

Credit Suisse International

Unaudited Consolidated Interim
Financial Statements for the Six Months
Ended 30 June 2014

Credit Suisse International

Interim Management Report for the Six Months Ended 30 June 2014

The Directors present their Interim Management Report and the Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2014.

International Financial Reporting Standards

Credit Suisse International's 2014 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 28 August 2014.

Business Review

Profile

Credit Suisse International is a bank domiciled in the United Kingdom.

CSi 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.

CSi is an unlimited company and an indirect wholly owned subsidiary of Credit Suisse Group AG ('CSG'). CSi is authorised under the

amended Financial Services and Markets Act 2000 by the Prudential Regulation Authority ('PRA') and regulated by the Financial Conduct Authority ('FCA').

CSG, a company domiciled in Switzerland, is the ultimate parent of a worldwide group of companies (collectively referred to as the 'CS group'). 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.

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 diverse clients through two divisions, Investment Banking and Private Banking & Wealth Management, which co-operate closely to provide holistic financial solutions based on innovative products and specially tailored advice. Founded in 1856, CS group has a truly global reach today, with operations in over 50 countries and a team of more than 45,100 employees from approximately 150 different nations.

Principal products/principal product areas

The CSi group has three principal business divisions 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, 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.

During 2013, Non-Strategic Units were created within the Fixed Income, Equity and Investment Banking divisions to further accelerate a reduction of capital and costs associated with non-strategic activities and positions and to shift resources to focus on strategic businesses and growth initiatives. Non-strategic activities and positions are defined as activities with significant capital absorption under new regulations and returns below expectations, activities with significant leverage exposures identified for de-risking, activities no longer feasible or economically attractive under emerging regulatory frameworks and assets and liabilities of business activities being wound down. Included in the Non-Strategic Units are the fixed income wind-down portfolio, legacy rates business, capital instruments that are not compliant with the Basel III capital framework and capital-intensive structured positions. The Non-Strategic Units have been retained within the divisions, so as to benefit from senior management's expertise and focus. The Non-Strategic Units have separate management within each division and a clear governance structure through the establishment of a Non-Strategic Oversight Board

Economic environment

In the UK, the annual rate of Consumer Price Index ('CPI') inflation decreased to 1.9% at the end of June 2014, compared to 2.0% at the end of 2013. The Bank of England ('BOE') maintained interest rates at 0.5% through the first six months of the year and the stock of asset purchases financed by the issuance of central bank reserves at GBP 375 billion. The unemployment rate dropped to 6.4% at the end of June from 7.1% at the end of 2013, edging closer to a 6 year low.

However, low average wage inflation was cited as a growing concern for monetary policymakers and is likely to have a bearing on the timing of any interest rate decision. UK Gross Domestic Product ('GDP') grew by 0.8% in both the first and second quarter of the year. The UK economy advanced 3.1 percent year on year in the second quarter of 2014, the highest growth rate since the last three months of 2007.

The Bank of England Monetary Policy Committee ('MPC') provided guidance on its monetary policy once the unemployment threshold of 7% was reached. The MPC judged that there was scope for the UK economy to recover further before the Bank Rate was raised and, even when the Bank Rate did rise, it was expected to do so only gradually and to a level materially below its pre-crisis period (2007-2008) average of 5%. This followed the decision of the Federal Open Market Committee ('FOMC') in December 2013 to begin to slow the pace of its asset purchases. The FOMC also stressed that it would hold the main policy rate near zero well past the time when unemployment reached the 6.5% threshold.

The global economic environment showed some signs of softening in the first half of the year, driven mainly by the US and China. Eurozone economic data remained in line with a very gradual recovery, although a renewed decline in French business sentiment emerged. Reflecting a broad improvement in the prospects for the world recovery, there was a strengthening in financial market sentiment and a rise in a range of asset prices. In the United Kingdom short-term interest rates rose and sterling appreciated, with the sterling exchange rate index ending the review period around 1.9% higher than at its start.

The European Central Bank ('ECB') announced a range of new policy initiatives, including cuts in policy rates and new liquidity measures for banks. The ECB signaled that the policy rates would most likely remain unchanged until the end of 2016. At its meeting in June, the US Federal Reserve ('Fed') reduced its monthly asset purchases to USD 35 billion effective from July 2014. Among emerging markets, central banks in Turkey and Mexico lowered their policy rates.

During the period, Sterling appreciated against a broad range of currencies due to improvements in the United Kingdom's economic outlook relative to that of other countries, and rising interest rate

differentials with the euro-area. The option-implied volatility of interest rates at short horizons increased a little, but remained low by historical standards. UK and US ten-year government bond yields were largely unchanged over the half-year, as rises in short-term interest rates were broadly offset by lower forward rates. Euro-area sovereign bond yields continued to decline, despite a short period of limited market turbulence that saw sharp increases in the government bond yields of some periphery countries.

Greece re-entered the sovereign bond market during April, having been absent from the market since March 2010, and there were successful issuances from Ireland, Portugal and Spain. Most advanced-economy risky asset prices rose over the half-year and were broadly unaffected by tensions between Ukraine and Russia or other global events. However the CSi group has limited exposure with these two countries and trades are fair valued.

Financial markets and sector environment

During the first half of the year, equity markets benefited from improved economic momentum and higher risk appetite compared to second half of 2013. However compared to corresponding period of 2013, equity market conditions were subdued. Among developed markets, Japan rebounded after a decrease at the start of the year, driven by fund flows, stable leading indicators (after a consumption tax increase) and reform expectations. The US equity market increase was mainly due to an improvement in macroeconomic data. Emerging markets outperformed developed markets, benefiting from macro data stabilisation in China and reform expectations in certain countries, including India. Equity markets overall traded with lower volatility, as measured by the Chicago Board Options Exchange Market Volatility Index ('VIX'). Risk appetite, as measured by the Credit Suisse equity risk appetite index increased.

In fixed income, at the start of 2014, yields on 10-year benchmark bonds decreased due to geopolitical turmoil in Ukraine and concerns about Chinese economic growth. In contrast, US and UK 2-year benchmark bond yields were slightly higher, reflecting expectations of further reductions in monetary stimulus activity. With a search for yield continuing, credit markets posted a good performance at the start of the year.

Credit spreads tightened the most in the European high yield segment. After a mixed initial performance, emerging market hard currency bonds were one of the best performing fixed income asset classes, benefiting from lower US Treasury yields and a significant tightening of spreads.

In currency markets, US dollar performance against most major currencies was mixed. Sterling appreciated against a broad range of currencies. The Euro depreciated against the US dollar in January. However, continued softer US economic data weakened the US dollar in February and March. The euro was slightly weaker against the Swiss franc because of market expectations that the ECB could ease its monetary policy. In emerging markets, the Renminbi depreciated versus the US dollar. The Japanese yen strengthened slightly against the US dollar as the Japanese economy weathered the impact of the consumption tax increase in April fairly well.

In the commodity sector, Commodity markets had a good start to the year. The major commodity indices gained more than 4% during the first half mainly driven by precious metals and agricultural markets. There were gold purchases due to increased geopolitical risks and prices for industrial metals and energy products had smaller increase. Over the last three months of the review period, the energy sector increased due to a surge in oil prices, reflecting geopolitical tensions in Iraq.

European bank stocks increased by 2% at the beginning of the year but fell 2.7% in later period, underperforming the MSCI World Index by 6.4%. North American bank stocks increased 5% at the beginning of the year and remained stable thereafter. In investment banking, global equity trading volumes increase in the first 3 months, and then decreased in the last 3 months but were up on the same period last year. Global announced mergers and acquisitions (M&A) volumes increased compared to the same period in 2013. Global completed M&A volumes decreased compared to the prior period. Global equity underwriting volumes were significantly higher, mainly driven by Europe. Global debt underwriting volumes also increased, while US fixed income volumes were stable over the first six months of the year but lower than the prior year, with particularly weaker mortgage-backed volumes, and with lower treasuries, corporates and federal agency volumes.

Performance

Consolidated Statement of Income

For the first half of 2014, CSi group reported net loss attributable to shareholders of USD 371 million (2013: USD 388 million gain). Net revenues amounted to USD 882 million (2013: USD 1,384 million). After operating expenses, CSi group reported profit before taxes of USD 101million (2013: USD 453 million).

The first six months of 2014 have been challenging, as divisional revenues decreased to USD 1,226 million (2013: USD 1,827 million). Divisional revenues comprised the following:

- Fixed Income revenues fell 35% in the first half of 2014 to USD 671 million. There was a decline in the Emerging Markets business, mainly due to fewer new deals in 2014 as compared to 2013. In the Rates business revenues declined by 45%, driven by a slowdown in the global swaps business due to increased regulation and a decrease in client flows as markets remained uncertain throughout the Eurozone with market participants expecting the ECB rate reduction. In the Commodities business revenues declined by 42%, mainly in relation to precious metals which experienced weak investor interest coupled with a lack of liquidity and volatility, making the market difficult to trade. Management has taken the decision to exit Commodities trading activity, and this business is being transferred into the Fixed Income Non-Strategic Unit.
- Equity revenues were down 28% in the first half of 2014 to USD 435 million. This was mainly driven by a slowdown in client activity and subdued market conditions affecting both Asia and Europe, resulting in a reduction in new trade activity and declining commissions. In 2013 by comparison, the business benefited from favourable market moves in Japan.
- Investment Banking revenues increased by 30% to USD 120 million for the first six month of the year, driven by gains due to higher volumes in the structured equity and structured fixed income origination businesses.

Included in the divisional revenues above are losses of USD 47 million (2013: USD 136 million gain) in the non-strategic units. The losses in 2014 are due to a focused management strategy to wind down these businesses and reduce associated Risk Weighted Asset ('RWA') charges.

Net revenues were positively impacted by the following items not included in the divisional revenues above:

- Reduced revenue sharing expenses for the period of USD 222 million (2013: USD 305 million). This relates to revenue sharing agreements between the CSi group and other CS group companies.
- Reduced treasury funding charges of USD 154 million (2013: USD 225 million). This primarily comprises excess funding charges on long term financing versus overnight funding rates, which are only allocated out to the businesses at the CS group level. The lower average cost of borrowing has been achieved through the restructure of the funding profile.

The CSi group's interim period operating expenses were USD 771 million (2013: USD 931 million). Compensation costs have decreased by USD 26 million to USD 203 million (2013: USD 229 million) in the first half of 2014. The decrease is primarily due to a decrease in expenses in relation to deferred compensation awards, and payroll tax associated with the awards.

General and administrative expenses decreased by USD 124 million to USD 578 million (2013: USD 702 million), USD 86 million of which was as a result of a decrease in overhead expenses allocated from CS group, reflecting similar compensation cost reductions in CS group. In addition, brokerage charges and clearing house fees decreased by USD 28 million in the first half of 2014 compared to the equivalent period in 2013.

Operating expenses for the six months ended 30 June 2014 do not include an expense in respect of the UK Bank Levy for 2014 (under current accounting requirements, the Bank Levy charge will only be recognised in the financial statements on 31 December each year). The tax, applicable to all Banks and Banking groups operating in the UK, will be charged on liabilities per the statement of financial position as at 31 December 2014 at a

rate of 15.6 basis points for all short-term liabilities and 7.8 basis points for long-term liabilities. The estimate of the liability in respect of 2014 is USD 56 million (2013: USD 57 million).

Income tax expense for the six months ended 30 June 2014 was USD 472 million (2013: USD 67 million). Included in the income tax expense is an amount of USD 450 million as a result of the further impairment of the deferred tax asset ('DTA'), following an assessment by management as to whether the DTA can be realised. Refer Note 11 – Income Tax.

Consolidated Statement of Financial Position

As at 30 June 2014 the CSi group had total assets of USD 521 billion (31 December 2013: USD 517 billion)

Balance sheet movements have been dominated by the impacts of managing the required liquidity profile in accordance with risk appetite, regulatory requirements including EBA Basel III, and overall optimisation of the funding profile, as follows:

- An increase of USD 10 billion in securities purchased under resale agreements and securities borrowing transactions of predominantly high quality liquid assets.
- A decrease in cash and due from banks and corresponding increase in interest-bearing deposits with banks of USD 7 billion reflecting the increased term of surplus funds placed on deposit.
- An increase of USD 9 billion long term debt as a result of senior debt from a CS group company.

From an underlying business perspective:

- Trading financial assets at fair value through profit or loss have reduced by USD 14 billion. The decrease was primarily due to mark to market moves on interest rate derivative products. There has similarly been a decrease of USD 8 billion in Trading financial liabilities at fair value through profit or loss.
- Other assets have also increased USD 9 billion to USD 48 billion (31 December 2013: 40 billion), due to an increase in the cash

collateral provided to counterparties in relation to derivative exposures.

Total shareholder's equity has reduced to USD 24.7 billion (31 December 2013: USD 25.0 billion), as a result of the net loss for the six months ended 30 June 2014.

Fair Value Measurement

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 were USD 11.5 billion as at 30 June 2014 (31 December 2013: USD 12.5 billion), which was equivalent to 2.21% of total assets. The decrease in Level 3 assets was due to cash settlements and the disposal of Level 3 positions, and due to transfers out of Level 3 as a result of increasing observability and quotes on Level 3 loans. Total Level 3 liabilities were USD 10.5 billion as at 30 June 2014 (31 December 2013: USD 11.2 billion), which was equivalent to 2.12% of total liabilities.

Fair Value disclosures are presented in Note 21 – Financial Instruments.

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 2014 was USD 5.9 billion (net exposure USD 1.0 billion). CSi's non-sovereign risk-based credit exposure to these countries as of the end of the interim period included gross exposure to financial institutions of USD 4.4 billion (net exposure USD 1.9 billion) and to corporate and other counterparties of USD 1.1 billion (net exposure USD 0.8 billion)

Capital Resources

The Bank closely monitors its capital and liquidity 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 regime and any forthcoming changes to the capital framework. CS group continues to provide confirmation that it will ensure that the Bank is able to meet its debt obligations and maintain a sound financial position over the foreseeable future.

The Bank is required at all times to monitor and demonstrate compliance with the relevant regulatory capital requirements of the PRA. The Bank has put in place processes and controls to monitor and manage the Bank's capital adequacy. No breaches were reported to the PRA during the period.

Changes in senior and subordinated debt are set out in Note 14 – Long Term Debt. There were no changes in capital, refer Note 17 – Share Capital and Share Premium.

Outlook

In 2014, CSi continued to make progress in executing its client-focused, capital-efficient strategy to meet emerging client needs and regulatory trends. CSi is progressing towards achieving specific goals to reduce its cost base and strengthen its capital position, and has operated under the Basel III capital framework, as implemented in the EU, since January 2014. CSi has further optimised its business footprint, continuing to shift resources to focus on growth in higher returning businesses, and reducing costs and capital in the non-strategic portfolio. As a result of this progress, CSi believes that it is better positioned to perform in a challenging market environment and compete in its chosen businesses and markets around the world.

CSi remains committed to offering its clients a broad spectrum of equities, fixed income, and investment banking advisory products and services. CSi is focused on businesses in which the bank has a competitive advantage and is able to operate profitably with an attractive return on capital in the new regulatory environment. While the industry still faces significant adjustments to new regulatory requirements, CSi has significantly evolved its business model to one that is compliant with the Basel III regulatory framework. CSi will continue to invest in its market-leading, high-returning businesses while optimising its risk weighted assets and cost base to further improve returns.

In light of recent developments such as heightened regulatory focus on leverage, conduct risk, additional capital resource requirements under Basel III, and the migration of markets towards cleared and electronic trading, CSi is focusing on high volume, high liquidity electronic trading as part of its effort to migrate the business model to simplified and primarily exchange-cleared

products in derivatives and reduce capital intensive structured activity.

Dividends

No dividends have been paid for the period ended 30 June 2014 (2013: USD Nil).

Directors

Changes in the directorate since 31 December 2013 and up to the date of this report are as follows:

Jason Forrester and Christopher Williams were appointed as Executive Directors with effect from 02 May 2014 and 12 June 2014 respectively.

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.

Subsequent Events

On 01 August 2014, Credit Suisse announced the sale of Prime Fund Services (PFS), a provider of fund administration, custody and banking solutions for alternative investment managers, to BNP Paribas. This includes the PFS business held within the Dublin Branch of the CSi group. The transaction is expected to close in 2015, subject to anti-trust and regulatory clearances.

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 28 August 2014:

Company Registration Number 2500199

A handwritten signature in black ink, consisting of several overlapping, fluid strokes that form a stylized, somewhat abstract shape.

Jason Forrester
Director

Credit Suisse International

Condensed Consolidated Interim Statement of Comprehensive Income for the six months ended 30 June 2014 (Unaudited)

	Reference to notes	Six month period ended 30 June 2014	Six month period ended 30 June 2013
Condensed consolidated interim statement of comprehensive income (USD million)			
Interest income		384	409
Interest expense		(339)	(467)
Net interest income/(expense)	4	45	(58)
Commission and fee income		76	87
Commission and fee expense		(71)	(66)
Net commission and fee income	6	5	21
Release of provision for credit losses	5	3	6
Net gains from financial assets/liabilities at fair value through profit or loss	10	1,035	1,730
Other revenue	7	(206)	(315)
Net revenues		882	1,384
Compensation and benefits	8	(203)	(229)
General and administrative expenses	9	(578)	(702)
Total operating expenses		(781)	(931)
Profit before taxes		101	453
Income tax charge	11	(472)	(67)
Net (loss)/profit/total comprehensive income		(371)	386
Attributable to noncontrolling interest		-	(2)
Attributable to Credit Suisse International shareholders		(371)	388

Profit for both 2014 and 2013 is from continuing operations.

The notes on pages 12 to 57 are an integral part of these condensed interim financial statements.

Credit Suisse International

Condensed Consolidated Interim Statement of Financial Position as at 30 June 2014 (Unaudited)

	Reference to notes	30 June 2014	31 December 2013 (restated) ¹
Assets (USD million)			
Cash and due from banks		20,567	27,280
Interest-bearing deposits with banks		7,680	285
Securities purchased under resale agreements and securities borrowing transactions		32,440	21,698
Trading financial assets at fair value through profit or loss	13	387,285	400,915
of which positive market values from derivative instruments	15	344,494	355,251
Financial assets designated at fair value through profit or loss		18,303	20,564
Other loans and receivables		4,363	4,470
Other investments		32	34
Investment property		442	466
Current tax assets		65	65
Deferred tax assets	12	502	973
Other assets	16	48,298	39,673
Property and equipment		216	224
Intangible assets		394	434
Total assets		520,587	517,081
Liabilities and shareholders' equity (USD million)			
Deposits		5,195	5,332
Securities sold under repurchase agreements and securities lending transactions		7,837	5,036
Trading financial liabilities at fair value through profit or loss	13	365,112	373,349
of which negative market values from derivative instruments	15	355,866	364,892
Financial liabilities designated at fair value through profit or loss		35,612	31,829
Short term borrowings		19,583	15,624
Other liabilities	16	32,974	39,426
Provisions		20	14
Long term debt	14	29,597	21,443
Total liabilities		495,930	492,053
Shareholders' equity			
Called-up share capital	17	13,108	13,108
Share premium	17	12,699	12,699
Retained earnings		(1,150)	(779)
Total shareholders' equity		24,657	25,028
Total liabilities and shareholders' equity		520,587	517,081

The accompanying notes on pages 12 to 57 are an integral part of these condensed interim financial statements.

Approved by the Board of Directors on 28 August 2014 and signed on its behalf by:



Jason Forrester
Director

¹ On 1 January 2014, the CSi group adopted amendments to IAS 32 "Offsetting Financial Assets and Financial Liabilities" (IAS 32). Comparative information has been restated accordingly (See Note 2).

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Condensed Consolidated Interim Statement of Changes in Equity for the six months ended 30 June 2014 (Unaudited)

	Called up Share Capital	Share Premium	Retained Earnings	Non- controlling Interest	Total
Condensed consolidated interim statement of changes in equity (USD million)					
Balance at 1 January 2014	13,108	12,699	(779)	-	25,028
Total comprehensive income for the period					
Net profit for the period	-	-	(371)	-	(371)
Balance at 30 June 2014	13,108	12,699	(1,150)	-	24,657

	Called up Share Capital	Share Premium	Retained Earnings	Non- controlling Interest	Total
Condensed consolidated interim statement of changes in equity (USD million)					
Balance at 1 January 2013	3,108	12,699	(240)	22	15,589
Total comprehensive income for the period					
Net profit for the period	-	-	388	(2)	386
Balance at 30 June 2013	3,108	12,699	148	20	15,975

There were no dividends paid during the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

The accompanying notes on pages 12 to 57 are an integral part of these condensed interim financial statements.

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Condensed Consolidated Interim Statement of Cash Flows for the six months ended 30 June 2014 (Unaudited)

	Reference to notes	30 June 2014	30 June 2013
Cash flows from operating activities (USD million)			
Profit before tax for the period		101	453
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:			
■ Depreciation and amortisation		126	117
■ Impairment of investment property		15	43
■ Loss on disposal of property and equipment		2	1
■ Loss on disposal of intangible assets		2	16
■ Accrued interest on long term debt	4	156	209
■ Release of provision for credit losses	5	(3)	(6)
■ Foreign exchange gains		(329)	(186)
■ Provisions		20	20
Total adjustments		(11)	214
Cash generated before changes in operating assets and liabilities		90	667
Net decrease/(increase) in operating assets:			
■ Securities purchased under resale agreements and securities borrowing transactions		(10,742)	417
■ Trading financial assets at fair value through profit or loss		13,632	104,483
■ Financial assets designated at fair value through profit or loss		2,261	(2,495)
■ Other loans and receivables		109	64
■ Other assets		(8,625)	6,839
Net decrease/(increase) in operating assets		(3,365)	109,308
Net (decrease)/increase in operating liabilities:			
■ Deposits		(999)	110
■ Securities sold under resale agreements and securities lending transactions		2,801	1,402
■ Trading financial liabilities at fair value through profit or loss		(8,237)	(98,345)
■ Financial liabilities designated at fair value through profit or loss		3,783	(5,907)
■ Short term borrowings		3,959	(4,142)
■ Other liabilities and provisions		(6,417)	(4,094)
■ Share based compensation		(49)	(13)
Net (decrease)/increase in operating liabilities		(5,159)	(110,989)
■ Income taxes refund		2	2
■ Income taxes paid		-	(3)
Net cash used in operating activities		(8,432)	(1,015)
Cash flows from investing activities (USD million)			
Sale of long leasehold land and building		10	-
Capital expenditure for property, equipment and intangible assets		(82)	(111)
Net cash used in investing activities		(72)	(111)
Cash flow from financing activities (USD million)			
Issuance of long term debt	14	9,738	2,730
Repayment of long term debt		(1,414)	(9,470)
Net cash flow generated from / (used in) financing activities		8,324	(6,740)
Net decrease in cash and due from banks		(180)	(7,866)
Cash and due from banks at beginning of period		25,198	19,022
Cash and due from banks at end of period (USD million)		25,018	11,156
Cash and due from banks		20,567	10,755
Demand deposits		7,680	(2,195)
Interest-bearing deposits with banks		(3,229)	2,596
Cash and due from banks at end of period (USD million)		25,018	11,156

The accompanying notes on pages 12 to 57 are an integral part of these condensed interim financial statements.

Credit Suisse International

Notes to the Condensed Consolidated Interim Financial Statements for the Six Months Ended 30 June 2014 (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 for the half year ended 30 June 2014 comprise CSi and its subsidiaries (together referred to as the 'CSi group').

The Condensed Consolidated Interim Financial Statements were authorised for issue by the Directors on 28 August 2014.

2. Significant Accounting Policies

Basis of preparation

The accompanying unaudited condensed consolidated financial statements of the CSi group are prepared in accordance with IAS 34 "Interim Financial Reporting" ('IAS 34') 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 31 December 2013. 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 consolidated financial statements for the year ended 31 December 2013. The accounting policies related to the basis of consolidation, equity method investments and netting are no longer applicable due to the adoption of recently effective accounting standards and instead are replaced by the requirements of IFRS 10, IFRS 11 and IAS 32 as described below.

The condensed consolidated interim 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 and financial instruments designated by the CSi group as at fair value through profit and loss.

The preparation of condensed interim 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 Interim Statement of Financial Position 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 the Bank have unrestricted and direct access to funding sources of CSG. After making enquiries of CSG, the Directors of the Bank have received a confirmation that CSG 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 Condensed Consolidated Interim Financial Statements on a going concern basis.

Standards and Interpretations effective in the current period

The CSi group has adopted the following amendments in the current period:

- IFRS 10 Consolidated Financial Statements: In May 2011, the IASB issued IFRS 10, “Consolidated Financial Statements” (IFRS 10). The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this may be difficult to assess. The adoption of IFRS 10 on 1 January 2014, did not have a material impact on the CSi group’s financial position, results of operation or cash flows.
- IFRS 11 Joint Arrangements: In May 2011, the IASB issued IFRS 11 “Joint Arrangements” (IFRS 11). IFRS 11 specifies that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations. The adoption of IFRS 11 on 1 January 2014, did not have an impact on the CSi group’s financial position, results of operation or cash flows.
- IFRS 12 Disclosures of Interests in Other Entities: In May 2011, the IASB issued IFRS 12 “Disclosure of Interests in Other Entities” (IFRS 12). IFRS 12 requires entities to disclose information that enables users of the financial statements to evaluate the nature of, and any associated risks of, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. IFRS 12 requires certain disclosures, for subsidiaries, joint arrangements and associates and introduces new requirements for unconsolidated structured entities. As IFRS 12 requires disclosures only, the adoption thereof on 1 January 2014 did not have an impact on the CSi group’s financial position, results of operation or cash flows. As these are condensed interim financial statements and there has not been any significant change in business during this interim reporting period, the disclosures required as a result of adoption will be included in the financial statements for the year ending 31 December 2014.
- IAS 27 Separate Financial Statements: In May 2011, the IASB issued an amended version of IAS 27 “Separate Financial Statements” (IAS 27). IAS 27 outlines the accounting and disclosure requirements for separate financial statements. The adoption of IAS 27 on 1 January 2014 had no impact as CSi does not prepare separate interim financial statements.
- IAS 28 Investments in Associates and Joint Ventures: In May 2011, the IASB issued IAS 28 “Investments in Associates” (IAS 28). The objective of IAS 28 is to prescribe the accounting for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The adoption of IAS 28 on 1 January 2014, did not have an impact on the CSi group’s financial position, results of operation or cash flows.
- IAS 32 Offsetting Financial Assets and Financial Liabilities: In December 2011, the IASB issued amendments to IAS 32 “Offsetting Financial Assets and Financial Liabilities” (IAS 32). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 ‘Financial Instruments – Presentation’. The amended IAS 32 restricts offsetting on the Statement of Financial Position to only those arrangements in which a right of set-off exists that is

unconditional and legally enforceable, in the normal course of business and in the event of the default and bankruptcy or insolvency of the CSi group and its relevant counterparties and for which the CSi group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously. The amendments also provide incremental guidance for determining when gross settlement systems result in the functional equivalent of net settlement. As a result of the adoption of the amendments, the CSi group does not net transactions where a legal opinion meeting the above criteria has not been obtained. The adoption on 1 January 2014 resulted in a restatement (increase) to both total assets and total liabilities of USD 7.1 billion, as at 31 December 2013. There was no impact on total equity, net profit or earnings per share.

- **Transition guidance for IFRS 10, IFRS 11 and IFRS 12:** In June 2012, the IASB issued “Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities; Transition Guidance” (Amendments to IFRS 10, IFRS 11 and IFRS 12). The amendments are intended to provide additional transition relief in IFRS 10, IFRS 11 and IFRS 12, by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Additionally, amendments were made to IFRS 11 and IFRS 12 to eliminate the requirement to provide comparative information for periods prior to the immediately preceding period. The CSi group has adopted the requirements of this amendment with the provisions of IFRS 10, IFRS 11 and IFRS 12 as at 1 January 2014. As the transition guidance is clarifications to IFRS 10, IFRS 11 and IFRS 12, the impact is included in the adoption of the standards respectively.
- **Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27):** In October 2012, the IASB issued “Investment Entities Amendments to IFRS 10, IFRS 12 and IAS 27” (Investment Entities Amendment). Under IFRS 10, reporting entities were required to consolidate all investees they control, however the Investment Entities Amendment provides an exception and requires investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The Investment Entities Amendment sets out disclosure requirements for investment entities. The adoption of the Investment Entities Amendment on 1 January 2014, did not have an impact on the CSi group’s financial position, results of operation or cash flows.
- **IFRIC 21 Levies:** In May 2013, the IASB issued “Levies” (IFRIC 21). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. The adoption of IFRIC 21 on 1 January 2014, did not have an impact on the CSi group’s financial position, results of operation or cash flows.

Standards and Interpretations not endorsed by the EU and not yet effective

The CSi group is not yet required to adopt the following standards and interpretations which are issued by the IASB but not yet effective and have not yet been endorsed by the EU.

- **IFRS 9 Financial Instruments:** In November 2009 the IASB issued IFRS 9 “Financial Instruments” (IFRS 9) covering the classification and measurement of financial assets which introduces new requirements for classifying and measuring financial assets. In October 2010, the IASB reissued IFRS 9, which incorporated new requirements on the accounting for financial liabilities. In July 2014, the IASB issued IFRS 9 as a complete standard. The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. The CSi group is currently evaluating the impact of adopting IFRS 9.
- **Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle:** In December 2013, the IASB issued both “Annual Improvements to IFRSs Cycle 2010-2012” and “Annual Improvements

to IFRSs Cycle 2011-2013" (Improvements to IFRSs), which contain numerous amendments to IFRS that the IASB considers non-urgent but necessary. The Improvements to IFRSs are effective for annual periods beginning on or after 1 July 2014. The CSi group is currently evaluating the impact of adopting these Improvements to IFRSs.

- IFRS 15 Revenue from Contracts with Customers: In May 2014, the IASB issued "Revenue from Contracts with Customers" (IFRS 15). IFRS 15 establishes a single, comprehensive framework for revenue recognition. The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 also includes disclosure requirements to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017. The CSi group is currently evaluating the impact of adopting IFRS 15.

The accounting policies have been applied consistently by all CSi group entities.

Certain reclassifications have been made to the prior year Condensed Consolidated Financial Statements of the CSi group to conform to the current year's presentation and had no impact on net (loss)/ income or total shareholders' equity.

3. Segmental Analysis

The CSi group has three reportable segments that are regularly reviewed by the CSi Board 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 'Financial Results' 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 CSi Board 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 Bank 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 arm's length basis and are included in the segment result.

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

	Six month period ended 30 June 2014	Six month period ended 30 June 2013
Revenues (USD million)		
Fixed Income	671	1,227
Equities	435	556
Investment banking	120	92
Total	1,226	1,875

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

	Six month period ended 30 June 2014	Six month period ended 30 June 2013
Revenues (USD million)		
EMEA ¹	782	1,202
Americas	213	282
Asia	231	391
Total	1,226	1,875

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

Reconciliation of reportable segment revenues

	Six month period ended 30 June 2014	Six month period ended 30 June 2013
Reconciliation of reportable segment revenues (USD million)		
Total revenues for reportable segments – Management Information	1,226	1,875
Revenue sharing agreements	(222)	(305)
Treasury funding	(154)	(225)
Other corporate items ¹	(56)	(66)
CS group to primary reporting reconciliations ²	88	105
Net Revenues per statement of comprehensive income	882	1,384

¹ Significant item being fair value changes in issued structured notes due to changes in the CSi group's own creditworthiness.

² 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, and also includes the impact of adopting IFRS13.

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, investment property and intangible assets totalling USD 1,052 million (31 December 2013: USD 1,124 million), all of which are located in EMEA.

4. Net Interest Income/(Expense)

	Six month period ended 30 June 2014	Six month period ended 30 June 2013
Net interest expense (USD million)		
Other loans and receivables	196	242
Securities purchased under resale agreements and securities borrowing transactions	46	74
Cash collateral paid on OTC derivatives transactions	33	38
Cash and cash equivalents and loans	109	55
Interest income	384	409
Deposits	(1)	(7)
Short term borrowings	(94)	(165)
Securities sold under resale agreements and securities lending transactions	(32)	(45)
Long term debt	(156)	(209)
Cash collateral received on OTC derivatives transactions	(56)	(41)
Interest expense	(339)	(467)
Net interest income/(expense)	45	(58)

5. Release of Provision for Credit Losses

	Six month period ended 30 June 2014	Six month period ended 30 June 2013
Release of provision for credit losses (USD million)		
Additional provision for credit losses	(6)	(6)
Release of provision for credit losses	9	12
Release of provision for credit losses	3	6

6. Commission and Fee Income

	Six month period ended 30 June 2014	Six month period ended 30 June 2013
Commission and fee income (USD million)		
Lending business	76	87
Other customer services	(71)	(66)
Net commission and fee income	5	21
Total commission and fee income	76	87
Total commission and fee expense	(71)	(66)
Net commission and fee income	5	21

7. Other Revenue

	Six month period ended 30 June 2014	Six month period ended 30 June 2013
Other Revenue (USD million)		
Revenue sharing agreement expense	(222)	(305)
Other	16	(10)
Other revenue	(206)	(315)

The revenue sharing agreement expense principally relates to revenue sharing agreements between the CSi group and other CS group companies.

8. Compensation and Benefits

	Six month period ended 30 June 2014	Six month period ended 30 June 2013
Compensation and Benefits (USD million)		
Salaries and variable compensation	(176)	(196)
Social security	(19)	(25)
Pensions	(7)	(6)
Other	(1)	(2)
Compensation and benefits	(203)	(229)

9. General and Administrative Expenses

	Six month period ended 30 June 2014	Six month period ended 30 June 2013
General and administrative expenses (USD million)		
Amortisation expenses	(95)	(84)
Depreciation expenses	(33)	(33)
Impairment of intangible assets and investment property	(17)	(43)
Brokerage charges and clearing house fees	(139)	(167)
Professional services	(13)	(19)
CSG trademark	(2)	(9)
Marketing data, publicity and subscriptions	(9)	(10)
Net overheads allocated from other CS group entities	(180)	(266)
Non income taxes	(8)	(8)
Other	(82)	(63)
General and administrative expenses	(578)	(702)

During 2011 the UK Government introduced a new levy, the UK Bank Levy, for all Banks and Banking groups operating in the UK. The Levy is charged on a firm's liabilities as at the statement of financial position date (i.e. 31 December 2014) at a rate of 15.6 basis points for all short-term liabilities and 7.8 basis points for long-term liabilities. Under current accounting requirements (IFRIC 21), the Bank Levy charge will only be recognised in the financial statements on 31 December each year. The estimate for the liability in respect of 2014 is USD 56 million (2013: USD 57 million).

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

	Six month period ended 30 June 2014	Six month period ended 30 June 2013
Net gains from financial assets/liabilities designated at fair value through profit or loss (USD million)		
Interest rate	3,820	27
Foreign exchange	(2,911)	1,037
Equity	37	(114)
Commodity	79	538
Credit	(67)	192
Other	77	50
Total net gains from financial assets/liabilities at fair value through profit or loss	1,035	1,730

11. Income Tax

	Six month period ended 30 June 2014	Six month period ended 30 June 2013
Income tax (USD million)		
Current tax	(1)	-
Deferred tax	(471)	(67)
Income tax charge	(472)	(67)

The income tax charge for the period can be reconciled to the profit per the Condensed Consolidated Interim Statement of Comprehensive Income as follows:

	Six month period ended 30 June 2014	Six month period ended 30 June 2013
Income tax reconciliation (USD million)		
Profit before tax	101	453
Profit before tax multiplied by the UK statutory rate of corporation tax of 21.49% (2013: 23.25%)	(22)	(106)
Effect of deferred tax resulting from changes to tax rates	(7)	-
Other permanent differences	8	38
Adjustments to current tax in respect of previous periods	-	1
Adjustments to deferred tax in respect of previous periods	(1)	-
Impairment of deferred tax asset	(450)	-
Income tax charge	(472)	(67)

The UK corporation tax rate reduced from 23% to 21% with effect from 1 April 2014. Furthermore, the UK corporation tax rate will reduce from 21% to 20% with effect from 1 April 2015.

12. Deferred Tax Asset

	Balance as at 1 January 2014	Debit to income for the period	Effect of change in tax rate	Balance as at 30 June 2014
(USD million)				
Deferred tax asset	973	(464)	(7)	502
Deferred tax asset				

	Balance as at 1 January 2013	Debit to income for the period	Effect of change in tax rate	Balance as at 31 Dec 2013
(USD million)				
Deferred tax asset	1,450	(290)	(187)	973
Deferred tax asset				

Deferred taxes are calculated on all temporary differences under the liability method using an effective tax rate of 20% (June 2013: 23%).

Deferred tax assets ('DTA') and liabilities 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. The realisation of DTA on temporary differences is dependent upon the generation of taxable income in future accounting periods after those temporary differences become deductible. The realisation of DTA on net operating losses is dependent upon the generation of future taxable income. Management regularly evaluates whether DTA can be realised and if not makes an impairment.

In evaluating whether DTA can be realised, management 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, also taking into account the history of recent losses of the Bank (primarily arising from the financial crisis that started in late 2008 and thereafter). The future taxable income can never be predicted with certainty, but management also evaluated the factors contributing to the losses and considered whether or not they are temporary or indicate an expected permanent decline in earnings. The evaluation 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 CSi group's estimate of future taxable profits and potential restructurings, could lead to changes in the amount of DTA that is realisable, or considered realisable, and would require a corresponding adjustment to the level of recognised DTA.

As a consequence of this evaluation, it was considered that the DTA should be impaired by a further USD 450 million in the period (31 December 2013: USD 319 million). The Bank's assessment is that remaining recognised trading losses carried forward should be utilised within a period of 4 years. If strategies and business plans 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 DTA balance is no longer probable.

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

	30 June 2014	31 December 2013 (restated) ¹
Trading financial assets at fair value through profit or loss (USD million)		
Debt securities	25,497	31,046
Equity securities	14,284	12,060
Derivative instruments	344,494	355,251
Other	3,010	2,558
Trading financial assets at fair value through profit or loss	387,285	400,915

	30 June 2014	31 December 2013 (restated) ¹
Trading financial liabilities at fair value through profit or loss (USD million)		
Short positions	9,170	8,439
Derivative instruments	355,866	364,892
Other	76	18
Total trading financial liabilities at fair value through profit or loss	365,112	373,349

¹ On 1 January 2014, the CSi group adopted amendments to IAS 32 "Offsetting Financial Assets and Financial Liabilities" (IAS 32). Comparative information has been restated accordingly (See Note 2).

14. Long Term Debt

	Balance as at 1 January 2014	Issuances	Repayments and other movements	Translation FX and Interest movements	Balance as at 30 June 2014
Long term debt (USD million)					
Senior debt	11,730	9,738	(16)	(229)	21,223
Subordinated debt	9,713	-	(1,398)	59	8,374
Total Long Term Debt	21,443	9,738	(1,414)	(170)	29,597

	Balance as at 1 January 2013	Issuances	Repayments and other movements	Translation, FX and Interest movements	Balance as at 31 December 2013
Long term debt (USD million)					
Senior debt	22,283	114	(10,796)	129	11,730
Subordinated debt	8,371	2,625	(1,525)	242	9,713
Total Long Term Debt	30,654	2,739	(12,321)	371	21,443

The increase in senior debt was principally as a result of a EUR 7 billion borrowing from a CS group company with a maturity of 400 days.

15. Derivatives

30 June 2014	Gross Derivative Assets	Gross Derivative Liabilities
Derivatives (USD million)		
Interest rate products	450,315	440,390
Foreign exchange products	52,378	67,665
Equity/indexed-related products	32,386	34,525
Credit products	32,764	32,638
Other products	3,717	3,362
Total Derivative Instruments	571,560	578,580

31 December 2013 (restated) ¹	Gross Derivative Assets	Gross Derivative Liabilities
Derivatives (USD million)		
Interest rate products	509,122	502,411
Foreign exchange products	65,998	78,076
Equity/indexed-related products	36,172	37,416
Credit products	34,603	34,796
Other products	4,280	4,691
Total Derivative Instruments	650,175	657,390

¹ On 1 January 2014, the CSi group adopted amendments to IAS 32 "Offsetting Financial Assets and Financial Liabilities" (IAS 32). Comparative information has been restated accordingly (See Note 2).

Offsetting of derivative instruments

30 June 2014

31 December 2013
(restated)¹

(USD Millions)

CSi Group	Gross	Offsetting	Net	Gross	Offsetting	Net
Derivative Assets						
Derivative instruments subject to master netting agreements or similar agreements	565,553	(227,066)	338,487	643,799	(294,924)	348,875
Derivative instruments not subject to master netting agreements or similar agreements ²	6,007	-	6,007	6,376	-	6,376
Total derivative instruments presented in the consolidated Statement of Financial Position	571,560	(227,066)	344,494	650,175	(294,924)	355,251
of which recorded in trading financial assets at fair value through profit or loss	571,560	(227,066)	344,494	650,175	(294,924)	355,251
Derivative Liabilities						
Derivative instruments subject to master netting agreements or similar agreements	571,489	(222,714)	348,775	648,593	(292,498)	356,095
Derivative instruments not subject to master netting agreements or similar agreements ²	7,091	-	7,091	8,797	-	8,797
Total derivative instruments presented in the consolidated Statement of Financial Position	578,580	(222,714)	355,866	657,390	(292,498)	364,892
of which recorded in trading financial liabilities at fair value through profit or loss	578,580	(222,714)	355,866	657,390	(292,498)	364,892

¹ On 1 January 2014, the CSi group adopted amendments to IAS 32 "Offsetting Financial Assets and Financial Liabilities" (IAS 32). Comparative information has been restated accordingly (See Note 2).

² Represents derivative instruments where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place.

PAF2 transaction

As part of the 2011 annual compensation process, certain employees were awarded a portion of their deferred variable compensation in the form of 2011 Partner Asset Facility ('PAF2') units. PAF2 awards were linked to a portfolio of CSG's credit exposures, providing risk offset and capital relief. Due to regulatory changes, this capital relief was no longer available after December 31, 2013. As a result, in March 2014 CSG terminated the PAF2 awards and exchanged them at fair value for other compensation awards in the form of one of the following options, or a combination thereof:

Capital Opportunity Facility: Participants elect for all or part of their PAF2 award to be referenced to a Capital Opportunity Facility ('COF'). The COF is a seven-year facility that is linked to the performance of a portfolio of risk-transfer and capital mitigation transactions chosen by the Partner Asset Facility management team. Participants who elect for the COF will receive distributions of 6.5% per annum until maturity;

Contingent Capital Awards: Participants elect to receive Contingent Capital Awards ('CCA'), with similar terms to the instruments used as part of the 2013 compensation awards. Settlement is expected to occur in early 2016, subject to regulatory approvals.

16. Other Assets and Other Liabilities

	30 June 2014	31 December 2013 (restated) ¹
Other assets (USD million)		
Brokerage receivables	3,961	4,608
Interest and fees receivable	221	196
Cash collateral on derivative instruments		
■ Banks	25,720	15,342
■ Customers	18,169	19,334
Other	227	193
Other assets	48,298	39,673

	30 June 2014	31 December 2013 (restated) ¹
Other liabilities (USD million)		
Brokerage payables	1,212	1,250
Interest and fees payable	812	943
Cash collateral on derivative instruments		
■ Banks	16,069	16,308
■ Customers	14,178	12,302
Failed sales	48	69
Share-based compensation liability	97	147
Other	558	8,407
Other liabilities	32,974	39,426

¹ On 1 January 2014, the CSi group adopted amendments to IAS 32 "Offsetting Financial Assets and Financial Liabilities" (IAS 32). Comparative information has been restated accordingly (See Note 2).

17. Called-up Share Capital and Share Premium

	30 June 2014	31 December 2013
Allotted, called up and fully paid share capital (USD)		
Ordinary voting shares of USD 0.1 each	13	13
Participating non-voting shares of USD 0.1 each	13,107,655,992	13,107,655,992
	13,107,656,005	13,107,656,005

	30 June 2014	31 December 2013
Share Premium (USD)		
Opening balance	12,698,984,345	12,698,984,345
Closing balance	12,698,984,345	12,698,984,345

The Ordinary Shares carry voting rights but do not carry the right to receive dividends.

The Participating Shares do not carry voting rights but carry the right to receive dividends. In all other respects the Participating Shares and the Ordinary Shares rank pari passu.

18. Contingent Liabilities and Commitments

The Bank is party to various legal proceedings as part of its normal course of business. The Directors of the Bank believe that the aggregate liability, if any, resulting from these proceedings will not materially prejudice the financial position of the Bank and have been provided for where deemed necessary and in accordance with accounting policy.

In July 2013, the Directorate General for Competition of the European Commission ('DG Comp') issued a Statement of Objections ('SO') to various entities of thirteen CDS dealer banks, certain Markit entities and the International Swaps and Derivatives Association, Inc. ('ISDA') in relation to its investigation into possible violations of competition law by certain CDS market participants. Certain Credit Suisse entities were among the named bank entities, including CSi. The SO marks the commencement of enforcement proceedings in respect of what DG Comp alleges were unlawful attempts to prevent the development of exchange traded platforms for CDS between 2006 and 2009. The next step in the process is for the named entities to provide written responses. In addition, certain Credit Suisse entities, as well as other banks, have been named in civil litigation in the US. Further, Credit Suisse (USA), Inc. has received civil investigative demands from the United States Department of Justice.

CSi is the defendant in English court litigation brought by Rosserlane Consultants Limited and Swinbrook Developments Limited (the "claimants"). The litigation relates to the forced sale by CSi in 2008 of Caspian Energy Group LP ('CEG'), the vehicle through which the claimants held a 51% stake in the Kyurovdag oil and gas field in Azerbaijan. CEG was sold for USD 245 million following two unsuccessful M&A processes. The claimants allege that CEG should have been sold for at least USD 700 million. CSi will be vigorously defending the claims, which it believes are without merit. The trial is fixed to commence in October 2014.

On 16 June 2014 the UK Financial Conduct Authority imposed a financial penalty of GBP 2,398,100 against CSi in respect of inadequacies relating to the prominence of the maximum return and the explanation of the early exit fee in certain financial promotions for capital protected structured deposit products sold to UK retail customers between November 2009 and June 2012. CSi is also required to conduct a past business review (in conjunction with distributors of the products) under which affected retail customers will be eligible to claim compensation. The Issuer does not believe that the likely costs of the past business review will materially impact its financial position.

19. 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 2014 compared to the year ended 31 December 2013.

20. 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 2013.

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% Value at Risk ('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
30 June 2014 (USD million)						
Average	80	21	6	19	(81)	45
Minimum	35	12	2	12	-	33
Maximum	140	74	14	28	-	69
End of period	57	18	10	24	(63)	46
31 December 2013 (USD million)						
Average	73	17	8	21	(62)	57
Minimum	34	6	2	11	-	26
Maximum	124	43	19	86	-	113
End of period	35	15	6	21	(39)	38

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 2014 was USD 46 million (31 December 2013: USD 38 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.

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 1.2 million as of 30 June 2014 compared to USD 1.1 million as of 31 December 2013. 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 2014, the fair value impacts of 200-basis-point move in yield curves (flooring at zero where appropriate) was:

+200bps increase of USD 245 million (31 December 2013: USD 205 million)

-200bps decrease of USD 159 million (31 December 2013: USD 155 million)

The fair value impact of a statistical one-year, 99% adverse change in yield curves was a decrease of USD 183 million (31 December 2013: USD 73 million). Both measures 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 2014		31 December 2013	
	USD million	%	USD million	%
AAA	2,654	4	2,725	4
AA+ to AA-	14,866	22	14,605	22
A+ to A-	19,703	29	20,588	30
BBB+ to BBB-	15,055	22	14,566	22
BB+ to BB-	8,042	12	7,860	12
B+ and below	7,566	11	7,054	10
	67,886	100	67,398	100

Net Unsecured Exposure by Internal Rating (including provisions)

	30 June 2014		31 December 2013	
	USD million	%	USD million	%
AAA	3,238	10	3,159	10
AA+ to AA-	10,299	30	9,373	29
A+ to A-	11,020	33	10,939	34
BBB+ to BBB-	3,867	12	3,526	11
BB+ to BB-	1,051	3	1,142	4
B+ and below	3,956	12	3,813	12
	33,431	100	31,952	100

21. Financial Instruments

The disclosure of the CSi group's financial instruments below 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);

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 the CSi group's financial instruments.

Financial assets and liabilities by categories

As at 30 June 2014

Financial assets (USD million)	Carrying value					Total fair value
	Total carrying value	Held for trading	Designated at fair value	Loans and receivables	Other amortised cost	
Cash and due from banks	20,567	-	-	-	20,567	20,567
Interest-bearing deposits with banks	7,680	-	-	-	7,680	7,680
Securities purchased under resale agreements and securities borrowing transactions	32,440	-	-	-	32,440	32,440
Trading financial assets at fair value through profit or loss	387,285	387,285	-	-	-	387,285
Financial assets designated at fair value through profit or loss	18,303	-	18,303	-	-	18,303
Other loans and receivables	4,363	-	-	4,363	-	4,363
Other investments	32	-	-	-	32	32
Other assets	48,298	-	-	-	48,298	48,298
Total financial assets	518,968	387,285	18,303	4,363	109,017	518,968
Financial liabilities (USD million)						
Deposits	5,195	-	-	-	5,195	5,195
Securities sold under repurchase agreements and securities lending transactions	7,837	-	-	-	7,837	7,837
Trading financial liabilities at fair value through profit or loss	365,112	365,112	-	-	-	365,112
Financial liabilities designated at fair value through profit or loss	35,612	-	35,612	-	-	35,612
Short term borrowings	19,583	-	-	-	19,583	19,583
Other liabilities	29,597	-	-	-	29,597	29,597
Long term debt	32,974	-	-	-	32,974	32,974
Total financial liabilities	495,910	365,112	35,612	-	95,186	495,910

As at 31 December 2013 (restated)¹

Financial assets (USD million)	Carrying value					Total fair value
	Total carrying value	Held for trading	Designated at fair value	Loans and receivables	Other amortised cost	
Cash and due from banks	27,280	-	-	-	27,280	27,280
Interest-bearing deposits with banks	285	-	-	-	285	285
Securities purchased under resale agreements and securities borrowing transactions	21,698	-	-	-	21,698	21,698
Trading financial assets at fair value through profit or loss	400,915	400,915	-	-	-	400,915
Financial assets designated at fair value through profit or loss	20,564	-	20,564	-	-	20,564
Other loans and receivables	4,470	-	-	4,470	-	4,450
Other investments	34	-	-	-	34	34
Other assets	39,673	-	-	-	39,673	39,673
Total financial assets	514,919	400,915	20,564	4,470	88,970	514,899
Financial liabilities (USD million)						
Deposits	5,332	-	-	-	5,332	5,332
Securities sold under repurchase agreements and securities lending transactions	5,036	-	-	-	5,036	5,036
Trading financial liabilities at fair value through profit or loss	373,349	373,349	-	-	-	373,349
Financial liabilities designated at fair value through profit or loss	31,829	-	31,829	-	-	31,829
Short term borrowings	15,624	-	-	-	15,624	15,624
Other liabilities	39,426	-	-	-	39,426	39,426
Long term debt	21,443	-	-	-	21,443	21,395
Total financial liabilities	492,039	373,349	31,829	-	86,861	491,991

¹ On 1 January 2014, the CSi group adopted amendments to IAS 32 "Offsetting Financial Assets and Financial Liabilities" (IAS 32). Comparative information has been restated accordingly (See Note 2).

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 the CSi 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 the CSi group's financial instruments is based on quoted prices in active markets or observable inputs. These instruments include government and agency securities, certain commercial papers ('CP'), 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. 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 varying degrees of judgment, depending on liquidity, concentration, 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 assumptions 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, certain corporate equity-linked securities, mortgage-related and Collateralised Debt Obligation ('CDO') securities, private equity investments, certain loans and credit products, including leveraged finance, certain syndicated loans and certain high yield bonds.

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 the CSi 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 the CSi group's and the counterparty's credit standing is considered when measuring their fair value, based on current Credit Default Swap ('CDS') prices. The adjustments also take into account contractual factors designed to reduce the CSi group's credit exposure to counterparty, such as collateral held and master netting agreements. For hybrid debt instruments with embedded derivative features, the impact of changes in the CSi 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, the CSi 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, the CSi group reflects the net exposure to credit risk for its derivative instruments where the CSi 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 CSi 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) inputs 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 (significant unobservable inputs). These inputs reflect the CSi 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 includes the CSi group's own data. The CSi group's own data used to develop unobservable inputs is adjusted if information indicates that market participants would use different assumptions.

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

30 June 2014	Level 1	Level 2	Level 3	Impact of netting ²	Total at fair value
Assets (USD million)					
Debt securities	9,988	14,317	1,192	-	25,497
of which foreign governments	9,923	2,257	22	-	12,202
of which corporates	65	11,606	1,055	-	12,726
of which residential mortgage backed securities	-	454	-	-	454
of which commercial mortgage backed securities	-	-	115	-	115
Equity securities	10,873	3,331	80	-	14,284
Derivatives	6,422	560,292	4,846	(227,066)	344,494
of which interest rate products	147	448,504	1,664	(218,829)	231,486
of which foreign exchange products	75	51,906	397	-	52,378
of which equity/index-related products	5,871	25,304	1,211	(8,237)	24,149
of which credit derivatives	-	31,321	1,443	-	32,764
of which other derivative products	329	3,257	131	-	3,717
Other	-	2,059	951	-	3,010
Trading financial assets at fair value through profit or loss	27,283	579,999	7,069	(227,066)	387,285
Securities purchased under resale agreements and securities borrowing transactions	-	5,531	-	-	5,531
Loans	-	5,323	4,202	-	9,525
of which commercial and industrial loans	-	579	1,346	-	1,925
of which loans to financial institutions	-	4,302	1,906	-	6,208
of which government and public institutions	-	394	950	-	1,344
of which real estate	-	48	-	-	48
Other financial assets designated at fair value through profit or loss	-	3,006	241	-	3,247
of which failed purchases	-	2,949	187	-	3,136
of which other	-	57	54	-	111
Financial assets designated at fair value through profit or loss	-	13,860	4,443	-	18,303
Total assets at fair value	27,283	593,859	11,512	(227,066)	405,588

² Derivative contracts are reported on a gross basis by level. The impact of netting represents an adjustment related to counterparty netting.

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

30 June 2014	Level 1	Level 2	Level 3	Impact of netting ²	Total at fair value
Liabilities (USD million)					
Debt securities	2,574	1,400	-	-	3,974
of which UK government	137	5	-	-	142
of which foreign governments	2,423	837	-	-	3,260
of which corporates	14	558	-	-	572
Equity securities	5,045	151	-	-	5,196
Other securities	71	5	-	-	76
Derivatives	6,147	567,266	5,167	(222,714)	355,866
of which interest rate products	60	439,280	1,050	(214,477)	225,913
of which foreign exchange products	69	66,817	779	-	67,665
of which equity/index-related products	5,659	27,320	1,547	(8,237)	26,289
of which credit derivatives	-	30,941	1,697	-	32,638
of which other derivative products	359	2,908	94	-	3,361
Trading financial liabilities at fair value through profit or loss	13,837	568,822	5,167	(222,714)	365,112
Securities sold under resale agreements and securities borrowing transactions					
	-	9,923	-	-	9,923
Short term borrowings	-	2,027	106	-	2,133
Long term debt	-	17,638	5,003	-	22,641
of which structured notes between one and two years	-	1,032	152	-	1,184
of which other debt instruments between one and two years	-	211	55	-	266
of which treasury debt over two years	-	318	-	-	318
of which structured notes over two years	-	6,763	3,552	-	10,315
of which other debt instruments over two years	-	8,831	1,228	-	10,059
of which non-recourse liabilities	-	483	16	-	499
Other financial liabilities designated at fair value through profit or loss					
	22	652	241	-	915
of which failed sales	22	649	233	-	904
Financial liabilities designated at fair value through profit or loss					
	22	30,240	5,350	-	35,612
Total liabilities at fair value	13,859	599,062	10,517	(222,714)	400,724
Net assets/liabilities at fair value	13,424	(5,203)	995	(4,352)	4,864

² Derivative contracts are reported on a gross basis by level. The impact of netting represents an adjustment related to counterparty netting.

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

31 December 2013 (restated) ¹	Level 1	Level 2	Level 3	Impact of netting ²	Total at fair value
Assets (USD million)					
Debt securities	13,213	16,271	1,562	-	31,046
of which foreign governments	13,192	3,776	256	-	17,224
of which corporates	21	12,305	1,187	-	13,513
of which residential mortgage backed securities	-	190	-	-	190
of which commercial mortgage backed securities	-	-	119	-	119
Equity securities	9,580	2,349	131	-	12,060
Derivatives	4,174	640,898	5,103	(294,924)	355,251
of which interest rate products	271	507,292	1,559	(287,012)	222,110
of which foreign exchange products	10	65,508	480	-	65,998
of which equity/index-related products	3,601	31,047	1,524	(7,847)	28,325
of which credit derivatives	-	33,073	1,530	-	34,603
of which other derivative products	292	3,978	10	(65)	4,215
Other	-	1,588	970	-	2,558
Trading financial assets at fair value through profit or loss	26,967	661,106	7,766	(294,924)	400,915
Securities purchased under resale agreements and securities borrowing transactions	-	7,445	152	-	7,597
Loans	-	6,062	4,431	-	10,493
of which commercial and industrial loans	-	2,595	1,356	-	3,951
of which loans to financial institutions	-	3,118	1,978	-	5,096
of which government and public institutions	-	349	1,097	-	1,446
Other financial assets designated at fair value through profit or loss	-	2,321	153	-	2,474
of which failed purchases	-	2,292	90	-	2,382
of which other	-	29	63	-	92
Financial assets designated at fair value through profit or loss	-	15,828	4,736	-	20,564
Total assets at fair value	26,967	676,934	12,502	(294,924)	421,479

¹ On 1 January 2014, the CSi group adopted amendments to IAS 32 "Offsetting Financial Assets and Financial Liabilities" (IAS 32). Comparative information has been restated accordingly (See Note 2).

² Derivative contracts are reported on a gross basis by level. The impact of netting represents an adjustment related to counterparty netting

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

31 December 2013 (restated) ¹	Level 1	Level 2	Level 3	Impact of netting ²	Total at fair value
Liabilities (USD million)					
Debt securities	1,951	928	-	-	2,879
of which UK government	73	-	-	-	73
of which foreign governments	1,863	632	-	-	2,495
of which corporates	15	296	-	-	311
Equity securities	5,560	-	-	-	5,560
Other securities	18	-	-	-	18
Derivatives	3,526	647,977	5,887	(292,498)	364,892
of which interest rate products	67	501,316	1,028	(284,585)	217,826
of which foreign exchange products	18	77,019	1,039	-	78,076
of which equity/index-related products	3,127	32,196	2,093	(7,847)	29,569
of which credit derivatives	-	33,108	1,688	-	34,796
of which other derivative products	314	4,338	39	(66)	4,625
Trading financial liabilities at fair value through profit or loss	11,055	648,905	5,887	(292,498)	373,349
Securities sold under resale agreements and securities borrowing transactions					
Short term borrowings	-	8,110	129	-	8,239
Long term debt	-	15,742	4,759	-	20,501
of which structured notes between one and two years	-	971	283	-	1,254
of which other debt instruments between one and two years	-	194	28	-	222
of which treasury debt over two years	-	315	-	-	315
of which structured notes over two years	-	5,002	3,146	-	8,148
of which other debt instruments over two years	-	8,342	1,302	-	9,644
of which non-recourse liabilities	-	918	-	-	918
Other financial liabilities designated at fair value through profit or loss					
of which failed sales	-	921	359	-	1,280
of which failed sales	-	914	333	-	1,247
Financial liabilities designated at fair value through profit or loss	-	26,364	5,465	-	31,829
Total liabilities at fair value	11,055	675,269	11,352	(292,498)	405,178
Net assets/liabilities at fair value	15,912	1,665	1,150	(2,426)	16,301

¹ On 1 January 2014, the CSi group adopted amendments to IAS 32 "Offsetting Financial Assets and Financial Liabilities" (IAS 32). Comparative information has been restated accordingly (See Note 2).

² Derivative contracts are reported on a gross basis by level. The impact of netting represents an adjustment related to counterparty netting.

Transfers between Level 1 and Level 2

The table below shows the transfers from Level 1 to Level 2 of the fair value hierarchy.

Assets (USD million)	30 June 2014		31 December 2013	
	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
Trading financial assets at fair value through profit or loss	1	4,559	23	4,962
Total transfers in assets at fair value	1	4,559	23	4,962
Liabilities (USD million)				
Trading financial liabilities at fair value through profit or loss	17	4,524	1	3,918
Total transfers in liabilities at fair value	17	4,524	1	3,918

The transfers from Level 1 to Level 2 were mainly driven by debt/equity securities where the liquidity had decreased and subsequently lacked pricing transparency. All transfers were reported at the end of the reporting period.

The transfers from Level 2 to Level 1 are mainly driven by the transfer of exchange traded options as they moved closer to maturity and inputs became observable. All transfers were reported at the end of the reporting period.

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 30 June 2014

	Balance at beginning of period	Transfers in	Transfers out	Purchases	Sales	Issuances	Settlements	Trading revenues		Balance at end of period
								On transfers in/out ¹	On all other	
Assets at fair value (USD million)										
Debt securities	1,562	114	(376)	630	(984)	-	-	8	238	1,192
of which foreign governments	256	16	(238)	-	(14)	-	-	4	(2)	22
of which corporates	1,187	98	(138)	630	(970)	-	-	4	244	1,055
of which commercial mortgage backed securities	119	-	-	-	-	-	-	-	(4)	115
of which collateral debt obligations	-	-	-	-	-	-	-	-	-	-
Equity securities	131	6	(7)	122	(170)	-	-	3	(5)	80
Derivatives	5,103	343	(445)	-	-	2,181	(2,138)	31	(229)	4,846
of which interest rate products	1,559	32	(7)	-	-	78	(494)	8	488	1,664
of which foreign exchange products	480	-	(8)	-	-	706	(847)	3	63	397
of which equity/index-related products	1,524	24	(196)	-	-	878	(173)	25	(871)	1,211
of which credit derivatives	1,530	284	(229)	-	-	379	(557)	(6)	42	1,443
of which other derivative products	10	3	(5)	-	-	140	(67)	1	49	131
Other	970	380	(378)	481	(530)	-	(76)	6	98	951
Trading financial assets at fair value through profit or loss	7,766	843	(1,206)	1,233	(1,684)	2,181	(2,214)	48	102	7,069
Securities purchased under resale agreements and securities borrowing transactions	152	-	-	-	-	-	(152)	-	-	-
Loans	4,431	-	(48)	62	(162)	327	(398)	8	(18)	4,202
of which commercial and industrial loans	1,356	-	-	7	(172)	256	(132)	6	25	1,346
of which loans to financial institutions	1,978	-	-	15	-	71	(130)	-	(28)	1,906
of which government and public institutions	1,097	-	-	-	-	-	(136)	-	(11)	950
of which real estate	-	-	(48)	50	-	-	-	2	(4)	-
Other financial assets designated at fair value through profit or loss	153	-	-	176	(74)	-	-	-	(14)	241
of which failed purchases	90	-	-	116	(5)	-	-	-	(14)	187
of which other	63	-	-	60	(69)	-	-	-	-	54
Financial assets designated at fair value through profit or loss	4,736	-	(48)	238	(236)	327	(550)	8	(32)	4,443
Total assets at fair value	12,502	843	(1,254)	1,471	(1,920)	2,508	(2,764)	56	70	11,512

¹For all transfers to level 3 or out of level 3, the CSi group determines and discloses as level 3 events only gains or losses through the last day of the reporting period

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

As at 30 June 2014

Trading revenues

	Balance at beginning of period	Transfers in	Transfers out	Purchases	Sales	Issuances	Settlements	On transfers in/out ¹	On all other	Balance at end of period
Liabilities at fair value (USD million)										
Debt securities	-	-	-	-	-	-	-	-	-	-
of which corporates	-	-	-	-	-	-	-	-	-	-
Derivatives	5,887	438	(668)	-	-	744	(2,039)	126	679	5,167
of which interest rate products	1,028	46	-	-	-	4	(276)	6	242	1,050
of which foreign exchange products	1,039	-	(2)	-	-	3	(160)	(4)	(97)	779
of which equity/index-related products	2,093	105	(484)	-	-	410	(967)	118	272	1,547
of which credit derivatives	1,688	296	(189)	-	-	273	(585)	5	209	1,697
of which other derivative products	39	-	(2)	-	-	54	(51)	1	53	94
Trading financial liabilities at fair value through profit or loss	5,887	438	(668)	-	-	744	(2,039)	126	679	5,167
Securities sold under repurchase agreement and securities lending transactions	129	-	-	-	-	-	(129)	-	-	-
Short term borrowings	218	15	(39)	-	-	193	(281)	(1)	1	106
Long term debt	4,759	-	(655)	-	-	1,401	(829)	-	327	5,003
of which structured notes between one and two years	283	-	(268)	-	-	120	(25)	1	41	152
of which other debt instruments between one and two years	28	-	(5)	-	-	47	(54)	-	39	55
of which structured notes over two years	3,146	-	(282)	-	-	922	(293)	(5)	64	3,552
of which other debt instruments over two years	1,302	-	(100)	-	-	294	(454)	4	182	1,228
of which non-recourse liabilities	-	-	-	-	-	18	(3)	-	1	16
Other financial liabilities designated at fair value through profit or loss	359	78	(49)	75	(200)	-	-	(1)	(21)	241
of which failed sales	333	73	(47)	-	(105)	-	-	-	(21)	233
Financial liabilities designated at fair value through profit or loss	5,465	93	(743)	75	(200)	1,594	(1,239)	(2)	307	5,350
Total liabilities at fair value	11,352	531	(1,411)	75	(200)	2,338	(3,278)	124	986	10,517
Net assets/liabilities at fair value	1,150	312	157	1,396	(1,720)	170	514	(68)	(916)	995

¹ For all transfers to level 3 or out of level 3, the CSi group determines and discloses as level 3 events only gains or losses through the last day of the reporting period.

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

As at 31 December 2013

	Balance at beginning of period	Transfers in	Transfers out	Purchases	Sales	Issuances	Settlements	Trading revenues		Balance at end of period
								On transfers in/out ¹	On all other	
Assets at fair value (USD million)										
Debt securities	2,694	335	(230)	1,382	(2,818)	-	-	16	183	1,562
of which foreign governments	90	268	(76)	6	(37)	-	-	13	(8)	256
of which corporates	2,278	67	(154)	1,376	(2,534)	-	-	3	151	1,187
of which commercial mortgage backed securities	321	-	-	-	(239)	-	-	-	37	119
of which collateral debt obligations	5	-	-	-	(8)	-	-	-	3	-
Equity securities	31	130	(5)	116	(154)	-	-	1	12	131
Derivatives	5,816	1,706	(2,573)	-	-	2,429	(2,481)	197	9	5,103
of which interest rate products	1,921	234	(355)	-	-	317	(659)	3	98	1,559
of which foreign exchange products	624	89	(92)	-	-	29	(134)	2	(38)	480
of which equity/index-related products	1,797	246	(944)	-	-	650	(756)	189	342	1,524
of which credit derivatives	1,471	1,137	(1,134)	-	-	1,206	(774)	2	(378)	1,530
of which other derivative products	3	-	(48)	-	-	227	(158)	1	(15)	10
Other	445	664	(126)	557	(609)	-	(69)	-	108	970
Trading financial assets at fair value through profit or loss	8,986	2,835	(2,934)	2,055	(3,581)	2,429	(2,550)	214	312	7,766
Securities purchased under resale agreements and securities borrowing transactions	-	-	-	-	-	147	(165)	-	170	152
Loans	3,429	127	(142)	332	(618)	2,168	(1,175)	(1)	311	4,431
of which commercial and industrial loans	2,120	-	(137)	65	(237)	482	(895)	(1)	(41)	1,356
of which loans to financial institutions	921	-	(5)	267	(180)	880	(280)	-	375	1,978
of which government and public institutions	388	127	-	-	(201)	806	-	-	(23)	1,097
Other financial assets designated at fair value through profit or loss	249	-	-	13	(33)	-	(58)	-	(18)	153
of which failed purchases	168	-	-	13	(22)	-	(58)	-	(11)	90
of which other	81	-	-	-	(11)	-	-	-	(7)	63
Financial assets designated at fair value through profit or loss	3,678	127	(142)	345	(651)	2,315	(1,398)	(1)	463	4,736
Total assets at fair value	12,664	2,962	(3,076)	2,400	(4,232)	4,744	(3,948)	213	775	12,502

¹For all transfers to level 3 or out of level 3, the CSi group determines and discloses as level 3 events only gains or losses through the last day of the reporting period

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

As at 31 December 2013

	Balance at beginning of period	Transfers in	Transfers out	Purchases	Sales	Issuances	Settlements	Trading revenues		Balance at end of period
								On transfers in/out ¹	On all other	
Liabilities at fair value (USD million)										
Debt securities	13	-	-	22	(34)	-	-	-	(1)	-
of which corporates	13	-	-	22	(34)	-	-	-	(1)	-
Derivatives	5,916	1,390	(1,440)	-	(1)	1,756	(3,042)	170	1,138	5,887
of which interest rate products	1,360	19	(81)	-	-	115	(522)	4	133	1,028
of which foreign exchange products	1,778	70	(119)	-	-	21	(774)	(17)	80	1,039
of which equity/index-related products	1,253	204	(742)	-	-	870	(524)	163	869	2,093
of which credit derivatives	1,471	1,097	(498)	-	-	746	(1,211)	20	63	1,688
of which other derivative products	54	-	-	-	(1)	4	(11)	-	(7)	39
Trading financial liabilities at fair value through profit or loss	5,929	1,390	(1,440)	22	(35)	1,756	(3,042)	170	1,137	5,887
Securities sold under repurchase agreement and securities lending transactions	-	-	-	-	-	-	-	-	129	129
Short term borrowings	196	41	-	-	(57)	447	(424)	-	15	218
Long term debt	4,868	157	(30)	14	(32)	1,780	(2,580)	-	582	4,759
of which structured notes between one and two years	-	-	(11)	4	-	157	(28)	-	161	283
of which other debt instruments between one and two years	-	-	-	-	-	26	-	-	2	28
of which structured notes over two years	3,477	149	(16)	9	(21)	1,466	(1,904)	-	(11)	3,146
of which other debt instruments over two years	1,380	8	(3)	1	-	131	(648)	-	433	1,302
of which non-recourse liabilities	11	-	-	-	(11)	-	-	-	-	-
Other financial liabilities designated at fair value through profit or loss	220	30	(22)	173	-	-	(4)	-	(38)	359
of which failed sales	220	27	(19)	147	-	-	(4)	-	(38)	333
Financial liabilities designated at fair value through profit or loss	5,284	228	(52)	187	(89)	2,227	(3,008)	-	688	5,465
Total liabilities at fair value	11,213	1,618	(1,492)	209	(124)	3,983	(6,050)	170	1,825	11,352
Net assets/liabilities at fair value	1,451	1,344	(1,584)	2,191	(4,108)	761	2,102	43	(1,050)	1,150

¹ For all transfers to level 3 or out of level 3, the CSi group determines and discloses as level 3 events only gains or losses through the last day of the reporting period.

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

	30 June	31 Dec
Trading revenues (USD million)	2014	2013
Net realised/unrealised (losses)/gains included in net revenues	(984)	(1,007)
Whereof:		
Changes in unrealised (losses)/gains relating to assets and liabilities still held as of the reporting date		
Trading financial assets at fair value through profit or loss	222	473
Financial assets designated at fair value through profit or loss	32	297
Trading financial liabilities at fair value through profit or loss	(689)	(1,055)
Financial liabilities at fair value through profit or loss	(287)	(491)
Total changes in unrealised gains/(losses) relating to assets and liabilities still held as of the reporting date	(722)	(776)

Transfers in and out of level 3

Trading financial assets at fair value through profit or loss

Trading financial assets transferred into and out of level 3 as at 30 June 2014 amounted to USD 843 million and USD (1,206) million, respectively. USD 664 million of transfers into level 3 were related to credit derivatives and loans included in Other. Transfers out of level 3 largely comprised of credit and equity/index-related derivatives.

Trading financial assets transferred into and out of level 3 in 2013 amounted to USD 2,835 million and USD (2,934) million, respectively. USD 1,801 million of transfers into level 3 were related to credit derivatives and loans included in Other. Transfers out of level 3 comprised of debt securities, credit derivatives, equity/index-related derivatives and loans included in Other.

Financial assets designated at fair value through profit or loss

Financial assets designated at fair value through profit or loss transferred out of level 3 as at 30 June 2014 amounted to USD (48) million. These transfers were related to real estate loans.

Financial assets designated at fair value through profit or loss transferred into and out of level 3 in 2013 amounted to USD 127 million and USD (142) million, respectively. Both these amounts of transfers were related to loans.

Trading financial liabilities at fair value through profit or loss

Trading financial liabilities transferred into and out of level 3 as at 30 June 2014 amounted to USD 438 million and USD (668) million, respectively. USD 296 million of transfers into level 3 were related to credit derivatives. Transfers out of level 3 largely comprised of equity/index-related derivatives and credit derivatives.

Trading financial liabilities transferred into and out of level 3 as at 31 December 2013 amounted to USD 1,390 million and USD (1,440) million, respectively. USD 1,097 million of transfers into level 3 were related to credit derivatives. Transfers out of level 3 largely comprised of equity/index-related derivatives and credit derivatives.

Financial liabilities designated at fair value through profit or loss

Financial liabilities designated at fair value through profit or loss transferred into and out of level 3 as at 30 June 2014 amounted to USD 93 million and USD (743) million, respectively. The transfers into level 3 were related to failed sales. The transfers out of level 3 were largely related to structured notes.

Financial liabilities designated at fair value through profit or loss transferred into and out of level 3 as at 31 December 2013 amounted to USD 228 million and USD (52) million, respectively. These were largely related to structured notes.

Qualitative disclosures of valuation techniques

The CSi 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 CSi 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 CSi group determines the reasonableness of the fair value of its financial instruments.

On a monthly basis, meetings are held for each business line with senior representatives of the Front Office and Product Control to discuss independent price verification results, valuation adjustments, and other significant valuation issues. On a quarterly basis, a review of significant changes in the fair value of financial instruments is undertaken by Product Control and conclusions are reached regarding the reasonableness of those changes. Additionally, on a quarterly basis, meetings are held for each business line with senior representatives of the Front Office, Product Control, Risk Management, and Financial Accounting to discuss independent price verification results, valuation issues, business and market updates, as well as a review of significant changes in fair value from the prior quarter, significant unobservable inputs and prices used in valuation techniques, and valuation adjustments.

The results of these meetings are aggregated for presentation to the Valuation and Risk Management Committee ('VARMC') and the Audit Committee. The VARMC, which is comprised of Credit Suisse Group AG's Executive Board members and the heads of the business and control functions, meets to review and ratify valuation review conclusions, and to resolve significant valuation issues for the CSi group. Oversight of the valuation control framework is through specific and regular reporting on valuation directly to the Credit Suisse Group AG's Executive Board through the VARMC.

One of the key components of the governance process is the segregation of duties between the Front Office and Product Control. The Front Office 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 Front Office 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 CSI 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, Front Office professional judgment 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”.

Central bank funds sold, securities purchased under resale agreements and securities borrowing 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 input for those classified as level 3 is funding spread.

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 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 modeling techniques, which may involve judgment. Those securities where the significant 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 modeling techniques utilising observable inputs, such as current interest rate curves and observable CDS spreads. Significant unobservable inputs may include price, buyback probability, correlation, volatility and credit spread. 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). Generally, the interrelationship between volatility and correlation is positively correlated.

CMBS securities

Fair values of CMBS may be available through quoted prices, which are often based on the prices at which similarly structured and collateralised securities trade between dealers and to and from customers. Fair values of CMBS for which there are significant unobservable inputs are valued using capitalisation rate. Price may not be observable for fair value measurement purposes for many reasons, such as the length of time since the last executed transaction for the related security, use of a price from a similar instrument, or use of a price from an indicative quote. Prices from similar observable instruments are used to calculate implied inputs which are then used to value unobservable instruments using discounted cash flow. The discounted cash flow price is then compared to the unobservable prices and assessed for reasonableness.

Equity securities

The majority of the CSi 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 fund-linked products, convertible bonds or equity securities with restrictions that are not traded in active markets. Significant unobservable inputs may include earnings before interest, taxes, depreciation and amortisation, ('EBITDA') multiple, discount rate and capitalisation rate.

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 modeling 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.

Our valuation of derivatives does not include an adjustment for the cost of funding uncollateralised OTC derivatives due to a lack of clear observability in the marketplace.

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, recovery rate 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 modeling 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, correlation, volatility, volatility skew, mean reversion and credit spread.

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 correlation, volatility, skew and buyback probability. Generally, volatility, forward skew and correlation are positively correlated.

Credit derivatives

Credit derivatives include index and single name CDSs 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, funding spread and prepayment rate. These inputs are generally implied from available market observable data. Fair values determined by price may include discounted cash flow models using the inputs default rate, loss severity and discount rate.

Other trading assets

Other trading assets primarily include loans and VAT receivables which are valued using market comparable price and discounted cash flow. The significant unobservable inputs of the fair value loans and VAT receivables is credit spread and market comparable price.

Other investments

Private equity, hedge funds and other equity investments

Other equity investments principally includes equity investments in the form of a) direct investments in

third-party hedge funds, private equity funds and funds of funds, b) equity-method investments where the Group has the ability to significantly influence the operating and financial policies of the investee, and c) direct investments in non-marketable equity securities.

Direct investments in third-party hedge funds, private equity funds and funds of funds are measured at fair value based on their published net asset values (NAVs). Most of these investments are classified as level 3 of the fair value hierarchy, as there are restrictions imposed upon the redemption of the funds at their NAV in the near term. In some cases, NAVs may be adjusted where there is sufficient evidence that the NAV published by the investment manager is not current with observed market movements, it is probable that these investments will be sold for an amount other than NAV or there exist other circumstances that would require an adjustment to the published NAV. Although rarely adjusted, significant judgment is involved in making any adjustments to the published NAVs.

Direct investments in non-marketable equity securities consist of both real estate investments and non-real estate investments. Equity-method investments and direct investments in non-marketable equity securities are initially measured at their transaction price, as this is the best estimate of fair value. Thereafter, these investments are individually measured at fair value based upon a number of factors that include any recent rounds of financing involving third-party investors, comparable company transactions, multiple analyses of cash flows or book values, or discounted cash flow analyses. Unobservable inputs may include credit spread, contingent probability and EBITDA multiple. The availability of information used in these modeling techniques is often limited and involves significant judgment in evaluating these different factors over time. As a result, these investments are included in level 3 of the fair value hierarchy.

Life finance instruments

Life finance instruments include Single Premium Immediate Annuities (SPIA) and other premium finance instruments. Life finance instruments are valued using individual life expectancy rates and 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 from third-party life expectancy data providers, which examine the insured individual's medical conditions, family history and other factors to arrive at a life expectancy estimate.

Loans

The CSi group's loan portfolio which is measured at fair value primarily consists of commercial and industrial loans, loans to government and public institutions, and loans to financial institutions. These categories, include commercial loans, real estate loans, corporate loans, leverage finance loans and emerging market loans. Fair value is based on recent transactions and quoted prices, where available. Where recent transactions and quoted prices are not available, fair value may be determined by relative value benchmarking (which includes pricing based upon another position in the same capital structure, other comparable loan issues, generic industry credit spreads, implied credit spreads derived from CDS for the specific borrower, and enterprise valuations) or calculated based on the exit price of the collateral, based on current market conditions.

Both the funded and unfunded portion of revolving credit lines on the corporate lending portfolio are valued using a CDS pricing model, which requires estimates of significant inputs including credit spreads, recovery rates, credit conversion factors, and weighted average life of the loan. Significant unobservable inputs may include credit spread and price.

Short-term borrowings and long-term debt

The CSi group's short-term borrowings and long-term debt include structured notes (hybrid financial instruments that are both bifurcatable and non-bifurcatable), funded derivatives and vanilla debt. The

fair value of structured notes is based on quoted prices, where available. When quoted prices are not available, fair value is determined by using a discounted cash flow model incorporating the CSi group's credit spreads, the value of derivatives embedded in the debt and the residual term of the issuance based on call options. Derivatives structured into the issued debt are valued consistently with the CSi group's stand-alone derivative contracts held for trading purposes or used in hedge accounting relationships as discussed above. The fair value of structured debt is heavily influenced by the combined call options and performance of the underlying derivative returns. Significant unobservable inputs for long-term debt include buyback probability, gap risk, correlation, volatility, skew, credit spread and price. Generally, volatility, correlation and gap risk are positively correlated.

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 with a significant unobservable input of basis spread, buyback probability, prepayment rate, correlation, recovery rate, price, volatility, volatility skew, discount rate and contingent probability 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 funding spread, capitalisation rate and credit spread, in general, an increase in the significant unobservable input would decrease the fair value.

For level 3 liabilities, in general, an increase in the related significant unobservable inputs would have the inverse impact on fair value. An increase in the significant unobservable input gap risk would increase the fair value. An increase in the significant unobservable inputs mean reversion and skew would decrease the fair value.

Interrelationships between significant unobservable inputs

Except as noted above, 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 of minimum and maximum values 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.

As at 30 June 2014

USD million, except as indicated	Fair Value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average
Assets at fair value						
Debt securities	1,192					
of which corporates	1,055					
of which	227	Option model	Correlation, in %	(83)	100	12
			Volatility, in %	3	170	25
			Buyback probability, in %	50	100	59
of which	237	Discounted cash flow	Credit spread, in bp	16	531	517
of which	336	Market comparable	Price, in %	0	135	102
of which CMBS	115	Discounted cash flow	Capitalisation rate, in %	7	12	8
Derivatives	4,846					
of which interest rate products	1,664					
of which	1,475	Option model	Basis spread, in bp	(10)	98	49
			Correlation, in %	17	100	74
			Prepayment rate, in %	5	36	28
			Volatility, in %	-	-	-
			Credit spread, in bp	60	531	137
			Gap risk, in %	-	-	-
			Volatility skew, in %	(8)	31	(1)
of which	189	Discounted cash flow	Recovery rate, in %	55	55	55
of which foreign exchange products	397					
of which	208	Option model	Correlation, in %	(13)	93	47
			Prepayment rate, in %	23	36	29
			Volatility, in %	-	-	-
			Mean reversion, in %	-	-	-
			Volatility skew, in %	(8)	31	4
of which	52	Discounted cash flow	Credit spread, in bp	175	7,712	428
of which equity/index-related products	1,211					

As at 30 June 2014

USD million, except as indicated	Fair Value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average
of which	1,056	Option model	Correlation, in %	(83)	100	12
			Volatility, in %	3	170	25
			Buyback probability, in %	50	100	59
of which credit derivatives	1,443					
of which	1,306	Discounted cash flow	Correlation, in %	1	97	49
			Prepayment rate, in %	28	31	8
			Credit spread, in bp	1	1,928	122
			Recovery rate, in %	0	77	35
			Discount rate, in %	1	34	15
			Default rate, in %	1	22	7
			Loss severity, in %	10	90	57
			Funding spread, in bps	51	51	51
Other	951					
of which trading loans						
of which	427	Discounted cash flow	Credit spread, in bp	305	305	304
of which	22	Market comparable	Price, in %	0	95	69
Loans	4,202					
of which commercial and industrial loans	1,346					
of which	1,124	Discounted cash flow	Credit spread, in bp	60	2,692	274
			Recovery rate, in %	89	94	89
of which	222	Market comparable	Price, in %	0	100	100
of which loans to finance institutions	1,906					
of which	269	Vendor price	Price, in actuals	0	3	1
of which	1,126	Discounted cash flow	Credit spread, in bp	132	725	361
of which	511	Market comparable	Price, in %	0	48	33
of which government and public institutions	950					
of which	950	Discounted cash flow	Credit spread, in bp	173	1200	414

USD million, except as indicated	Fair Value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average
Liabilities at fair value (USD million)						
Derivatives	5,167					
of which interest rate products	1,050					
of which	1,001	Option model	Basis spread, in bp	(10)	98	56
			Correlation, in %	17	100	88
			Prepayment rate, in %	8	36	27
			Credit spread, in bp	9	543	246
			Gap risk, in %	-	-	-
			Mean reversion, in %	5	5	5
			Volatility skew, in %	(8)	31	(1)
of which foreign exchange products	779					
of which	708	Option model	Correlation, in %	(10)	70	50
			Prepayment rate, in %	23	36	29
			Volatility skew, in %	(8)	2	(1)
of which	34	Discounted cash flow	Credit spread, in bp	27	1,461	412
of which equity/index-related products	1,547					
of which	1,412	Option model	Correlation, in %	(83)	100	12
			Volatility, in %	3	170	24
			Buyback probability, in %	50	100	59
			Skew, in %	49	159	106
of which credit derivatives	1,697					
of which	1,569	Discounted cash flow	Correlation, in %	85	97	94
			Credit spread, in bp	1	1,831	135
			Recovery rate, in %	0	77	36
			Discount rate, in %	1	35	15
			Default rate, in %	1	21	7
			Loss severity, in %	10	90	61
			Funding spread, in bps	70	70	70
Long term debt	5,003					
of which structured notes over two years	3,552					
of which	2,580	Option model	Correlation, in %	(83)	100	26
			Volatility, in %	3	170	24

USD million, except as indicated	Fair Value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average
			Buyback probability, in %	50	100	59
			Gap risk, in %	0	4	0
of which	597	Discounted cash flow	Credit spread, in bp	65	725	175
of which other debt instruments over two years	1,228					
of which	1,106	Option model	Correlation, in %	(83)	100	12
			Volatility, in %	3	170	26
			Buyback probability, in %	50	100	59
			Gap risk, in %	0	4	0
			Skew, in %	49	159	106
of which structured notes between one and two years	152					
of which	109	Option model	Correlation, in %	8	100	48
			Volatility, in %	3	170	26
	16	Market comparable	Price, in %	95	95	95

As at 31 December 2013

USD million, except as indicated	Fair Value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average
Assets at fair value						
Debt securities	1,562					
of which corporates	1,187					
of which	217	Option model	Correlation, in %	(83)	96	14
			Volatility, in %	2	122	26
			Buyback probability, in %	50	100	62
of which	321	Discounted cash flow	Credit spread, in bp	16	500	383
of which	565	Market comparable	Price, in %	0	136	98
Equity securities	131					
of which	105	Vendor Price	Price, in actuals	68	92	79
Derivatives	5,103					
of which interest rate products	1,559					
of which	1,351	Option model	Basis spread, in bp	(5)	148	74
			Correlation, in %	17	99	77
			Prepayment rate, in %	5	31	24
			Volatility, in %	2	31	6
			Credit spread, in bp	95	430	183
			Gap risk, in %	0	0	0
			Volatility skew, in %	(9)	2	(1)
of which	208	Discounted cash flow	Recovery rate, in %	59	59	59
of which foreign exchange products	480					
of which	275	Option model	Correlation, in %	(13)	93	51
			Prepayment rate, in %	19	31	25
			Volatility, in %	2	31	5
			Mean reversion, in %	(3)	(1)	(2)
			Volatility skew, in %	(9)	2	(1)
of which	45	Discounted cash flow	Credit spread, in bp	150	5,099	459
of which equity/index-related products	1,524					
of which	1,063	Option model	Correlation, in %	(83)	96	14
			Volatility, in %	2	122	25

As at 31 December 2013

USD million, except as indicated	Fair Value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average
			Buyback probability, in %	50	100	62
of which credit derivatives	1,530					
of which	1,483	Discounted cash flow	Correlation, in %	35	97	77
			Credit spread, in bp	1	2,052	91
			Recovery rate, in %	0	77	36
			Discount rate, in %	4	29	14
			Default rate, in %	1	16	6
			Loss severity, in %	10	100	58
Other	970					
of which trading loans						
of which	417	Discounted cash flow	Credit spread, in bp	393	393	393
of which	553	Market comparable	Price, in %	1	51	50
Securities purchased under resale agreements and securities borrowing transactions	152					
of which	152	Option model	Funding spread, in bps	90	90	90
Loans	4,431					
of which commercial and industrial loans	1,356					
of which	1,209	Discounted cash flow	Credit spread, in bp	95	1,473	431
of which	147	Market comparable	Price, in %	0	100	46
of which loans to finance institutions	1,978					
of which	362	Vendor price	Price, in actuals	0	4	2
of which	1,189	Discounted cash flow	Credit spread, in bp	98	733	377
of which government and public institutions	1,097					
of which	969	Discounted cash flow	Credit spread, in bp	296	940	415
Liabilities at fair value (USD million)						
Derivatives	5,887					
of which interest rate products	1,028					
of which	944	Option model	Basis spread, in bp	(5)	148	74
			Correlation, in %	17	99	85

As at 31 December 2013

USD million, except as indicated	Fair Value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average
			Prepayment rate, in %	5	31	23
			Credit spread, in bp	430	430	430
			Gap risk, in %	0	0	0
			Mean reversion, in %	5	5	5
of which foreign exchange products	1,039					
of which	946	Option model	Correlation, in %	(10)	70	48
			Prepayment rate, in %	19	31	25
			Volatility skew, in %	(9)	2	(1)
of which	53	Discounted cash flow	Credit spread, in bp	35	12,914	566
of which equity/index-related products	2,093					
of which	1,700	Option model	Correlation, in %	(83)	96	14
			Volatility, in %	2	122	26
			Buyback probability, in %	50	100	62
of which credit derivatives	1,688					
of which	1,615	Discounted cash flow	Correlation, in %	35	97	75
			Credit spread, in bp	1	1,572	123
			Recovery rate, in %	0	77	40
			Discount rate, in %	4	29	14
			Default rate, in %	1	15	6
			Loss severity, in %	6	100	62
Securities sold under repurchase agreements and securities lending transactions	129					
of which	129	Option model	Funding spread, in bps	90	90	90
Long term debt	4,759					
of which structured notes over two years	3,146					
of which	1,033	Option model	Correlation, in %	(83)	99	27
			Volatility, in %	2	122	21
			Gap risk, in %	0	5	0
of which	627	Discounted cash flow	Credit spread, in bp	232	1,201	508
of which other debt instruments over two years	1,302					
of which	688	Option model	Correlation, in %	(83)	96	14
			Volatility, in %	5	122	27

As at 31 December 2013

USD million, except as indicated	Fair Value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average
			Buyback probability, in %	50	100	62
			Gap risk, in %	0	5	0
			Skew, in %	79	152	118
of which structured notes between one and two years	283					
of which	283	Option model	Correlation, in %	4	96	51
			Volatility, in %	5	122	27
			Price, in actuals	204	620	386
			Credit spread, in bp	81	1,241	1,236

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.

Discount rate

The discount rate is the rate of interest used to calculate the present value of the expected cash flows of a financial instrument. There are multiple factors that will impact the discount rate for any given financial instrument including the coupon on the instrument, the term and the underlying risk of the expected cash flows. Two instruments of similar term and expected cash flows may have significantly different discount rates because the coupons on the instruments are different.

Default rate and loss severity

For financial instruments backed by residential real estate or other assets, diversity in the portfolio is reflected in a wide range for loss severity due to varying levels of default. The lower end of the range represents high performing or government guaranteed collateral with a low probability of default or guaranteed timely payment of principal and interest while the higher end of the range relates to collateral with a greater risk of default.

Credit spread and recovery rate

For financial instruments where credit spread is the significant unobservable input, the wide range represents positions with varying levels of risk. The lower end of the credit spread range typically represents shorter-dated instruments and/or those with better perceived credit risk. The higher end of the range typically comprises longer-dated financial instruments or those referencing non-performing, distressed or impaired reference credits. Similarly, the spread between the reference credit and an index can vary significantly based on the risk of the instrument. The spread will be positive for instruments that have a higher risk of default than the index (which is based on a weighted average of its components) and negative for instruments that have a lower risk of default than the index.

Similarly, recovery rates can vary significantly depending upon the specific assets and terms of each transaction. Transactions with higher seniority or more valuable collateral will have higher recovery rates while those transactions which are more subordinated or with less valuable collateral will have lower recovery rates.

Correlation

There are many different types of correlation inputs, including credit correlation, cross-asset correlation (such as equity-interest rate correlation), and same-asset correlation (such as interest rate-interest rate correlation). Correlation inputs are generally used to value hybrid and exotic instruments. Generally, same-asset correlation inputs have a narrower range than cross-asset correlation inputs. However, due to the complex and unique nature of these instruments, the ranges for correlation inputs can vary widely across portfolios.

Prepayment rate

Prepayment rates may vary between collateral pools, and are driven by a variety of collateral-specific factors, including the type and location of the underlying borrower, the remaining tenor of the obligation and the level and type (e.g., fixed or floating) of interest rate being paid by the borrower.

Volatility and skew

Volatility and skew are impacted by the underlying risk, term and strike price of the derivative. In the case of interest rate derivatives, volatility rates may vary significantly between different underlying currencies and expiration dates on the options. Similarly, equity derivatives' volatility may vary greatly depending upon the underlying reference name on the derivative.

Sensitivity analysis of unobservable input parameters

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:

	Reflected in net income/ (loss)	
	Favorable changes	Unfavorable changes
As at 30 June 2014 (USD million)		
Derivative assets and liabilities	362	(388)
Assets-backed securities, loans and derivatives	72	(70)
Debt and equity securities	104	(55)
Loans	54	(58)
Total	592	(571)
As at 31 December 2013 (USD million)		
Derivative assets and liabilities	295	(336)
Assets-backed securities, loans and derivatives	61	(56)
Debt and equity securities	112	(63)
Loans	57	(57)
Total	525	(512)

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.

Derivative assets and liabilities include primarily equity, FX, credit and interest rate derivatives. The primary parameters subjected to sensitivity analysis included correlations, volatilities and credit spreads. Correlation sensitivities for equity and interest rate positions were subjected to equal movements up and down. The movements varied by product and existing levels of correlation based upon management judgment. Volatility sensitivities are predominantly equity volatilities and are generally subjected to a 5% to 10% movement up and down. Credit spread sensitivities were subjected to generally equal movements up and down based upon management judgment and underlying market conditions.

Asset backed securities, loans and derivatives include CMBS, ABS CDO and balance guaranteed swap positions. CMBS sensitivities are calculated by subjecting the prices of the positions to a 5% movement up and down. ABS CDO positions were subjected to sensitivities to underlying asset prices, as well as recovery rates on the underlying assets. The underlying asset prices were subjected to a range of downward movements with no movement up. Recovery rates are held at what management believes to be conservative levels and were increased by 10% resulting in favourable uncertainty. Balance guaranteed swap positions were subjected to sensitivities on prepayment speeds which were estimated based on management's assessment of fast/slow notional bands for movements up and down.

Debt and equity securities include equity fund linked products, variable funding notes and corporate and emerging market bonds. The primary parameters subjected to sensitivity analysis for equity fund linked products and variable funding notes include gap risk. Gap risk sensitivity is estimated by using limited pricing service information and valuing to the conservative side of the range of values. The parameter subjected to sensitivity for emerging market positions is price. Price sensitivity is subjected to a 100 basis point movement up and down. The parameter subjected to sensitivity for corporate debt is credit spreads and are generally subjected to a 15% movement up and down.

Loans include emerging market loans and corporate loans. For emerging market loans the parameter subjected to sensitivity analysis is credit spreads which is subjected to a 15% movement up and down. For corporate loans the parameter subjected to sensitivity analysis is the loan price which is subjected to an equal movement up and down which ranges from 5 to 10 points depending upon the position.

Recognition of trade date profit

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 the fair value is expected to become observable. When inputs to the valuation model become observable or the CSi group enters into offsetting transactions that substantially eliminate the instrument's risk.

The following table sets out the aggregate difference yet to be recognised in profit or loss at the beginning and end of year with a reconciliation of the changes of the balance during the year for trading assets and liabilities:

	30 June 2014	31 December 2013
Deferred trade date profit (USD million)		
Balance at the beginning of period	383	394
Increase due to new trades	113	99
Reduction due to passage of time	(88)	(52)
Reduction due to redemption, sales, transfers or improved observability	(29)	(58)
Balance at the end of period	379	383

22. Subsequent events

On 01 August 2014, Credit Suisse announced the sale of Prime Fund Services (PFS), a provider of fund administration, custody and banking solutions for alternative investment managers, to BNP Paribas. This includes the PFS business held within the Dublin Branch of the CSi group. The transaction is expected to close in 2015, subject to anti-trust and regulatory clearances.

Credit Suisse International

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

Introduction

We have been engaged by Credit Suisse International (the "Bank") to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2014 which comprises the Condensed Consolidated Interim Statements of Comprehensive Income, Financial Position, Changes in Equity, Cash Flows for the six months ended, and the related explanatory notes ("the condensed consolidated interim financial statements"). 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 Bank management in accordance with the terms of our engagement to assist the Bank in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). Our review has been undertaken so that we might state to the Bank 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 Bank 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 FCA.

As disclosed in note 2, the annual financial statements of the CSi group 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

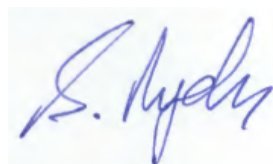
Our responsibility is to express to the Bank a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

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 2014 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.



Simon Ryder

For and on behalf of KPMG LLP

Chartered Accountants
15 Canada Square
London, E14 5GL
28 August 2014