferred to other market counterparties, generally through the use of credit default swaps. CSS(E)L also actively enters into collateral arrangements for OTC derivatives and other traded products, which allows us to limit the counterparty exposure risk associated with these products. Collateral taken generally represents cash or government securities although other securities may be accepted. The value of collateral reflected as a risk mitigant is net of an appropriate haircut. The sizing of credit limits is based on a combination of credit rating, the level of comfort the Credit Risk officer has with the strategy of the counterparty, the level of disclosure of financial information and the amount of risk mitigation that is present in the trading relationship (e.g. level of collateral).

Credit approval and reviews
A primary responsibility of Credit Risk is the approval of new counterparty trading relationships and the subsequent ongoing review of the creditworthiness of the client. Part of the review and approval process involves consideration of the motivation of the client and to identify the directional nature of the trading in which the client is engaged.

Settlement Risk
Settlement risk arises whenever the settlement of a transaction results in timing differences between the disbursement of cash or securities and the receipt of counter-value from the counterparty. This risk arises whenever transactions settle on a 'free of payment' basis and is especially relevant when operating across time zones.

In those instances where market convention and/or products preclude a value-for-value exchange, CSS(E)L manages its risk through confirmation and affirmation of transaction details with counterparties. In order to reduce gross settlement risk, CSS(E)L leverages clearing houses, central counterparties and central settlement services, and will also net gross cash flows with a given counterparty where possible. It proactively seeks to manage the timing of settlement instructions to its agents and the reconciliation of incoming payments in order to reduce the window of exposure. In addition, Credit Risk establishes and monitors limits to control the amount of settlement risk incurred to each counterparty.

v) Country Risk

Country risk is the possibility of a substantial, systemic loss of value in the financial assets of a country or group of countries, which may be caused by dislocations in the credit, equity and/or currency markets. CSS(E)L Credit Risk has incorporated country limits into its Credit Risk Appetite Framework in order to manage this risk in CSS(E)L.

For CSS(E)L, country limits are set for developed and emerging markets, based on both a stressed loss view and on a scenario view. Upon CSS(E)L UK CCO and the UK Credit Risk Committee recommendation, maximum appetite and operational limits are calibrated and approved by the CSS(E)L Risk Management Committee ('CSS(E)L RMC') on an annual basis or more frequently if warranted by a fundamental change in strategy or market conditions. The measurement of exposures against country limits is reported to the CSS(E)L UK CCO and senior management. Front Office representatives are responsible for ensuring limits are respected and any breach is promptly managed.

vi) Legal and Regulatory Risk

The CS group is subject to legal risks in its businesses. Legal risks include, among other things, the risk of litigation (for example, as a result of misselling claims), disputes (for example, over the terms of legacy trades); the inadequacy of transaction documentation (for example, ambiguous terms); unenforceability (for example, of security arrangements); uncertainty with respect to applicable laws and regulations (including change in laws or regulations); and employee disputes. Some of these risks result in claims against the CS group which the CS group defends, settles or results in actual litigation, in each case, that the CS group may incur legal expenses to defend.

The CS group assesses its legal risk and manages it through a combination of controls, including the adoption of policies, the implementation of processes and the use of systems, continuing to refine controls as business activities evolve and the laws that the CS group is subject to change. One of the key controls is the involvement of the General Counsel function and engagement of outside legal counsel. In addition, the CS group is an active participant in a number of key industry and other professional market forums including International Swaps and Derivatives Association ('ISDA') and the Association for Financial Markets in Europe ('AFME').

As a participant in the financial services industry, the CS group is subject to extensive regulation by governmental agencies, supervisory authorities and self-regulatory organisations around the world. Such regulation is increasingly more extensive and complex in its application, in particular, as laws increasingly purport to be extra-territorial and additional obligations may arise where clients are subject to differing regulatory obligations, in practice, requiring CS group to be compliant with such obligations also. These regulations may increase the costs of doing existing business for both the CS group and its clients, including the application of increased capital, leverage and liquidity requirements, customer protection and market conduct regulations and direct or indirect restrictions on the businesses in which the CS group may operate. Such requirements can have a negative effect on the CS group's business and ability to implement strategic initiatives.

The financial services industry continues to be affected by significant complexity of ongoing regulatory reforms, alongside more recently, the significant impact of the CS group planning for a Hard Brexit. Changes in laws, rules or regulations, or in their interpretation or enforcement, or the implementation of new laws, rules or regulations, may adversely affect CS group.

vii) Non-financial Risk

Definition and sources of non-financial risk
Non-financial risk is the risk of an adverse direct or indirect impact originating from sources outside the financial markets, including but not limited to operational risk, technology risk, cyber risk, compliance and regulatory risk, legal risk and conduct risk. Non-financial risk is inherent in most aspects of our business, including the systems and processes that support our activities. It comprises a large number of disparate risks that can manifest in a variety of ways. Examples include the risk of damage to physical assets, business disruption, failures relating to third-party processes, data integrity and trade processing, cyber attacks, internal or external fraudulent or unauthorised transactions, inappropriate cross-border activities, money laundering, improper handling of confidential information, conflicts of interest, improper gifts and entertainment and failure in duties to clients.

Non-financial risk can arise from a wide variety of internal and external forces, including human error, inappropriate conduct, failures in systems, processes and controls, pandemic deliberate attack or natural and man-made disasters. Outsourcing and external third parties may also create risks around maintaining business processes, system stability, data loss, data management, reputation and regulatory compliance. The main categories and sources of non-financial risk are described below.

Operational risk
Operational risk is the risk of financial loss arising from inadequate or failed internal processes, people or systems, or from external events. Operational risk does not include strategic and reputational risks; however, some operational risks can lead to reputational issues and as such operational and reputational risks may be closely linked.

Technology risk

Technology risk deserves particular attention given the complex technological landscape that covers our business model. Ensuring that confidentiality, integrity and availability of information assets are protected is critical to our operations. Technology risk is the risk that system-related failures, such as service outages or information security incidents, may disrupt business. Technology risk is inherent not only in our IT assets, but also in the people and processes that interact with them including through dependency on third-party suppliers and the worldwide telecommunications infrastructure. CS group seeks to ensure that the data used to support key business processes and reporting is secure, complete, accurate, available, timely and meets appropriate quality and integrity standards. CS group requires our critical IT systems to be identified, secure, resilient and available to support our ongoing operations, decision-making, communications and reporting. Our systems must also have the capabilities, capacity, scalability and adaptability to meet current and future business objectives, the needs of customers and regulatory and legal expectations. Failure to meet these standards and requirements may result in adverse events that could subject us to reputational damage, fines, litigation, regulatory sanctions, financial losses or loss of market share. Technology risks are managed through technology risk management program, business continuity management plan and business contingency and resiliency plans. Technology risks are included as part of our overall non-financial risk assessments based upon a forward-looking approach focusing on the most significant risks in terms of potential impact and likelihood.

Cyber risk

Cyber risk, which is part of technology risk, is the risk that the Group will be compromised as a result of cyber attacks, security breaches, unauthorised access, loss or destruction of data, unavailability of service, computer viruses or other events that could have an adverse security or resilience impact. Any such event could subject us to litigation or cause us to suffer a financial loss, a disruption of our businesses, liability to our clients, regulatory intervention or reputational damage. CSS(E)L could also be required to expend significant additional resources to investigate and remediate vulnerabilities or other exposures.

CS group recognises that cyber risk represents a rapidly evolving external risk landscape. The financial industry continues to face cyber threats from a variety of actors who are driven by monetary, political and other motivations. CS group actively monitors external incidents and threats and assess and respond accordingly, including modifying our protective measures, to any potential vulnerabilities that this may reveal. CS group is also an active participant in industry forums and information exchange initiatives and engage in regulatory consultation on this subject.

CS group has an enterprise-wide cybersecurity strategy to provide strategic guidance as part of our efforts to achieve an optimised end-to-end security and risk competence that enables a secure and innovative business environment, aligned with the CS group's risk appetite. A technology security team leverages a wide array of leading technology solutions and industry best practices to support our ability to maintain a secure perimeter and detect and respond to threats in real time.

CS group regularly assess the effectiveness of key controls and conduct ongoing employee training and awareness activities, including for key management personnel, in order to embed a strong cyber risk culture. As part of the non-financial risk framework ('NFRF'), the Executive Board as well as divisional and legal entity risk management committees are given updates on the broader technology risk exposure.

Significant incidents are escalated to the Risk Committee together with key findings and mitigating actions. Related business continuity and response plans are tested and simulations are conducted up to the Executive Board and Board level.

Legal risk

Legal risk is the risk of loss or imposition of damages, fines, penalties or other liability or any other material adverse impact arising from circumstances including the failure to comply with legal obligations, whether contractual, statutory or otherwise, changes in enforcement practices, the making of a legal challenge or claim against us, our inability to enforce legal rights or the failure to take measures to protect our rights.

Compliance risk

Compliance risk is the risk of legal or regulatory sanctions or financial loss that may result from the failure to comply with applicable laws, regulations, rules or market standards.

Regulatory risk

Regulatory risk is the risk that changes in laws, regulations, rules or market standards may limit our activities and have a negative effect on our business or our ability to implement strategic initiatives or can result in an increase in operating costs for the business or make our products and services more expensive for clients.

Conduct risk

CSS(E)L defines 'conduct risk' as the risk that the conduct of the firm or its individuals unfairly impacts clients or counterparties, undermines the integrity of the financial system or impairs effective competition to the detriment of consumers.
The Non-Financial Risk Framework (NFR) provides requirements for the identification, management, assessment and mitigation of operational, compliance and conduct risks. Conduct risk is classified as a root cause across the NFR Framework, and the NFR Framework standards and processes are leveraged to aid its identification. A distinct UBS Conduct Risk Framework with specific governance and process requirements enables comprehensive management of conduct risk.

Identifying actual or potential conduct risks is the responsibility of every UBS employee, and all parts of the firm should execute this responsibility as part of their day-to-day management process by applying the principles that we: differentiate employee-, market- and client-related conduct, and have processes and controls in place to manage each; ensure transparency of employee and firm conduct and produce and review backward- and forward-looking management information covering employee, market and client-related conduct; have clearly defined roles and responsibilities; and have robust governance in place.

Our Code of Conduct Ethics sets out that we are committed to maintaining a culture based on high ethical standards and accountability. We are committed to balancing sustainable performance and appropriate risk-taking, including sound conduct and risk-management practices. In line with stakeholder expectations, this balanced approach protects our capital and reputation and enhances the quality of our financial results. We apply compensation principles reflecting a pay-for[1]performance approach. Evaluation of individual performance reflects both the what (contribution) and the how (behavior). We also factor in adherence with laws, rules, regulations, the Code, policies, or procedures.

Strategy execution / Transformational Risk
Execution risks around the entity strategy and integration with UBS Group is a key risk for CSS(E)L during 2024 in which the bulk of integration activities are being scheduled. Main risks include staff attrition and distraction, key person risk, retention of critical personnel, and disengagement of personnel.

Evaluation and management of non-financial risks
CS group aims to maintain the integrity of our business, operations and reputation as a core principle guiding the management and oversight of non-financial risks by ensuring that our day-to-day operations are sustainable and resilient, do not expose us to significant losses and enable our employees to make decisions and conduct business in line with our values and desired reputation as a firm.

Each business area and function are responsible for its risks and the provision of adequate resources and procedures for the management of those risks. They are supported by the designated second line of defense functions responsible for independent risk and compliance oversight, methodologies, tools and reporting within their areas as well as working with management on non-financial risk issues that arise. Businesses and relevant control functions meet regularly to discuss risk issues and identify required actions to mitigate risks.

The Non-Financial Risk function oversees the established NFRF, providing a consistent and unified approach to evaluating and monitoring the CS group's non-financial risks. Non-financial risk appetites are established and monitored under the Group-wide risk appetite framework, aligned with the NFRF which sets common minimum standards across the CS group for non-financial risk and control processes and review and challenge activities. Risk and control assessments are in place across all divisions and functions, consisting of the risk and control self-assessments and compliance risk assessments. Key non-financial risks are identified annually and represent the most significant risks requiring senior management attention. Where appropriate, remediation plans are put in place with ownership by senior management and ongoing oversight by CS group or Legal Entity Risk Committees.

Non-financial risk capital management
CS group's activities to manage non-financial risk capital include scenario analysis and operational risk regulatory capital measurement, as further described below. In addition, CS group transfers the risk of potential losses from certain non-financial risks to third-party insurance companies in certain instances.

Non-financial risk scenario analysis
Non-financial risk scenario analysis is forward-looking and is used to identify and measure exposure to a range of potential adverse events, such as unauthorised trading, transaction processing errors and compliance issues. These scenarios help businesses and functions assess the suitability of controls in light of existing risks and estimate hypothetical but plausible risk exposures. Scenarios are developed as qualitative estimation approaches to support stressed loss projections and capital calculations (both economic and regulatory capital) as part of regulatory requirements set by regulatory agencies in the jurisdictions in which CS group operates.

Non-financial risk stress loss projections
Operational losses may increase in frequency and magnitude during periods of economic stress and/or market volatility. CS group estimates the potential operational loss that may be experienced under a variety of adverse economic conditions through stress testing by quantifying historically observed relationships between various types of operational losses and the economy, and through expert consideration of impacts on key non-financial risks.

Non-financial risk regulatory capital measurement
CS group uses a set of internally validated and approved models to calculate our regulatory capital requirements for non-financial risk (also referred to as "operational risk capital") across the CS group and for legal entities. For CS group regulatory capital requirements, we use a model under the AMA. The model is based on a loss distribution approach that uses relevant historical internal and external loss data to estimate frequency and severity distributions for different types of potential non-financial risk losses, such as an unauthorised trading incident, execution delivery errors, fraud, litigation events or a material business disruption. Business experts and senior management review and challenge model parameters in light of changes of business environment and internal control factors to ensure that the capital projection is reasonable and forward-looking. Deductions are taken from the regulatory capital requirement for non-financial risk to account for the mitigating values of insurance policies held by the CS group. The regulatory capital requirement represents the 99.9th percentile of the estimated distribution of total operational losses for the CS group over a one-year time horizon. A risk-sensitive approach is applied to allocate capital to the businesses.

Governance of non-financial risks
Effective governance processes establish clear roles and responsibilities for managing non-financial risks and define appropriate escalation processes for outcomes that are outside expected levels. CS group utilises a comprehensive set of policies and procedures that set out how employees are expected to conduct their activities, including clearly defined roles for each of the three lines of defense to achieve appropriate segregation of duties.

Non-Financial Risk is responsible for setting minimum standards for managing non-financial risks at the CS group level. This includes ensuring the cohesiveness of policies and procedures, tools and practices throughout the CS group, particularly with regard to the identification, evaluation, mitigation, monitoring and reporting of these risks. Other second line of defense oversight functions are responsible for setting supplemental policies and procedures where applicable. Non-Financial Risk also oversees the global read-across framework, under which the CS group performs comprehensive reviews of risk events and/or emerging risks to identify underlying root causes, and considers their applicability across other divisions, significant legal entities or corporate functions with the goal of minimising re-occurrence in a sustainable manner through enhancements of processes and/or key controls to support reduction of relevant residual risks.

Non-financial risk exposures, metrics, issues and remediation efforts are discussed in various risk management committees across the organisation, including in the monthly ExB RMC, divisional operational risk and compliance management committees and relevant corporate function committees. Key, significant and trending non-financial risk themes are discussed in governance forums where appropriate, including risk themes that may emerge due to significant internal or external events and any corresponding tactical or strategic control enhancements that may be required in order to maintain adequate internal controls in response to such events.

For conduct risk, periodic monitoring of metrics is based on thresholds set by severity level, with material trends identified and escalated as appropriate to senior management.

Replacement of Interbank Offered Rates (‘IBOR’)

Following significant international and regulatory pressure to replace certain interbank offered rate (IBOR) benchmarks with alternative reference rates (ARRs), a major structural change in global financial markets has now completed. Markets and most legacy transactions have been transitioned to alternative reference rates.

Aligned with the timeline set by regulatory bodies and industry working groups, Credit Suisse’s legacy non-USD LIBOR portfolio was successfully transitioned to alternative reference rates with minimal reliance on Synthetic GBP LIBOR at the end of December 2021.

Subsequently, under the leadership of members of the Executive Board, LIBOR Transition Program, our business and functional leaders across the entire Group, the IBOR Transition Program Credit Suisse has successfully facilitated the transition away from USD LIBOR by the industry cessation date of 30th June 2023. No client or internal issues have been reported to date. The small number of trades that do not have robust fallback provisions largely benefit from the LIBOR Act or the temporary availability of USD Synthetic LIBOR and in most instances are expected to transition in due time. Credit Suisse continues to focus on assisting clients through the whole of the transition period and will track the wind down of use of Synthetic USD LIBOR through divisional Risk Management Committees up to its cessation at the end September 2024.

	Financial instruments yet to transition to alternative benchmarks, by main benchmark	
USD million [1]	2023 USD Libor	2022 USD Libor
Notional value of non-derivative financial assets	–	49
Derivative notional contract amount	–	14,297

[1] This table does not include financial instruments that reference a benchmark interest rate that is required to transition to an alternative benchmark rate, but which will mature prior to that transition date. The table also does not include financial instruments that reference a benchmark interest rate and are expected to transition to an alternative benchmark rate at the next reset.

viii) Insurance Risk

Below table sets out details of types of insurance risk and its mitigation

Product	Key risks	Risk Mitigation
UK lives Longevity swaps with pension funds	Longevity risk: risk of individual living longer than expected Inflation risk: the future real value of the cash flows will be reduced by unanticipated Inflation	Reinsurance with various external reinsurers

Sensitivity analysis

2023 (USD million)	CSM		Profit and Loss	
	Gross	Net	Gross	Net
UK Lives longevity swaps				
Mortality rates (1% increase)	21	–	(8)	–
Mortality rates (1% decrease)	(21)	–	8	–
Expenses (10% increase)	–	–	–	–
Expenses (10% decrease)	–	–	–	–

2022 (Restated) (USD million)	CSM		Profit and Loss	
	Gross	Net	Gross	Net
UK Lives longevity swaps				
Mortality rates (1% increase)	21	–	(8)	–
Mortality rates (1% decrease)	(21)	–	9	–
Expenses (10% increase)	–	–	–	–
Expenses (10% decrease)	–	–	–	–

ix) Conduct Risk

CSS(E)L considers conduct risk to be the risk that improper behaviour or judgement by our employees may result in a negative financial, non-financial or reputational impact to our clients, employees or the Company, or negatively impact the integrity of the financial markets. Conduct risk may arise from a wide variety of activities and types of behaviours. A Group-wide definition of conduct risk supports the efforts of our employees to have a common understanding of and consistently manage and mitigate our conduct risk. Further, it promotes standards of responsible conduct and ethics in our employees. Managing conduct risk includes consideration of the risks generated by each business and the strength of the associated mitigating controls. Conduct risk is also assessed by reviewing and learning from past incidents within the CS group and at other firms in the financial services sector.

CSS(E)L seeks to promote responsible behaviour through the Code of Conduct, which provides a clear statement on the conduct standards and ethical values that the Company expects of its employees and members of the Board, so that it maintains and strengthens its reputation for integrity, fair dealing and measured risk-taking. In addition, our cultural values, which include inclusion, meritocracy, partnership, accountability, client focus, and trust, are a key part of the Company's effort to embed its core values into its business strategy and the fabric of the organisation.

The Code of Conduct and the set of Cultural Values are linked to the employee performance assessment and compensation processes.

x) Technology Risk

Technology risk deserves particular attention given the complex technological landscape that covers our business model. Ensuring that confidentiality, integrity and availability of information assets are protected is critical to our operations.

Technology risk is the risk that system-related failures, such as service outages or information security incidents, may disrupt business activities. Technology risk is inherent not only in our IT assets, but also in the people and processes that interact with them including through dependency on third-party suppliers and the worldwide telecommunications infrastructure. CSS(E)L seek to ensure that the data used to support key business processes and reporting is secure, complete, accurate, available, timely and meets appropriate quality and integrity standards. CSS(E)L require our critical IT systems to be identified, secure, resilient and available and support our ongoing operations, decision-making, communications and reporting. CS group's systems must also have the capability, capacity, scalability and adaptability to meet current and future business objectives, the needs of our customers and regulatory and legal expectations. Failure to meet these standards and requirements may result in adverse events that could subject us to reputational damage, fines, litigation, regulatory sanctions, financial losses or loss of market share. Technology risks are managed through our technology risk management program, business continuity management plan and business contingency and resiliency plans. Technology risks are included as part of our overall enterprise risk and control assessment based upon a forward-looking approach focusing on the most significant risks in terms of potential impact and likelihood.

Cyber Risk

Cyber risk, which is part of technology risk, is the risk that CSS(E)L will be compromised as a result of cyber attacks, security breaches, unauthorised access, loss or destruction of data, unavailability of service, computer viruses or other events that could have an adverse security impact. Any such event could subject the Company to litigation or cause it to suffer a financial loss, a disruption of our businesses, liability to our clients, regulatory intervention or reputational damage. CSS(E)L could also be required to expend significant additional resources to modify our protective measures or to investigate and remediate vulnerabilities or other exposures.

CSS(E)L recognise that cyber risk represents a rapidly evolving, external risk landscape. The financial industry continues to face cyber threats from a variety of actors who are driven by monetary, political and other motivations. CS group actively monitors external incidents and threats and assesses and responds accordingly to any potential vulnerabilities that this may reveal. CS group is also an active participant in industry forums and information exchange initiatives and engages in regulatory consultation on this subject.

CSS(E)L has an enterprise-wide Cybersecurity Strategy to provide strategic guidance as part of our efforts to achieve an optimised end-to-end security and risk competence that enables a secure and innovative business environment, aligned with the CS group's risk appetite. CSS(E)L's technology security team leverages a wide array of leading technology solutions and industry best practices to support our ability to maintain a secure perimeter and detect and respond to threats in real time.

CSS(E)L regularly assesses the effectiveness of our key controls and conducts ongoing employee training and awareness activities, including for key management personnel, in order to embed a strong cyber risk culture. As part of the Enterprise and Risk Control Framework, the CSS(E)L Board as well as CSS(E)L risk management committee are given updates on the broader technology risk exposure.

Senior management, including the CSS(E)L Board and its Risk Committee are regularly informed about broader technology risk exposure and the threats and mitigations in place to manage cyber incidents. Notable incidents are escalated to the Risk Committee together with lessons learned and mitigation plans. Related business continuity and cyber incident response plans are rehearsed at all levels, up to and including the Board.

xi) Reputational Risk

CSS(E)L highly values its reputation and is fully committed to protecting it through a prudent approach to risk-taking, and responsible approach to business. This is achieved through use of dedicated processes, resources and policies focused on identifying, evaluating, managing and reporting potential reputational risks. This is also achieved through applying the highest standards of personal accountability and ethical conduct as set out in the CS group Code of Conduct, and the CS group approach to Conduct and Ethics.

CSS(E)L acknowledges that as a large global financial institution, with a wide range of businesses and stakeholders, it may be subject to general criticism or negative perception from time to time which may negatively impact its reputation.

CSS(E)L also acknowledges that it will knowingly engage in specific activities where opinions may vary depending on the perspective and standpoint of each party, and which may lead to negative perception from some stakeholders.
In both these cases, CSS(E)L accepts reputational risk only where we can justify at the time decisions are taken that:
- The activity is in line with our stated Code of Conduct, and Conduct and Ethics Standards
- Informed judgement is exercised in line with our internal sector policies and thematic guidelines, including region specific concerns or mitigation, where applicable.

CSS(E)L has no appetite for engaging in activity that exposes the CS group to reputational risk where these conditions are not met.

CSS(E)L has adopted the CS Global Policy on Reputational Risk ('the Policy') which states that each employee is responsible for assessing the potential reputational impact of all businesses in which they engage, and for determining whether any actions or transactions should be formally submitted through the Reputational Risk Review Process ('RRRP') for review.

xii) Underwriting Risk

Underwriting risk comprises insurance risk, policyholder behavior risk and expense risk.
- Insurance risk: The risk transferred through the longevity swaps to the CSS(E)L Group, other than financial risk. Insurance risk arises from the inherent uncertainty about the occurrence, amount or timing of claims.
- Expense risk: the risk of unexpected increases in the administrative costs associated with the servicing of a contract (rather than in the costs associated with insured events)

Management of underwriting risk:
The CSS(E)L Group sets the Group's strategy for accepting and managing underwriting risk. The Group continuously reviews its underwriting strategy in the light of evolving market pricing and loss conditions and as opportunities present themselves. Longevity and mortality risk are mitigated by the use of reinsurance.

xiii) Interest Rates Risk

Sensitivity analysis

	CSM		Profit and Loss	
2023 (USD million)	Increase	Decrease	Increase	Decrease
UK Lives longevity swaps GBP (50 bps movement)				
Insurance contract	1	(1)	(52)	60
Reinsurance contracts	(1)	1	6	(6)

	CSM		Profit and Loss	
2022 (Restated) (USD million)	Increase	Decrease	Increase	Decrease
UK Lives longevity swaps GBP (50 bps movement)				
Insurance contract	1	(1)	(47)	55
Reinsurance contracts	(1)	1	4	(4)

34 Offsetting of Financial Assets and Financial Liabilities

The disclosures set out in the following tables include derivative instruments, reverse repurchase and repurchase agreements, securities lending and borrowing transactions, and other financial assets and financial liabilities that:

- are offset in the CSS(E)L Group's Consolidated Statement of Financial Position; or
- are subject to an enforceable master netting agreement or similar agreement (enforceable master netting agreements), irrespective of whether they are offset in the CSS(E)L Group's Consolidated Statement of Financial Position.

Similar agreements include derivative clearing agreements, global master repurchase agreements, global master securities lending agreements, and any related rights to financial collateral.

Financial instruments such as loans and deposits are not disclosed in the following tables. They are not offset in the Consolidated Statement of Financial Position.

Derivatives

The CSS(E)L Group transacts bilateral OTC derivatives mainly under International Swaps and Derivatives Association ('ISDA') Master Agreements. These agreements provide for the net settlement of all transactions under the agreement through a single payment in the event of default or termination under the agreement.

The above ISDA Master Agreements do not meet the criteria for offsetting in the Consolidated Statement of Financial Position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the CSS(E)L Group or the counterparties or following other predetermined events. In addition, the CSS(E)L Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Collateral for OTC derivatives is received and provided in the form of cash and marketable securities. Such collateral may be subject to the standard industry terms of an ISDA Credit Support Annex. The terms of an ISDA Credit Support Annex provide that securities received or provided as collateral may be pledged or sold during the term of the transactions and must be returned upon maturity of the transaction. These terms also give each counterparty the right to terminate the related transactions upon the other counterparty's failure to post collateral. Financial collateral received or pledged for OTC derivatives may also be subject to collateral agreements which restrict the use of financial collateral.

For exchange-traded derivatives, gross derivative assets and liabilities and related cash collateral are offset if the terms of the rules and regulations governing these exchanges respectively central clearing counterparties permit such netting and offset because the CSS(E)L Group:

1) currently has a legally enforceable right to set off the recognised amounts; and
2) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

To meet criterion (1), the right of set-off:

- must not be contingent on a future event; and
- must be legally enforceable in all of the following circumstances:
  - i the normal course of business;
  - ii the event of default; and
  - iii the event of insolvency or bankruptcy of the entity and all of the counterparties.

Criterion (2) may only be met, if – depending on the settlement mechanism – certain criteria are met (e.g. derivatives with the same currency).

Where no such agreements exist, fair values are recorded on a gross basis.

Under IFRS, the CSS(E)L Group has elected to account for substantially all hybrid financial instruments with an embedded derivative that is not considered closely related to the host contract at fair value. Where these hybrid financial instruments are subject to an enforceable master netting agreement or similar agreement, they are included in the tables Offsetting of 'Funded Derivatives' on the following pages.

Reverse repurchase and repurchase agreements and securities lending and borrowing transactions

Reverse repurchase and repurchase agreements are generally covered by global master repurchase agreements. In certain situations, for example in the event of default, all contracts under the agreements are terminated and are settled net in one single payment. Global master repurchase agreements also include payment or settlement netting provisions in the normal course of business that state that all amounts in the same currency payable by each party to the other under any transaction or otherwise under the global master repurchase agreement on the same date shall be set off.

Reverse repurchase and repurchase agreements may also be novated with central clearing counterparties and therefore covered by the central clearing counterparty's rules and regulations.

Bilateral as well as centrally cleared reverse repurchase and repurchase transactions are netted in the Consolidated Statement of Financial Position if the global master repurchase agreements respectively the terms of the rules and regulations governing the central clearing counterparties permit such netting and offset because the CSS(E)L Group:

1) currently has a legally enforceable right to set off the recognised amounts; and
2) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The net settlement criterion in (2) will also be met, if the CSS(E)L Group can settle amounts in a manner such that the outcome is, in effect, equivalent to net settlement. This will occur if, and only if, the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk, and that will process receivables and payables in a single settlement process or cycle.

The amounts offset are measured on the same basis as the underlying transaction (i.e. on an accrual basis or fair value basis).

Securities lending and borrowing transactions are generally executed under global master securities lending agreements with netting terms similar to ISDA Master Agreements. In certain situations, for example in the event of default, all contracts under the agreement are terminated and are settled net in one single payment. Securities lending and borrowing transactions may also be novated with central clearing counterparties and therefore covered by the central clearing counterparty's rules and regulations. Transactions under these similar agreements are not netted in the Consolidated Statement of Financial Position because most securities lending and borrowing transactions do not meet the criterion of having the same settlement date specified at inception of the transaction, and therefore they are not eligible for netting in the Consolidated Statement of Financial Position apart from the other conditions to be met for netting.

Reverse repurchase and repurchase agreements are collateralised principally by government securities, money market instruments and corporate bonds and have terms ranging from overnight to a longer or unspecified period of time. In the event of counterparty default, the reverse repurchase agreement or securities lending agreement provides the CSS(E)L Group with the right to liquidate the collateral held. As is the case in the CSS(E)L Group's normal course of business, substantially all of the collateral received that may be sold or repledged was sold or repledged as of 31 December 2023 and 31 December 2022. In certain circumstances, financial collateral received may be restricted during the term of the agreement (e.g. in tri-party arrangements).

The following table presents the gross amount of financial assets subject to enforceable master netting agreements, the amount of offsetting, the amount of financial assets not subject to enforceable master netting agreements and the net amount presented in the Consolidated Statement of Financial Position.

Offsetting of Financial assets and liabilities and amounts not offset in the Consolidated Statement of Financial Position

CSS(E)L Group	Amounts subject to enforceable master netting agreements			Amounts not offset in the Consolidated statement of Financial Position				
2023 (USD million)	Gross	Offsetting	Net [1]	Financial instruments	Cash collateral received/ pledged	Net exposure	Amounts not subject to enforceable master netting agreements [2]	**Total**
Financial Assets								
Derivative assets	1,876	–	1,876	(1,651)	(220)	5	19	**1,895**
of which recorded in trading financial assets mandatorily at fair value through profit or loss	*1,871*	–	*1,871*	*(1,651)*	*(220)*	–	*19*	**1,890**
of which recorded in other assets	*5*	–	*5*	–	–	*5*	–	**5**
Securities purchased under resale agreements [3]	1,484	–	1,484	(1,484)	–	–	–	**1,484**
Securities borrowing transactions [3]	11	–	11	(10)	–	1	–	**11**
Other Assets- Cash collateral on derivative instruments	342	–	342	–	–	342	228	**570**
Financial Liabilities								
Derivative liabilities	1,929	–	1,929	(1,651)	(13)	265	59	**1,988**
of which recorded in trading financial liabilities mandatorily at fair value through profit or loss	*1,929*	–	*1,929*	*(1,651)*	*(13)*	*265*	*59*	**1,988**
of which recorded in other liabilities	–	–	–	–	–	–	–	**–**
Securities sold under resale agreements [4]	696	–	696	(658)	(38)	–	–	**696**
Securities lending transactions [4]	3	–	3	(3)	–	–	–	**3**
Other Liabilities- Cash collateral on derivative instruments	347	–	347	–	–	347	–	**347**
Funded Derivatives Liabilities	–	–	–	–	–	–	–	**–**

1 Net amount presented in the Company Statement of Financial Position and subject to enforceable master netting agreements.
2 Represents financial assets where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place.
3 USD Nil of the total gross amount are reported at fair value.
4 USD Nil of the total gross amount are reported at fair value.

CSS(E)L Group	Amounts subject to enforceable master netting agreements			Amounts not offset in the Consolidated statement of Financial Position				
2022 (USD million) [5]	Gross	Offsetting	Net [1]	Financial instruments	Cash collateral received/ pledged	Net exposure	Amounts not subject to enforce- able master netting agree- ments [2]	Total
Financial Assets								
Derivative assets	1,962	–	1,962	(1,698)	(208)	56	2	**1,964**
of which recorded in trading financial assets mandatorily at fair value through profit or loss	*1,962*	–	*1,962*	*(1,698)*	*(208)*	*56*	*2*	**1,964**
Securities purchased under resale agreements [3]	1,651	–	1,651	(1,651)	–	–	–	**1,651**
Securities borrowing transactions [3]	27	–	27	(8)	–	19	–	**27**
Other Assets- Cash collateral on derivative instruments	336	–	336	–	–	336	229	**565**
Financial Liabilities								**0**
Derivative liabilities	2,037	–	2,037	(1,694)	(26)	316	82	**2,119**
of which recorded in trading financial liabilities at fair value through profit or loss	*2,009*	–	*2,009*	*(1,694)*	*(26)*	*288*	*82*	**2,091**
of which recorded in other liabilities	*28*	–	*28*	–	–	*28*	–	**28**
Securities sold under resale agreements [4]	633	–	633	(611)	22	44	–	**633**
Securities lending transactions [4]	3	–	3	(2)	–	1	–	**3**
Other Liabilities- Cash collateral on derivative instruments	334	–	334	–	–	334	–	**334**
Funded Derivatives Liabilities	–	–	–	–	–	–	–	**–**

1 Net amount presented in the Company Statement of Financial Position and subject to enforceable master netting agreements.
2 Represents financial assets where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place.
3 USD 1 million of the total gross amount are reported at fair value.
4 USD 1 million of the total gross amount are reported at fair value.
5 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies. This also includes a separate restatement for $49m reduction in cash collateral pledged against derivative assets and $289m reduction in cash collateral received on derivative liabilities due to overstatement in 2022.

The offsetting tables above apply to both CSS(E)L Group and Company. The only exception to the Company tables is in the Derivatives assets and liabilities as shown below.

Company	Amounts subject to enforceable master netting agreements			Amounts not offset in the Consolidated statement of Financial Position				
2023 (USD million)	Gross	Offsetting	Net	Financial instruments	Cash collateral received/ pledged	Net exposure	Amounts not subject to enforce- able master netting agree- ments	Total
Financial Assets								
Derivative assets	1,876	–	1,876	(1,651)	(220)	5	21	**1,897**
of which recorded in trading financial liabilities mandatorily at fair value through profit or loss	*1,871*	–	*1,871*	(1,651)	(220)	–	*21*	**1,892**
of which recorded in other assets	*5*	–	*5*	–	–	5	–	**5**
Financial Liabilities								
Derivative liabilities	1,929	–	1,929	(1,651)	(13)	265	59	**1,988**
of which recorded in trading financial liabilities mandatorily at fair value through profit or loss	*1,929*	–	1,929	*(1,651)*	*(13)*	*265*	*64*	**1,993**

Company 2022 (USD million) [1]	Amounts subject to enforceable master netting agreements Gross	 Offsetting	 Net	Amounts not offset in the Consolidated statement of Financial Position Financial instruments	 Cash collateral received/ pledged	 Net exposure	Amounts not subject to enforce-able master netting agree-ments	Total
Financial Assets								
Derivative assets	1,962	–	1,962	(1,698)	(208)	56	4	**1,966**
of which recorded in trading financial liabilities mandatorily at fair value through profit or loss	*1,962*	–	*1,962*	(1,698)	(208)	56	*4*	**1,966**
Financial Liabilities								
Derivative liabilities	2,037	–	2,037	(1,694)	(26)	316	102	**2,139**
of which recorded in trading financial liabilities mandatorily at fair value through profit or loss	*2,009*	–	2,009	*(1,694)*	*(26)*	*288*	*102*	**2,111**
of which recorded in other liabilities	*28*	–	*28*	–	–	*28*	–	**28**

[1] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies. This also includes a separate restatement for $49m reduction in cash collateral pledged against derivative assets and $289m reduction in cash collateral received on derivative liabilities due to overstatement in 2022.

Net exposure is subject to further credit mitigation through the transfer of the exposure to other market counterparties by the general use of CDS.

35 Capital Adequacy

The Bank's capital adequacy is monitored and governed by the PRA. The regulatory rules are set out in the PRA's Rulebook, which includes onshored rules from the Capital Requirements Regulation ('CRR') and the Capital Requirements Directive ('CRD').

The CS group considers a strong and efficient capital position to be a priority. Consistent with this, the Company closely monitors its capital position on a continuing basis to ensure ongoing stability and support of its business activities. This monitoring takes account of the requirements of the current regulatory regime and any forthcoming changes to the capital framework or to the Company's business model. The CS group continues to provide confirmation that it will ensure that the Company is able to meet its debt obligations and maintain a sound financial position over the foreseeable future.

Multi-year business forecasts and capital plans are prepared by CSS(E)L, considering its business strategy and the impact of known regulatory changes. These plans are subjected to various stress tests, reflecting both macroeconomic and specific risk scenarios, as part of the ICAAP. Within these stress tests, potential management actions, that are consistent with both the market conditions implied by the stress test and the stress test outcome, are identified. The results of these stress tests and associated management actions are updated regularly, as part of the ICAAP, with results documented and reviewed by the Board of Directors. The ICAAP then forms the basis for any Supervisory Review and Evaluation Process ('SREP') that the PRA conducts when assessing an institution's level of regulatory capital.

Own Funds

Own funds comprise a number of 'Tiers'. Tier 1 capital principally comprises shareholders' equity (Common Equity Tier 1 ('CET1') and Additional Tier 1 ('AT1'). Total capital equals the sum of these with adjustments including regulatory deductions and prudential filters.

The Company's overall capital needs are reviewed to ensure that its own funds can appropriately support the anticipated needs of its businesses. The capital management framework is designed to ensure that own funds are sufficient to support the underlying risks of the business activity, to meet the objectives of management and to meet the requirements of regulators, rating agencies and market participants.

During 2023, The Company paid a dividend of USD 500 million and there was a repatriation of capital of USD 399 million.

Overall movements in own funds were as follows:

Company	2023	2022
Own Funds (USD million)		
Own Funds at 1 January	**2,257**	**7,759**
Change in Tier 1 Instruments:		
Reduction of Share Capital [1]	(399)	(3,450)
Change in Tier 2 Instruments:		
Subordinated Debt Repayment	–	(844)
Net movement on Tier 2 capital	–	(185)
Net Movement in shareholder's equity [2]	(535)	(1,058)
Net movement in regulatory deductions and prudential filters	9	35
Own Funds at 31 December	**1,332**	**2,257**

[1] Reduction in share capital relates to a capital repatriation undertaken during 2023
[2] Net movement in shareholders equity includes changes in retained earnings, other reserves and capital contribution reserve. The main driver of this movement is related to dividend payment in 2023.

The PRA reviews the ICAAP through its SREP and sets a Total Capital Requirement ('TCR') comprising Pillar 1 and Pillar 2A, which establishes the minimum level of regulatory capital for the Company. As at 31 December 2023, the Company's TCR was USD 0.5 billion, equivalent to 20.50% of RWAs. In addition, the PRA sets Pillar 2 buffers if required, which is available to support the Company in a stressed market environment.

The Company must at all times monitor and demonstrate compliance with the relevant own funds requirements. The Company has put in place processes and controls to monitor and manage its own funds and no breaches were reported to the PRA during the year.

The following table sets out details of the Company's own funds at 31st December 2023 and 2022.

Company	2023	2022
Own Funds (USD million)		
Total shareholders' equity	1,383	2,317
Other deductions:		
Regulatory deductions	(2)	(2)
Excess of expected loss amounts over credit risk adjustments	(4)	(3)
Prudential filters	(45)	(55)
Total Tier 1 capital	**1,332**	**2,257**
Tier 2 capital		
Subordinated debt	–	–
Standardised General Credit Risk Adjustments	–	–
Total Tier 2 capital	**–**	**–**
Total Tier 1 and Tier 2 capital	**1,332**	**2,257**
Own Funds	**1,332**	**2,257**

36 Subsequent Events

During Q1 2024, CSS(E)L Group agreed to sell it's advisory business in its Korean Branch to a UBS Group company for USD 27 million.

During Q1 2024 the NCL business has sold substantially all of its US Lives portfolio to third parties.

These transactions are aligned to CSS(E)L Group's strategy to wind down its business operations.

Independent auditors' report to the directors of Credit Suisse Securities (Europe) Limited

Report on the audit of the country-by-country information

Opinion

In our opinion, Credit Suisse Securities (Europe) Limited's ("CSS(E)L group and company" hereafter) country-by-country information for the year ended 31 December 2023 has been properly prepared, in all material respects, in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

We have audited the country-by-country information for the year ended 31 December 2023 in the section headed Country-by-Country Reporting of the Annual Report 2023.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), including ISA (UK) 800 and ISA (UK) 805, and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the country-by-country information section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the CSS(E)L group and company in accordance with the ethical requirements that are relevant to our audit of the country-by-country information in the UK, which includes the FRC's Ethical Standard, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter - Basis of preparation

In forming our opinion on the country-by-country information, which is not modified, we draw attention to the relevant section of the country-by-country information which describes the basis of preparation. The country-by-country information is prepared for the directors for the purpose of complying with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013. The country-by-country information has therefore been prepared in accordance with a special purpose framework and, as a result, the country-by-country information may not be suitable for another purpose.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the CSS(E)L group and company's ability to continue to adopt the going concern basis of accounting included:

- Performing a detailed risk assessment to identify factors that could impact the going concern basis of accounting.
- Understanding and evaluating the CSS(E)L group and company's current and forecast performance and reviewing key assumptions made in the forecasting process.
- Gaining an understanding of, and reviewing, management's assessment of the CSS(E)L group's capital and liquidity position, taking into account the ability of their parent, Credit Suisse AG, to provide support given the CSS(E)L group's reliance on funding from them.
- Considering the results of procedures performed by the group auditor to support the going concern assessment for Credit Suisse AG.
- We performed substantive procedures to obtain evidence of management's conclusions. These included review of regulatory correspondence, inspection of contracts and transaction terms related to intra-group funding facilities and back-testing of financial planning assumptions.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the CSS(E)L group and company's ability to continue as a going concern for a period of at least twelve months from the date on which the country-by-country information is authorised for issue.

In auditing the country-by-country information, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the country-by-country information is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the CSS(E)L group and company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Country-by-Country Report - description as defined in the second paragraph of the opinion section above other than the country-by-country information and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the country-by-country information does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the country-by-country information, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the country-by-country information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the country-by-country information or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the country-by-country information and the audit

Responsibilities of the directors for the country-by-country information

The directors are responsible for the preparation of the country-by-country information in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013 as explained in the basis of preparation, and for determining that the basis of preparation and accounting policies are acceptable in the circumstances. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of country-by-country information that is free from material misstatement, whether due to fraud or error.

In preparing the country-by-country information, the directors are responsible for assessing the CSS(E)L group and company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the CSS(E)L group and the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the country-by-country information

It is our responsibility to report on whether the country-by-country information has been properly prepared in accordance with the relevant requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Our objectives are to obtain reasonable assurance about whether the country-by-country information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this country-by-country information.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the CSS(E)L group and company and industry, we identified that the principal risks of non-compliance with laws and regulations related to securities markets, trading and other financial products and services including conduct of business, principally those determined by the Prudential Regulation Authority and the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the country-by-country information. We also considered those laws and regulations that have a direct impact on the country-by-country information such as the Companies Act 2006 and the Capital Requirements (Country-by-Country Reporting) Regulations 2013. We evaluated management's incentives and opportunities for fraudulent manipulation of the country-by-country information (including the risk of override of controls), and determined that the principal risks were related to misstatements in disclosure. Audit procedures performed included:

- enquiring with management and, where appropriate, those charged with governance;
- obtaining an understanding of the relevant laws and regulations, including the relevant requirement of the Capital Requirements (Country-by-Country Reporting) Regulations 2013;
- obtaining client schedules and other information used to prepare country-by country disclosures and agree to audit work performed and audit evidence; and
- testing taxes paid.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the country-by-country information. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the country-by-country information is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the CSS(E)L group's and the company's directors in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

The engagement partner responsible for this audit is Duncan McNab.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
15 April 2024

Country-by-Country Reporting

Article 89 of the Capital Requirements Directive IV (Directive 2013/36/EU) requires institutions (credit institutions or investment firms, their branches, and subsidiaries) to disclose annually: their name, the nature of their activities and geographic location, number of employees, and their turnover, pre-tax profit or loss, taxes paid and public subsidies received, on a country-by-country basis for the year ended 31 December 2023.

Basis of preparation

- **Country:** The geographical location of CSS(E)L, its material branches and subsidiaries considers the country of incorporation or residence as well as the relevant tax jurisdiction. The countries are listed in the table below.
- **Entity details:** the name of the entity, the following entity type, and the nature of activity is defined in these elements. CSS(E)L including its branches, is an investment firm whose activities include arranging finance for clients in the international capital markets, providing financial advisory services and acting as dealer in securities, derivatives and foreign exchange on a principal and agency basis. CSS(E)L's material subsidiaries are disclosed separately.
- **Average Number of Employees:** Defined as the number of employees on a full time equivalent basis, compensated directly by the entity.
- **Turnover:** Defined as net revenues and is consistent with CSS(E)L's financial statements. Net revenues include total income before impairment and operating expenses, but after net interest, net commissions/fees income and investment and trading income.
- **Pre Tax Profit/(Loss):** Definition of profit/(loss) before tax is consistent with that within CSS(E)L's financial statements, which includes net revenues, less total operating expenses.
- **Corporation Taxes Paid:** Defined as the corporation tax paid for CSS(E)L in each country and does not include taxes refunded back to CSS(E)L on account of tax overpayments in prior years during 2023 or 2022. Other taxes paid are detailed in the Strategic Report, and throughout the Annual Report.
- **Public Subsidies Received:** Interpreted as direct support by the government and there were no public subsidies received by CSS(E)L in 2023 (2022: Nil).

Country-by-Country report for the year ended 31 December 2023

Name of Entity	Parent, Subsidiary or Branch	Nature of Activity	Average Number of Employees	Turnover USD Million [1]	Pre Tax Profit/(Loss) USD Million [1]	Corporation Taxes Paid USD Million [2]	Public Subsidies Received
United Kingdom							
Credit Suisse Securities (Europe) Limited	Parent	Investment firm	–	23	(9)	–	–
Credit Suisse Client Nominees (UK) Limited	Subsidiary	Nominee Company	–	–	–	–	–
South Korea							
Credit Suisse Securities (Europe) Limited, Seoul Branch	Branch	Branch of an investment firm	84	36	4	7	–
Credit Suisse Securities (Europe) Limited	**Consolidated**		**84**	**59**	**(5)**	**7**	**–**

[1] Variable Interest entities are not included in the above reporting for a full list please see Note 29-Interests in Other Entities.
[2] The Corporation taxes paid above do not include taxes refunded during 2023. Taxes refunded during 2023 for CSS(E)L amounted to USD 1.3m.

Corporation Taxes of USD Nil, Bank Levy of USD 259,000, employees social security of USD 1 million and irrecoverable UK value added tax of USD (3) million were paid in the UK.

Country-by-Country report for the year ended 31 December 2022

Name of Entity	Parent, Subsidiary or Branch	Nature of Activity	Average Number of Employees	Turnover USD Million [1]	Pre Tax Profit/(Loss) USD Million [1]	Corporation Taxes Paid USD Million [2]	Public Subsidies Received
United Kingdom							
Credit Suisse Securities (Europe) Limited	Parent	Investment firm	–	170 [3]	97 [3]	–	–
Credit Suisse Client Nominees (UK) Limited	Subsidiary	Nominee Company	–	–	–	–	–
South Korea							
Credit Suisse Securities (Europe) Limited, Seoul Branch	Branch	Branch of an investment firm	96	101	68	30	–
Credit Suisse Securities (Europe) Limited	**Consolidated**		**96**	**271**	**165**	**30**	**–**

[1] Variable Interest entities are not included in the above reporting for a full list please see Note 29-Interests in Other Entities.
[2] The Corporation taxes paid above do not include taxes refunded during 2022. Taxes refunded during 2022 for CSS(E)L amounted to USD 45,000.
[3] 2022 numbers are restated due to IFRS 17 adoption. For further details refer to Note 2 – Significant Accounting Policies.

Corporation Taxes of USD Nil, Bank Levy of USD 17,000, employees social security of USD 1 million and irrecoverable UK value added tax of USD 1 million were paid in the UK.

Part of UBS Group

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