

Credit Suisse International
Interim Report 2011



Credit Suisse International

Unaudited Consolidated Interim
Financial Statements for the Six Months
Ended 30 June 2011

Credit Suisse International

Interim Management Report for the Six Months Ended 30 June 2011

The Directors present their Interim Management Report and the Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2011.

International Financial Reporting Standards

Credit Suisse International's 2011 Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted for use in the European Union ('EU'). The Condensed Consolidated Interim Financial Statements comprise Credit Suisse International ('CSi' or the 'Bank') and its subsidiaries – together referred to as the 'CSi group'.

The Condensed Consolidated Interim Financial Statements were authorised for issue by the Directors on 26 August 2011.

Business Review

Profile

Credit Suisse Group AG ('CSG'), a company domiciled in Switzerland, is the ultimate parent of a worldwide group of companies (collectively referred to as the 'CS group') specialising in Investment Banking, Private Banking and Asset Management. CSi is an unlimited liability company and an indirect wholly owned subsidiary of CSG. CSi is authorised under the Financial Services and Markets Act 2000 by the Financial Services Authority ('FSA').

As a leading financial services provider, CS group is committed to delivering its combined financial experience and expertise to corporate, institutional and government clients and high-net-worth individuals worldwide, as well as to retail clients in Switzerland. CS group serves its clients through three divisions, Investment Banking, Private Banking and Asset Management, which co-operate closely to provide holistic financial solutions based on innovative products and specially tailored advice. Founded in 1856, CS group has operations in over 50 countries and a team of more than 50,700 employees from approximately 100 different nations.

CSG prepares financial statements under US Generally Accepted Accounting Principles ('US GAAP'). These accounts are publicly available and can be found at www.credit-suisse.com.

Principal products

CSi is a bank domiciled in the United Kingdom. It is a global market leader in over-the-counter ('OTC') derivative products from the standpoints of counterparty service, innovation, product range and geographic scope of operations. CSi offers a range of interest rate, currency, equity, commodity and credit-related OTC derivatives and certain securitised products. CSi's business is primarily client-driven, focusing on transactions that address the broad financing, risk management and investment concerns of its worldwide client base. CSi enters into derivative contracts in the normal course of business for market-making, positioning and arbitrage purposes, as well as for risk management needs, including mitigation of interest rate, foreign currency and credit risk.

The CSi group has three principal business divisions: Fixed Income, Equities and Investment Banking, which are managed as a part of the Investment Banking Division of CS group.

The Fixed Income Division ('FID') provides a complete range of derivative products including forward rate agreements, interest rate and currency swaps, interest rate options, bond options, commodities and credit derivatives for the financing, risk management and investment needs of its customers. FID also engages in underwriting, securitising, trading and distributing a broad range of financial instruments in developed and emerging markets including US Treasury and government agency securities, US and foreign investment-grade and high yield corporate bonds, money market instruments, foreign exchange and real estate related assets.

The Equity Division engages in a broad range of equity activities for investors including sales, trading, brokerage and market making in international equity and equity related securities, options and futures and OTC derivatives.

The Investment Banking Division ('IBD') includes financial advisory services regarding mergers and acquisitions and other matters, origination and distribution of equity and fixed income securities, leveraged finance and private equity investments and, in conjunction with FID and Equities, capital raising services.

Economic environment

The operating environment remained challenging in the first half of 2011. Uncertainty surrounding a possible default on Greek debt led to wider concerns of sovereign debt default in Europe. The global economic recovery slowed in the first half of 2011, also negatively impacted by the natural disaster in Japan and political tensions in Middle East and North Africa. Overall, inflation continued to rise globally, and the European Central Bank ('ECB') began raising interest rates in April. Equity markets ended slightly lower, with trading volumes down.

Gross domestic product ('GDP') data presented a mixed picture in the period. While some European economies (Germany and France) saw solid growth, growth in the US and Switzerland was moderate and was negative in Japan, with its industrial production falling sharply. Supply chain disruptions also appeared to affect Japan's trading partners, with US motor vehicle and parts production significantly lower. Growth in China was slower due to the tightening of its monetary policy. High commodity prices during the period accounted for a portion of the recent slowdown as well as increased inflationary pressures. In many developed and emerging countries, inflation reached the highest level since the summer of 2008. At the same time, with oil prices starting to fall during the second quarter, there were signs that inflation might be peaking. In general, the global economy was clearly cooling after a relatively robust post-crisis rebound.

Central banks reacted differently to the combination of slower global growth and higher inflation. The ECB started to raise interest rates in April, the first major central bank to do so since rates were cut to record lows during the financial crisis, and signalled at its June meeting that it could continue to raise rates in July. In contrast, the US Federal Reserve ('Fed') and the Bank of England maintained interest rates at exceptionally low levels. European sovereign debt concerns continued to make headlines and affected markets worldwide. In May, Portugal was the third country to accept an

EU/International Monetary Fund rescue package, endorsed by the newly elected Portuguese government. In Greece, payment of the next tranche of previously approved rescue funds was delayed and the interest rates on previously made loans were also lowered. After political conflict within his party concerning additional austerity measures required to obtain those funds, the Greek prime minister won a vote of confidence from the Greek parliament relating to the measures. The parliament passed the austerity measures at the end of June, paving the way for disbursement of a further EUR 12 billion in rescue funds.

Government bond yields increased in major markets in the first half of 2011 mainly due to increased inflation expectations and expected rates hikes by the ECB. However, they decreased in the second quarter due to weaker macroeconomic data. The Fed completed its initiative to purchase USD 600 billion of US treasuries that was announced towards the end of last year. Credit spreads widened during the period due to the European sovereign debt concerns in some countries. The North American spreads were stable to slightly lower.

Sector environment

The first half of 2011 was a volatile period for the banking sector. The banking stocks largely underperformed the broader market during the period. Sector performance also reflected uncertainties regarding the effect of the changing regulations on sector participants.

Further information on the first half of 2011 European bank stress test criteria was published, providing increased confidence in transparency for the sector in the region, though the regulatory environments in Europe and the US continued to evolve and uncertainty regarding final outcomes remained.

Overall funding availability for European banks was solid at the beginning of the year, but worsened for some given rising sovereign debt concerns during the period. Dependency of the Portuguese, Irish and Greek banks on ECB lending support increased further.

The equity markets were mixed during the period. The developed markets largely outperformed the emerging markets with the US performing particularly well. The sovereign debt crisis and the natural disaster in Japan were key events that

raised the volatility levels significantly, as indicated by the CBOE Volatility Index (VIX), but returned to stable levels quickly.

In fixed income markets, long-dated bonds outperformed with benchmark yields decreasing on the back of weaker macroeconomic data and fears of an escalation of the sovereign debt concerns in the eurozone. Issuers of European bonds, considered fiscally weaker than other sovereigns, suffered particularly in this environment.

The FX markets were also volatile with the Swiss franc being the strongest major currency in the second quarter of 2011. It appreciated to record highs against the Euro and the US dollar. The strength of the Swiss franc was driven by its safe-haven status as the sovereign debt concerns in the eurozone continued. Low interest rates in the US and its external deficit prevented the US dollar from appreciating.

Commodity prices had a volatile six months. After having a strong first quarter prices turned sharply lower in May due to growing concerns about the slowdown of the global economy. After reaching a high above USD 114 per barrel, oil prices dropped below USD 100 per barrel in May before stabilizing around that price level. Gold prices continued to gradually increase during the period, supported by the low interest rate environment.

Performance

For the first half of 2011, CSi group reported net income attributable to shareholders of USD 35 million (2010: USD 375 million).

Net revenues amounted to USD 1,231 million (2010: USD 1,575 million). After operating expenses, CSi group reported profit before taxes of USD 168 million (2010: USD 620 million).

Included in net revenues for the first half of 2011 was a USD 161 million charge as a result of a change in estimate relating to the use of overnight indexed swap (OIS) interest rate yield curves, instead of other reference rates such as LIBOR, in determining the fair value of certain collateralised derivatives. This was based on the regular review of observable parameters used in pricing models.

Equity revenues were USD 676 million, an increase of 37% compared to the equivalent period in 2010. This was driven by good performance in Equity Derivatives, in particular in the Structured Derivatives businesses through positioning and an increase in Structured Note issuance. Additionally,

the client focussed Flow Derivatives businesses performed well which was a significant improvement against the equivalent period in 2010 which had been adversely impacted by market turbulence.

Fixed Income revenues fell in the first half of 2011 by 25% to USD 1,082 million compared to the equivalent period in 2010. This includes the impact of OIS as described above. The Fixed Income businesses were impacted by deteriorating market conditions in the second quarter driven by increased uncertainty over the European sovereign debt crises, the US Government borrowing ceiling, and concern over the future regulatory environment.

Net interest income decreased by USD 98 million primarily due to interest expense on long term debt of USD 337 million (2010: USD 239 million). This was primarily driven by changes in the second half of 2010 to the CSi funding structure from short dated to long tenor borrowings, due in part to the new FSA liquidity regime and CSi's decision to be self-sufficient from a liquidity standpoint.

Provision for credit losses during the first six months was USD 4 million (2010: USD 25 million release of provision). The increase in provisions was driven by increased exposure to a number of counterparties.

The Revenue Sharing Agreements require related entities/branches to compensate each other on an arm's length basis when related party transactions are undertaken. They are calculated in accordance with Tax principles and may use cost data, including incentive performance bonus, to derive an arm's length service fee depending on the nature of services provided. For the first half of 2011, this expense was USD 260 million (2010: USD 458 million). The main driver for this decrease was lower incentive performance bonus data used in 2011.

The CSi group's interim period operating expenses were USD 1,063 million (2010: USD 955 million).

Compensation costs have decreased by USD 87 million in the first half of 2011 which primarily reflects the impact of the one-time UK Bonus tax charge of USD 174 million in 2010 which offset the higher compensation expense in 2011 in respect of new deferred compensation awards granted in January 2011, higher mark-to-market on stock and deferred cash awards and higher salaries in 2011. General and administrative expenses increased by USD 195 million, predominantly as a result of an

increase in overhead expenses allocated from CS group which included an increase in costs associated with regulatory compliance initiatives.

The effective tax rate for the six months period to June 2011 was 79.06%. The effective tax rate is higher than the statutory rate primarily due to the decrease of the deferred tax asset due to the change in statutory tax rate. The effective tax rate for the similar period in 2010 was 40%. In that period the effective tax rate was higher than the statutory rate primarily due to the impact of the UK bonus tax which was not deductible for tax purposes.

As at 30 June 2011, the CSi group had total assets of USD 578,682 million (31 December 2010: USD 577,438 million, as restated for the change in accounting policy from trade date accounting to settlement date accounting) and total shareholders' equity of USD 11,448 million (31 December 2010: USD 11,413 million).

Fair Value Measurement

Financial instruments carried at fair value are categorised under the three levels of the IFRS fair value hierarchy, where Level 3 comprises assets and liabilities for which the inputs for the asset or liability are not based on observable market data (unobservable inputs).

Total Level 3 assets were USD 21.6 billion as at 30 June 2011 (31 December 2010: USD 20.0 billion), which was equivalent to 2.9% of total fair value assets.

Total Level 3 liabilities were USD 19.4 billion as at 30 June 2011 (31 December 2010: USD 20.4 billion), which was equivalent to 2.7% of total fair value liabilities.

Selected European credit risk exposures

On a gross basis, before taking into account collateral and CDS hedges, CSi's risk-based sovereign credit risk exposure to Portugal, Italy, Ireland, Greece and Spain as at 30 June 2011 was USD 3.3 billion (net exposure USD 0.2 billion). CSi's non-sovereign risk-based credit risk exposure to these countries as of the end of the interim period included gross exposure to financial institutions of USD 3.8 billion (net exposure USD 0.7 billion) and to corporate and other counterparties of USD 2.5 billion (net exposure USD 1.7 billion).

Outlook

Credit Suisse expects the current volatile and challenging market conditions to continue for the medium term, with the European sovereign debt crisis the most significant concern. Credit Suisse is responding to this by continuing to maintain client focus, execute on risk reduction, and maintain an industry-leading strong capital position. In addition Credit Suisse has announced intentions to reduce overall staffing levels globally by 4% as part of cost reduction measures.

Credit Suisse has one of the strongest brands and reputations in the industry, as demonstrated by client momentum and ability to attract and retain great talent. The global reach puts Credit Suisse at the center of capital flows between the emerging and mature economies.

CSi business is primarily client-driven. A return to confidence in the market leading to increased client appetite should provide substantial upside to the CSi group performance.

Capital Resources

Throughout the six months ended 30 June 2011 the Bank has accessed funding from CS group to ensure ongoing stability and support of its business activities. The Bank continues to closely monitor its capital and funding requirements on a daily basis. CS group has confirmed that it will ensure that the Bank is able to meet its debt obligations and maintain a sound financial position over the foreseeable future.

Issuances of medium and long term debt are set out in Note 13 to the Financial Statements.

The Bank must at all times monitor and demonstrate compliance with the relevant regulatory capital requirements of the FSA. The Bank has processes and controls in place to monitor and manage its capital adequacy.

Subsidiary Undertakings and Branches

Credit Suisse First Boston International Warrants Limited was put into members' voluntary liquidation during 2005 by the Bank, and remains in liquidation.

Dividends

No dividends have been paid for the period ended 30 June 2011 (2010: USD Nil).

Directors

Change in the directorate since 31 December 2010 and up to the date of this report are as follows:

Noreen Doyle was appointed as a Non-Executive Director with effect from 26 August 2011.

None of the directors who held office at the end of the period was directly beneficially interested, at any time during the year, in the shares of the Bank.

Directors of the CSi group benefited from qualifying third party indemnity provisions in place during the interim period and at the date of this report.

Business Combination

On 30 April 2011, Credit Suisse completed the acquisition of ABN AMRO Bank's (formerly Fortis Bank Nederland) Prime Fund Services (PFS) hedge fund administration business, a global leader in hedge fund administration services. As a part of this transaction the Bank has opened a new Dublin branch to house some of this business. (Refer Note 20).

Subsequent Events

In July 2011, the UK government enacted legislation introducing a levy attributable to the UK operations of large banks calculated on their liabilities and equity. The levy applies as of January 1, 2011 with effective rates for 2011 of 7.5 basis points for short-term liabilities and 3.75 basis points for long-term equity and liabilities. The CSi group currently estimates an expense of USD 50 million from this levy in 2011 to be recognised in the second half of 2011.

Credit Suisse International Statement of Directors' Responsibilities

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU;
- The Interim Management Report includes a fair review of the information required by:

(a) DTR 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the *Disclosure and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Signed on behalf of the Board of Directors on 26 August 2011:



Costas P. Michaelides

Director

Credit Suisse International

Condensed Consolidated Interim Statement of Comprehensive Income for the Six Months Ended 30 June 2011 (Unaudited)

	Reference to notes	30 June 2011	30 June 2010
Consolidated interim statement of comprehensive income (USD million)			
Interest income		594	519
Interest expense		(606)	(435)
Net interest (expense)/income	4	(12)	84
(Provision)/Release of provision for credit losses	5	(4)	25
Commission and fee expense	6	(23)	(13)
Net gains from financial assets/liabilities at fair value through profit or loss	10	1,530	1,937
Revenue sharing agreements expense	7	(260)	(458)
Net revenues		1,231	1,575
Compensation and benefits	8	(333)	(420)
General and administrative expenses	9	(730)	(535)
Total operating expenses		(1,063)	(955)
Profit before taxes		168	620
Income tax charge	12	(133)	(245)
Net income		35	375
Net income attributable to Credit Suisse International Shareholders		35	375

Profit for both 2011 and 2010 is from continuing operations.

There are no other comprehensive incomes or expenses not included within the Consolidated Income Statement.

The accompanying notes on pages 12 to 23 to the condensed Consolidated Interim Financial Statement (unaudited) are an integral part of these statements.

Credit Suisse International

Condensed Consolidated Interim Statement of Financial Position as at 30 June 2011 (Unaudited)

	Reference to note	30 June 2011	31 December 2010 (restated) ¹
Assets (USD million)			
Cash and due from banks		15,540	20,863
Interest-bearing deposits with banks		2,156	127
Securities purchased under resale agreements and securities borrowing transactions		18,865	16,132
Trading financial assets at fair value through profit or loss	11	456,752	459,503
Of which positive market values from derivative instruments		396,063	406,719
Financial assets designated at fair value through profit or loss		26,537	24,479
Other loans and receivables		5,117	5,519
Equity method investments		-	647
Other investments		34	36
Investment property		652	652
Current tax assets		74	221
Deferred tax assets		1,806	1,935
Other assets		50,506	46,717
Intangible assets		357	325
Property and equipment		286	282
Total assets		578,682	577,438
Liabilities and shareholders' equity (USD million)			
Deposits		5,105	2,733
Securities sold under repurchase agreements and securities lending transactions		9,950	7,885
Trading financial liabilities at fair value through profit or loss	11	424,701	434,300
Of which negative market values from derivative instruments		407,988	418,227
Financial liabilities designated at fair value through profit or loss		37,388	34,142
Short term borrowings		15,128	19,024
Other liabilities		42,265	37,494
Provisions		10	18
Long term debt	13	32,687	30,429
Total liabilities		567,234	566,025
Shareholders' equity			
Called-up share capital	15	9,625	9,625
Share premium account		1,016	1,016
Retained earnings		807	772
Total shareholders' equity		11,448	11,413
Total liabilities and shareholders' equity		578,682	577,438

1: On 1 January 2011, the CSI group voluntarily adopted settlement date accounting for regular-way trading securities replacing trade date accounting. Comparative information has been restated accordingly (See Note 2(a)).

The accompanying notes on pages 12 to 23 to the condensed Consolidated Interim Financial Statement (unaudited) are an integral part of these statements.

Approved by the Board of Directors on 26 August 2011 and signed on its behalf by:

Costas P. Michaelides

Director

Credit Suisse International

Condensed Consolidated Interim Statement of Changes in Equity (Unaudited)

	Share Capital	Share Premium	Retained Earnings	Total
Condensed Consolidated Interim Statement of changes in Equity (USD million)				
Balance at 1 January 2011	9,625	1,016	772	11,413
Profit for the period	-	-	35	35
Issue of shares	-	-	-	-
Redemption of shares	-	-	-	-
Balance at 30 June 2011	9,625	1,016	807	11,448

	Share Capital	Share Premium	Retained Earnings	Total
Condensed Consolidated Interim Statement of changes in Equity (USD million)				
Balance at 1 January 2010	9,125	4,868	(3,183)	10,810
Profit for the period	-	-	375	375
Issue of shares	-	-	-	-
Redemption of shares	-	-	-	-
Balance at 30 June 2010	9,125	4,868	(2,808)	11,185

There were no dividends paid during the six months ended 30 June 2011 (30 June 2010 Nil).

The accompanying notes on pages 12 to 23 to the condensed Consolidated Interim Financial Statement (unaudited) are an integral part of these statements.

Credit Suisse International

Condensed Consolidated Interim Statement of Cash Flows (Unaudited)

	Reference to note	30 June 2011	30 June 2010 (restated) ¹
Cash flows from operating activities (USD million)			
Profit before tax for the period		168	620
Adjustments to reconcile net profit to net cash used in operating activities (USD million)			
Non-cash items included in net profit before tax and other adjustments:			
■ Impairment, depreciation and amortisation		93	75
■ Disposal of property and equipment		1	1
■ Accrued Interest on long term debt	4	337	159
■ Provision for credit losses/(Release of allowance for loan loss)	5	4	(25)
■ Reversal on loan commitments		(1)	(3)
■ Foreign exchange losses/(gains)		636	(113)
■ Impairment on repossessed collateral		-	11
■ Provisions		10	18
Total adjustments		1,080	123
Cash generated before changes in operating assets and liabilities		1,248	743
Net (increase)/decrease in operating assets:			
■ Interest bearing deposits with banks		(2,029)	18
■ Securities purchased under resale agreements and securities borrowing transactions		(2,733)	6,500
■ Trading financial assets at fair value through profit or loss		3,400	(38,200)
■ Financial assets designated at fair value through profit or loss		(2,058)	3,533
■ Repossessed collateral		-	(65)
■ Other investments		-	(672)
■ Other loans and receivables		398	607
■ Other assets		(3,789)	(10,336)
Net (increase) in operating assets		(6,811)	(38,615)
Net (decrease)/increase in operating liabilities:			
■ Deposits		551	10
■ Securities sold under resale agreements and securities lending transactions		2,065	4,875
■ Trading financial liabilities		(9,600)	35,172
■ Financial liabilities designated at fair value through profit or loss		3,246	(7,635)
■ Short term borrowings		(3,896)	(15,032)
■ Other liabilities and provisions		4,758	5,628
Net (decrease)/increase in operating liabilities		(2,876)	23,018
■ Income taxes refund		147	77
■ Income taxes paid		-	(6)
Net cash used in operating activities		(8,292)	(14,783)
Cash flows from investing activities (USD million)			
Capital expenditure for property, equipment and intangible assets		(131)	(90)
Net cash used in investing activities		(131)	(90)
Cash flow from financing activities (USD million)			
Issuance of long term debt (including long term debt at fair value through profit or loss)	13	1,306	15,093
Repayment of long term debt (including long term debt at fair value through profit or loss)	13	(26)	(73)
Net cash flow provided by financing activities		1,280	15,020
Net (decrease)/ increase in cash and due from banks		(7,143)	147
Cash and due from banks at beginning of period		18,139	16,903
Cash and due from banks at end of period (USD million)		10,996	17,050
Cash and due from banks		15,540	18,881
Demand deposits		(4,544)	(1,831)
Cash and due from banks at end of period (USD million)		10,996	17,050

1: On 1 January 2011, the CSi group voluntarily adopted settlement date accounting for regular-way trading securities replacing trade date accounting. Comparative information has been restated accordingly (See Note 2(a)).

The accompanying notes on pages 12 to 23 to the condensed Consolidated Interim Financial Statement- (unaudited) are an integral part of these statements.

Credit Suisse International

Notes to the Condensed Consolidated Interim Statements for the Six Months Ended 30 June 2011 (Unaudited)

1. General

Credit Suisse International (CSi or the 'Bank') is a bank domiciled in the United Kingdom. The address of the Bank's registered office is One Cabot Square, London, E14 4QJ. The Condensed Consolidated Interim Financial Statements were authorised for issue by the Directors' on 26 August 2011.

2. Significant Accounting Policies

a) Basis of preparation

The accompanying unaudited condensed consolidated financial statements of the CSi group are prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted for use in the European Union ('EU') and are stated in United States Dollars (USD) rounded to the nearest million. Certain financial information, which is normally included in annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) but not required for interim reporting purposes, has been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the IFRS consolidated financial statements and notes thereto for the year ended December 31, 2010. Except as described below, the accounting policies applied by the CSi group in these condensed consolidated interim financial statements are the same as those applied by the CSi group in its financial statements for the year ended December 31, 2010.

The condensed consolidated financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments held for trading, financial instruments that are hedged as part of a designated hedging relationship and financial instruments designated by the CSi group as at fair value through profit and loss.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions for certain categories of assets and liabilities. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the condensed consolidated balances sheets and the reported amounts of revenues and expenses during the reporting period. 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 could differ from management's estimates.

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 of revision and future periods if the revision has a significant effect on both current and future periods.

The CSi group and Bank have unrestricted and direct access to funding sources of CS group. After making enquiries of the CS group, the Directors of the Bank have received a confirmation that CS group will ensure that the Bank maintains a sound financial position and is able to meet its debt obligations for the foreseeable future. Accordingly the Directors have prepared these Interim Financial Statements on a going concern basis.

Settlement date accounting: Under IAS 39 an entity is required to recognise a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument.

IAS 39 permits a choice between trade date and settlement date accounting for recording regular way transactions.

During 2011, CSi has changed its accounting for regular way trading securities transactions from trade date to settlement date accounting. This is considered to show a more relevant and reliable representation of the assets and liabilities of the company at the balance sheet date for the following reasons:

- It applies a consistent basis for the recognition of all financial instruments at the time at which the contract has been settled, consummated or delivery has otherwise been perfected, and
- It avoids the recording of assets on the statement of financial position at a time when CSi is still exposed to settlement risks.

In accordance with IAS 39 movements in fair value between trade date and settlement date are reflected as they occur, with the movement in fair value taken through profit or loss.

Changes have been applied retrospectively in accordance with IAS 8 resulting in the restatement of prior year financial information. As a result of the voluntary accounting policy change the following changes have been made to the financial statements as at 31 December 2010: Trading financial assets at fair value through profit or loss has decreased by USD 387 million, Other assets decreased by USD 1,094 million, Trading financial liabilities at fair value through profit or loss decreased by USD 279 million and Other liabilities decreased by USD 1,202 million.

Recently adopted accounting standards

The following provides the most relevant recently adopted accounting standards.

- **Revised IAS 24 Related Party Disclosures:** In November 2009, the IASB issued revisions to IAS 24 “Related Party Disclosures” (IAS 24). The objective of the revised IAS 24 is to simplify and ensure that an entity’s financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. The CSi group has adopted the revisions to IAS 24 and will include the required disclosures in the financial statements for the year ending 31 December 2011. The adoption of IAS 24 did not have a material impact on the existing related party disclosures.
- **Improvements to IFRS’s 2010:** In May 2010, the IFRS issued “Improvements to IFRSs”, which contains numerous amendments to IFRS that the IASB considers non-urgent but necessary. The “Improvements to IFRSs” comprise amendments that result in accounting changes for presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. The adoption of ‘Improvements to IFRS’s did not have a material impact on the CSi group’s financial position, results of operations or cash flows. The disclosures required as a result of adoption will be included in the financial statements for the year ending 31 December 2011 as these are condensed financial statements and there has not been any significant change in business during this interim reporting period.
- **Prepayments of a minimum funding requirement (Amendments to IFRIC 14):** In November 2009, the IASB issued “Prepayments of a Minimum Funding Requirement” (Amendments to IFRIC 14). The adoption of Amendments to IFRIC 14 did not have a material impact on the CSi group’s financial position, results of operations or cash flows.
- **IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments:** In November 2009, the IASB issued IFRIC 19, “Extinguishing Financial Liabilities with Equity Instruments” (IFRIC 9). The adoption of IFRIC 19 did not have a material impact on the CSi group’s financial position, results of operations or cash flows.

b) Other

The financial information included in these Condensed Consolidated Interim Financial Statements does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2010 were approved by the directors on 31 March 2011 and were delivered to the Registrar of Companies following publication. The auditors' report on these accounts was unqualified and did not include a statement under sections 237(2) (accounting records or returns inadequate or accounts not agreeing with records and returns) or 237(3) (failure to obtain necessary information and explanations) of the Companies Act 2006.

3. Segmental Analysis

Following the adoption of IFRS 8-"Operating Segments", the Group has concluded that there are three reportable segments that are regularly reviewed by the Chief Operating Decision Maker ('CODM') when assessing the performance and allocation of resources. These segments are based on products and services offerings of the CSi group:

Fixed Income: The fixed income division (FID) operates in rates, foreign exchange, credit, structured products trading, emerging markets, and commodities markets. The operations also include ongoing management and wind-down of legacy businesses in CDOs, RMBS origination, CMBS and Commodities. The product suite covers both cash and OTC derivatives including government bonds, corporate bonds, treasury bills, interest rate swaps, credit-default swaps, foreign exchange options, total return swaps, and listed options across product classes.

Equities: The activities of the equities division include sales, trading, financing, prime brokerage services and market-making in global equity and equity-related securities, options, futures, risk management and hedging products. Activities cover both exchange-traded and over-the counter traded securities, including American Depositary Receipts, restricted stocks, equity repurchases, block trade executions, program trading executions, equity derivatives and convertible securities.

Investment banking: The investment banking division (IBD) service offering includes mergers and acquisitions, debt, equity and other capital raising activities.

Segment performance is assessed by management based on the Monthly Board Summary report, which details revenues by segment. The CSi group assets and liabilities are not managed by segment. Expenses are managed as part of the wider CS group management processes and therefore, while the CODM does assess the overall expense base for the CSi group, it does not manage the expenses at a CSi group segment level.

In addition, certain revenue items are not directly allocated to the above business segments at a CSi company level. These items include transfer pricing, certain credit risk allocations, treasury and corporate centre allocations. These are not included as an operating segment as they are not separate business activities from which the CSi group may earn revenues.

Transactions between reportable segments are held at an arms length basis and are included in the segment result.

The following table shows the external revenue of each operating segment during the year:

	30 June 2011	30 June 2010
Revenues (USD million)		
Fixed Income	1,082	1,464
Equities	676	493
Investment banking	112	113
Total	1,870	2,070

The following table shows the CSi group's revenue by managed region which generates the revenue:

	30 June 2011	30 June 2010
Revenues (USD million)		
EMEA ¹	1,097	1,274
Americas	403	466
Switzerland	1	7
Asia	369	323
Total	1,870	2,070

¹ EMEA is defined as Europe, Middle East and Africa excluding Switzerland and Luxembourg.

Reconciliation of reportable segment revenues

	30 June 2011	30 June 2010
IFRS statement of income (USD million)		
Net interest (expense)/income	(12)	84
Other revenues	1,243	1,491
Net revenues	1,231	1,575
Total revenues for reportable segments – MIS	1,870	2,070
Revenue sharing agreement expense	(260)	(458)
Treasury funding	(291)	(162)
Other corporate items	(72)	1
(Provision)/Release of provision for credit losses	(4)	25
CS Group to primary reporting reconciliations ¹	(12)	99
Net Revenues	1,231	1,575

¹ This is the difference between the monthly board summaries which are prepared on a US GAAP basis and the CSi accounts prepared in accordance with IFRS.

The CSi group is not reliant on any single customer for its revenue generation.

CSi Group Assets:

Non current assets, other than financial instruments, deferred tax assets, post employment benefit assets and rights arising under insurance contracts, consist of property and equipment and intangible assets totalling USD 643 million (2010: USD 607 million), all of which are located in EMEA.

4. Net Interest (Expense)/Income

	30 June 2011	30 June 2010
Net interest income (USD million)		
Loans and receivables	341	344
Securities purchased under resale agreements and securities borrowing transactions	71	39
Cash collateral paid on OTC derivatives transactions	113	70
Interest income on cash and cash equivalents and loans	69	66
Interest income	594	519
Deposits	(2)	(1)
Short term borrowings	(120)	(101)
Securities sold under resale agreements and securities lending transactions	(24)	(24)
Long term debt	(337)	(239)
Cash collateral received on OTC derivatives transactions	(123)	(70)
Interest expense	(606)	(435)
Net interest (expense)/income	(12)	84

5. (Provision)/Release of Provision for Credit Losses

The net (provision)/release of provision for credit losses of USD (4) million (2010: USD 25 million) comprises additional allowance for loan losses of USD (19) million (2010: USD (11) million) and a release of allowances for loan losses of USD 15 million (2010: USD 36 million).

6. Commission and Fee Expense

	30 June 2011	30 June 2010
Commission and fee income (USD million)		
Lending business	89	59
Other customer services	(112)	(72)
Net commission and fee expense	(23)	(13)
Total commission and fee income	89	63
Total commission and fee expense	(112)	(76)
Net commission and fee expense	(23)	(13)

7. Revenue Sharing Agreements Expense

The revenue sharing agreements expense of USD 260 million (2010: USD 458 million) principally relates to amounts allocated to the CSi group from other companies in the CS group.

8. Compensation and Benefits

	30 June 2011	30 June 2010
Compensation and Benefits (USD million)		
Salaries and variable compensation	(299)	(239)
Social security	(23)	(171)
Pensions	(9)	(8)
Other	(2)	(2)
Compensation and benefits	(333)	(420)

9. General and Administrative Expenses

	30 June 2011	30 June 2010
General and administrative expenses (USD million)		
Occupancy expenses	(12)	(10)
IT and machinery	(27)	(23)
Amortisation expenses	(55)	(40)
Depreciation expenses	(35)	(43)
Litigation	(5)	-
Brokerage charges and clearing house fees	(224)	(168)
Travel and entertainment	(5)	(6)
Auditors' remuneration	(1)	(1)
Professional services	(33)	(17)
Net overheads allocated from other CS group entities	(298)	(198)
Other	(35)	(29)
General and administrative expenses	(730)	(535)

10. Net Gains from Financial Assets/Liabilities at Fair Value Through Profit or Loss

	30 June 2011	30 June 2010
Net gains from financial assets/liabilities designated at fair value through profit or loss (USD million)¹		
Interest rate	2,085	729
Foreign exchange	(1,295)	106
Equity	169	515
Commodity	247	80
Credit	258	517
Other	66	(10)
Total net gains from financial assets/liabilities at fair value through profit or loss	1,530	1,937

During the first half of 2011, in line with market practice, CSi has adopted a change in estimate relating to the use of OIS interest rate yield curves, instead of other reference rates such as LIBOR, in determining the fair value of certain collateralised derivatives. Included in 'Net gains from financial assets/liabilities designated at fair value through profit or loss' is a USD 161 million charge in this respect.

¹ The breakdown into the above reported components is not directly comparable with the prior period due to a refinement in the methodology applied in deriving the breakdown in the current period.

11. Trading Financial Assets and Liabilities at Fair Value Through Profit or Loss

	30 June 2011	31 December 2010
		(restated) ¹
Trading financial assets at fair value through profit or loss (USD million)		
Debt securities	31,095	25,755
Equity securities	22,059	19,576
Derivative instruments	396,063	406,719
Other	7,535	7,453
Trading financial assets at fair value through profit or loss	456,752	459,503

	30 June 2011	31 December 2010
		(restated) ¹
Trading financial liabilities at fair value through profit or loss (USD million)		
Short positions	16,713	16,073
Derivative instruments	407,988	418,227
Total trading financial liabilities at fair value through profit or loss	424,701	434,300

12. Income Tax

	30 June 2011	30 June 2010
Income tax (USD million)		
Current tax	(4)	(2)
Deferred tax	(129)	(243)
Income tax charge	(133)	(245)

The income tax charge for the period can be reconciled to the profit per the statement of comprehensive income as follows:

	30 June 2011	30 June 2010
Income tax reconciliation (USD million)		
Profit before tax	168	620
Profit before tax multiplied by UK statutory rate of corporation tax @ 27% until March and 26% from April (30 June 2010: 27%)	(45)	(173)
Effect of different tax rates of operations/subsidiaries operating in other jurisdictions	(8)	(17)
Effect of deferred tax resulting from changes to tax rates	(64)	-
Other permanent differences	(15)	(53)
Adjustments to current tax in respect of previous periods	(1)	(1)
Adjustments to deferred tax in respect of previous periods	-	(1)
Income tax charge	(133)	(245)

The UK Budget on 23 March 2011 announced that the UK corporation tax rate would reduce from 27% to 26% effective 1 April 2011 and reduce by a further 1% from 26% to 25% effective 1 April 2012. The reduction from 27% to 26% was substantively enacted on 29 March 2011 and an impact of USD 64 million reduction in the deferred tax asset has been included in these accounts. If the rate change from 26% to 25% had been substantively enacted on or before the balance sheet date it would have had the effect of reducing the deferred tax asset recognised at that date by a further USD 64 million.

The deferred tax asset has been recognised in full on the basis that there is sufficient probability that future taxable profit will be available against which the CSi group can utilise these benefits. This is based on management's assessment that it is probable that the CSi group will have taxable profits against which the unused tax losses and deductible temporary differences can be utilised. Generally, in determining the amounts of deferred tax assets to be recognised, management considers available evidence including

¹ On 1 January 2011, the CSi group voluntarily adopted settlement date accounting for regular-way trading securities replacing trade date accounting. Comparative information has been restated accordingly (See Note 2(a)).

forecast operating income and, where applicable, a review of the eligible carry-forward periods, tax planning opportunities and other relevant considerations.

13. Long Term Debt

	Balance as at 1 January 2011	Issuances	Repayments and other movements	Translation FX and MTM adjustments	Balance as at 30 June 2011
Long term debt (USD million)					
Senior debt	19,569	1,306	(26)	809	21,658
Subordinated debt	10,860	-	-	169	11,029
Total Long Term Debt	30,429	1,306	(26)	978	32,687

	Balance as at 1 January 2010	Issuances	Repayments and other movements	Translation, FX and MTM adjustments	Balance as at 31 December 2010
Long term debt (USD million)					
Senior debt	2,238	16,724	(143)	750	19,569
Subordinated debt	10,550	-	-	310	10,860
Total Long Term Debt	12,788	16,724	(143)	1,060	30,429

14. Derivatives and Hedging Activities

30 June 2011	Trading		Hedging	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Derivatives and hedging activities (USD million)				
Interest rate products	492,543	487,180	-	-
Foreign exchange products	57,830	73,746	-	-
Precious metals products	1,958	1,984	-	-
Equity/indexed-related products	29,456	33,682	-	-
Credit products	60,421	59,108	-	-
Other products	9,523	9,396	-	-
Total Derivative Instruments	651,731	665,096	-	-

31 December 2010 (restated) ¹	Trading		Hedging	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Derivatives and hedging activities (USD million)				
Interest rate products	521,786	515,967	-	-
Foreign exchange products	55,922	68,710	-	-
Precious metals products	2,398	2,246	-	-
Equity/indexed-related products	29,021	33,417	-	-
Credit products	60,870	59,118	-	-
Other products	9,312	11,312	-	-
Total Derivative Instruments	679,309	690,770	-	-

	30 June 2011		31 December 2010 (restated) ¹	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Derivatives instruments (USD million)				
Fair values (trading and hedging) before netting	651,731	665,096	679,309	690,770
Fair values (trading and hedging) after netting	396,063	407,988	406,719	418,227

¹ On 1 January 2011, the CSi group voluntarily adopted settlement date accounting for regular-way trading securities replacing trade date accounting. Comparative information has been restated accordingly (See Note 2(a)).

15. Called-up Share Capital and Share Premium

	30 June 2011	31 December 2010
Authorised share capital (USD)		
Ordinary voting shares of USD 1 each	125	125
Participating non-voting shares of USD 1 each	7,224,999,375	7,224,999,375
Class A Participating non-voting shares of USD 1 each	500	500
Preference Shares of USD 25,000,000 each	275,000,000	275,000,000
Class A Preference Shares of USD 1 each	250,000,000	250,000,000
Class B Preference Shares of USD 1 each	600,000,000	600,000,000
Class C Preference Shares of USD 1 each	800,000,000	800,000,000
Class D Preference Shares of USD 1 each	600,000,000	600,000,000
Class E Preference Shares of USD 1 each	700,000,000	700,000,000
Class F Preference Shares of USD 1 each	750,000,000	750,000,000
Class G Preference Shares of USD 1 each	800,000,000	800,000,000
Class H Preference Shares of USD 1 each	700,000,000	700,000,000
Class I Preference Shares of USD 1 each	1,500,000,000	1,500,000,000
Class J Preference Shares of USD1 each	1,400,000,000	1,400,000,000
Class K Preference Shares of USD1 each	200,000,000	200,000,000
	15,800,000,000	15,800,000,000

	30 June 2011	31 December 2010
Allotted, called up and fully paid share capital (USD)		
Ordinary voting shares of USD 1 each	125	125
Participating non-voting shares of USD 1 each	4,389,568,088	4,389,568,088
Class A Participating non-voting shares of USD 1 each	200	200
Class A Preference Shares of USD 1 each	250,000,000	250,000,000
Class C Preference Shares of USD 1 each	350,000,000	350,000,000
Class D Preference Shares of USD 1 each	300,000,000	300,000,000
Class E Preference Shares of USD 1 each	535,000,000	535,000,000
Class H Preference Shares of USD 1 each	700,000,000	700,000,000
Class I Preference Shares of USD 1 each	1,500,000,000	1,500,000,000
Class J Preference Shares of USD 1 each	1,400,000,000	1,400,000,000
Class K Preference Shares of USD 1 each	200,000,000	200,000,000
	9,624,568,413	9,624,568,413

16. Contingent Liabilities and Commitments

The CSi group has contingent liabilities and commitments, entered into in the ordinary course of business, in respect of forward rate agreements, OTC futures, interest rate and currency swaps, options, spot and forward foreign exchange contracts and other OTC off-balance sheet instruments.

The following contingent liabilities and commitments were entered into since 31 December 2010:

On 11 April 2011, CSi registered a Securities Cash and Pledge Agreement with The Bank of Tokyo-Mitsubishi UFJ, Ltd for all monies due or to become due from Credit Suisse Securities AG London Branch limited on any account under the terms of agreement.

On 5 May 2011, CSi registered five separate Trust Deeds with Citi Corp Trustee Company Limited for all obligations and liabilities due or to become due to the note holders, the trustee and the agents on any account whatsoever under the terms of the deed.

17. Related Party

CSi group is controlled by Credit Suisse Group AG, its ultimate parent, which is incorporated in Switzerland. CSi's parent company, who holds a majority of the voting rights in the undertaking, is Credit Suisse AG, which is also incorporated in Switzerland.

The CSi group has significant related party balances with subsidiaries and affiliates of CSG. These transactions largely comprise derivative trades, as the Bank is the principal risk taker for derivatives within

the CS group, as well as funding trades via the use of loans/deposits and repurchase/resale agreements. The CSi group is also charged by other CS group companies for operating costs which mainly relate to employee-related services and other business expenses.

The CSi group generally enters into the above transactions in the ordinary course of business on market terms that could be obtained from unrelated parties.

The nature of related party transactions remained consistent for the six months ended 30 June 2011 compared to the year ended 31 December 2010.

18. Financial Instruments Risk Position

The CS group, of which the CSi group is a part, manages its risks under global policies. The CS group risk management process is designed to ensure that there are sufficient controls to measure, monitor and control risks in accordance with CS group's control framework and in consideration of industry best practices. The primary responsibility for risk management lies with CS group's senior business line managers. They are held accountable for all risks associated with their businesses, including counterparty risk, market risk, liquidity risk, operational risk, legal risk and reputation risk.

There have been no material changes in the risk management policies since the year ended 31 December 2010.

Development of trading portfolio risks

The table below shows the trading related market risk exposure for the CSi group, as measured by ten-day 99% VaR. The VaR in the table has been calculated using a three-year historical dataset. VaR estimates are computed separately for each risk type and for the whole portfolio using the historical simulation methodology. 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. There is no material difference in VaR between the Bank and the CSi group.

Ten-day, 99% VaR – trading portfolios	Interest rate and credit spread	Foreign exchange	Commodity	Equity	Diversification benefit ¹	Total
end of 30 June 2011 (USD million)						
Average	235	54	45	62	(234)	162
Minimum	181	17	32	16	²⁾	102
Maximum	308	466	94	262	²⁾	363
End of period	236	60	48	103	(256)	189
end of 31 December 2010 (USD million)						
Average	198	58	62	76	(231)	163
Minimum	131	19	31	24	²⁾	118
Maximum	271	149	129	234	²⁾	262
End of period	252	60	50	93	(266)	189

1) VaR estimates are 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 loss.

2) As the minimum and maximum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification benefit.

VaR results

The Bank's ten-day, 99% regulatory VaR as of 30 June 2011 and 31 December 2010 was USD 189 million.

Various techniques are used to assess the accuracy of the VaR model used for trading portfolios, including back testing. In line with industry practice, the Bank presents back testing using actual daily trading revenues. Actual daily trading revenues are compared with VaR calculated using a one-day holding period. A back testing exception occurs when the daily loss exceeds the daily VaR estimate. The Bank had no back testing exceptions in 2011 or 2010.

Interest rate sensitivity position in the non-trading portfolio

Interest rate risk on non-trading positions is shown below using sensitivity analysis that estimates the potential change in value resulting from defined changes in interest rate yield curves. The impact of a one-basis-point parallel increase in yield curves on the fair value of interest rate-sensitive non-trading book positions would have been an increase of USD 2 million as of 30 June 2011 compared to USD 2 million as of 31 December 2010. Non-trading interest rate risk is assessed using other measures including the potential value change resulting from a significant change in yield curves. As of 30 June 2011, the fair value impacts of an adverse 200-basis-point move in yield curves and of a statistical one-year, 99% adverse change in yield curves were a decrease of USD 405 million and a decrease of USD 256 million, respectively. These amounts are significantly below the 20% threshold used by regulators to identify firms that potentially run excessive levels of non-trading interest rate risk.

Net Counterparty Exposure before Collateral by Internal Rating

	30 June 2011		31 December 2010	
	USD million	%	USD million	%
AAA	7,555	9	6,165	7
AA+ to AA-	17,561	22	18,266	22
A+ to A-	27,668	35	29,427	35
BBB+ to BBB-	13,235	16	13,894	17
BB+ to BB-	7,123	9	6,472	8
B+ and below	7,558	9	9,133	11
	80,700	100	83,357	100

Net Unsecured Exposure by Internal Rating (including provisions)

	30 June 2011		31 December 2010	
	USD million	%	USD million	%
AAA	6,614	21	5,688	17
AA+ to AA-	6,156	19	5,886	18
A+ to A-	9,579	29	10,732	32
BBB+ to BBB-	4,417	14	5,468	16
BB+ to BB-	2,127	7	1,992	6
B+ and below	3,319	10	3,643	11
	32,212	100	33,409	100

19. Fair Value Disclosure

Fair value is considered the most relevant measurement for many financial instruments as it provides more transparency than historic cost based valuations and aligns the accounting for these financial instruments with the way in which the business is managed.

The fair value of the majority of the CSi group's financial instruments is either based on quoted prices in active markets for identical assets or liabilities ('Level 1') or inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) ('Level 2'). These instruments include government and agency securities, certain commercial paper, most investment grade corporate debt, certain high yield debt securities, exchange-traded and certain OTC derivative instruments and most listed equity securities. In addition, the CSi group holds financial instruments for which no prices are available and which have little or no observable inputs ('Level 3'). For these instruments, the determination of fair value requires subjective assessment and varying degrees of judgement depending on liquidity, concentration, pricing assumptions and the risks affecting the specific instrument. In such circumstances, valuation is determined based on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These instruments include certain high yield debt securities, distressed debt securities, certain OTC derivatives, certain asset-backed and mortgage-backed securities, non-traded equity securities and other long term investments.

Fair value hierarchy

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

- Level 1: Quoted market prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: Inputs other than quotes prices included within Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

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

30 June 2011 (USD million)	Quoted Prices in active markets for the same instruments (Level1)	Valuation techniques observable inputs (Level 2)	Valuation techniques unobservable inputs (Level 3)	Impact of netting	Total at fair value
Assets	30,264	687,095	21,598	(255,668)	483,289
Liabilities	17,807	681,984	19,406	(257,108)	462,089

31 December 2010 (USD million) (restated) ¹	Quoted Prices in active markets for the same instruments (Level1)	Valuation techniques observable inputs (Level 2)	Valuation techniques unobservable inputs (Level 3)	Impact of netting	Total at fair value
Assets	26,047	710,514	20,010	(272,589)	483,982
Liabilities	15,125	705,420	20,441	(272,544)	468,442

Transfers across fair value levels

The following table shows the transfers across levels:

30 June 2011	Assets	Liabilities
Transfers across fair value levels (USD million)		
Transfer out of level 1 to level 2	295	-
Transfer out of level 2 to level 1	5,738	4,563
Transfer out of level 2 to level 3	2,723	1,217
Transfer out of level 3 to level 2	2,368	1,171

31 December 2010	Assets	Liabilities
Transfers across fair value levels (USD million)		
Transfer out of level 1 to level 2	114	7
Transfer out of level 2 to level 1	1,307	1,445
Transfer out of level 2 to level 3	4,590	3,243
Transfer out of level 3 to level 2	2,374	4,073

The reasons for the transfers were as follows:

Transfers between level 1 and level 2

The transfers from level 1 to level 2 are mainly driven by lack of liquidity and/or insufficient market data.

The transfers from level 2 to level 1 are mainly driven by transfers of exchange traded options that have less than six months of remaining maturity (improved liquidity).

¹ On 1 January 2011, the CSi group voluntarily adopted settlement date accounting for regular-way trading securities replacing trade date accounting. Comparative information has been restated accordingly (See Note 2(a))

Transfers between level 2 and level 3

The transfers from level 2 to level 3 are mainly driven by lack of observable market data/consensus data.

The transfers from level 3 to level 2 are mainly driven by the move of all sovereign guaranteed positions to level 2 as these positions can be directly price tested against the sovereign guarantor.

20. Business Combination

On 30 April 2011, CSG completed the acquisition of the Prime Fund Solutions ('PFS') business carried on by ABN AMRO Bank N.V. ('ABN'), as successor to Fortis Bank (Nederland) N.V. ('Fortis'). As part of that acquisition, CSi Dublin Branch acquired certain assets and assumed certain liabilities of ABN AMRO Bank (Ireland) Ltd and ABN AMRO Administration Services (Ireland) Ltd in an asset purchase transaction. CSi Dublin Branch also acquired 100% of the shares of Prime Nominees (Ireland) Ltd and Prime Nominees (Asia) Ltd in a stock purchase transaction.

30 April 2011

Consideration (USD million)

Cash	13
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Recognised amounts of identifiable assets acquired and liabilities assumed (USD million)

Cash and due from banks	2,574
Trading financial assets at fair value through profit and loss	156
Other loans and advances	394
Other assets	3
Intangible assets	7
Property and equipment	10
Deposits	(2,970)
Trading financial liabilities at fair value through profit or loss	(154)
Other liabilities	(2)
Net assets acquired and liabilities assumed	18

Gain arising on acquisition

5

The acquisition enhances Credit Suisse's offering to the alternative investment community through PFS's leading services, which include independent administrative services, investor services, net asset value calculation, banking, custody and financing solutions. PFS is a strong fit with Credit Suisse's client-focused, capital-efficient strategy and further strengthens Credit Suisse's Equities franchise by creating a more complete solution for hedge fund clients.

An intangible asset has arisen on acquisition relating to the customer list obtained through the transaction. This asset of USD 5 million has been recorded by CSi Dublin Branch and will be amortised over a 13 year period on a straight-line basis.

The transaction includes provision for certain contingent consideration however, in the event that this should become payable, it is not material to CSi group.

Revenues and profit since acquisition date are not material to CSi group.

Credit Suisse International

Independent Auditors' Review Report to the Members of Credit Suisse International

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 which comprises the condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of financial position, condensed consolidated interim statement of changes in equity, condensed consolidated interim statement of cash flows and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Services Authority ("the UK FSA"). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA. The annual financial statements of the company are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.



H R Horgan

For and on behalf of KPMG Audit Plc
Chartered Accountants

15 Canada Square
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26 August 2011



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