Credit Suisse International

Annual Report 2023

Credit Suisse International

Annual Report 2023

Board of Directors as at 26 March 2024

John Devine – Chair and Independent Non-Executive
David Todd – Independent Non-Executive
Jeremy Anderson – Non-Executive
Jason Barron – Non-Executive
Michael Ebert – Non-Executive
Jonathan Magee – Non-Executive
Caroline Stewart – Non-Executive
Beatriz Martin – Chief Executive Officer (CEO)
Caroline Waddington – Chief Financial Officer (CFO)
Edward Jenkins – Chief Risk Officer (CRO)

Company Secretary

Paul Hare

Company Registration Number	02500199

Annual Report for the Year Ended 31 December 2023

Strategic Report Credit Suisse International at a glance

Business Model

Entity Structure

Credit Suisse International ('CSi' or 'Bank') is a private unlimited company domiciled in the United Kingdom ('UK') and together with its subsidiaries is referred to as the 'CSi group'. CSi is authorised by the Prudential Regulation Authority ('PRA') and regulated by the Financial Conduct Authority ('FCA') and the PRA. The Bank also maintains representative offices in Geneva, Hong Kong and Zurich. CSi is a majority-owned subsidiary of Credit Suisse AG ('CS AG'), incorporated in Switzerland. CSi is part of Credit Suisse AG and its subsidiaries (collectively referred to as the 'CS group').

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

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

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

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

As of 31 December 2023, UBS Group will report five business divisions namely Global Wealth Management ('GWM'), Personal & Corporate Banking ('P&C'), Asset Management ('AM'), the Investment Bank ('IB'), and Non-core and Legacy ('NCL').

CSi group business is predominantly within NCL and IB divisions.

Financial statements

The CSi Financial Statements are presented in United States Dollars ('USD'), which is the functional currency of the Bank, rounded to the nearest million. They have been prepared in accordance with UK-adopted international accounting standards ('UK-adopted IFRS') and the applicable legal requirements of the Companies Act 2006. In addition to complying with UK-adopted IFRS, the consolidated financial statements also comply with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ('EU-adopted IFRS'). The Directors present their Strategic Report, Directors' Report and the Financial Statements for the year ended 31 December 2023. The Financial Statements were authorised for issue by the Directors on 26 March 2024.

Purpose

CSi's purpose has changed in 2023 following the UBS acquisition. CSi's purpose was previously to provide its corporate, institutional and GWM clients with a range of financial solutions, served through an integrated franchise and international presence. CSi is now in a controlled and solvent wind down, which is expected to take a number of years.

Key Business Segments

CSi previously provided a broad range of IB financial products and services focused on client driven businesses and also supported the GWM business division and its clients. Post acquisition, CSi group moved certain assets and liabilities of the IB to NCL, reducing the IB footprint in the entity. CSi group is executing on its integration and wind down plans at a pace and this started in the second half of 2023.

The following are the key business segments remaining within CSi:

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

NCL includes assets and liabilities, operating expenses and funding costs related to the following businesses: loans primarily related to corporate bank and emerging markets, the macro trading business including rates, the equities portfolio including the remaining prime services businesses, electronic trading, equity swaps and share back-lending positions. The portfolio additionally includes positions relating to legal matters arising from businesses transferred to it at the time of its formation.

Investment Bank
Investment Bank contains Markets and Banking businesses aligned with UBS Group's strategy with new business transactions limited from September 2023.

Transition
The Transition division comprises of a portfolio of businesses that have been identified as being aligned with the future strategy of the Derivatives and Solutions business within UBS. The businesses are primarily Quantitative Investment Solutions ('QIS'), Fixed Income Solutions and Corporate Derivatives, which are being transferred to UBS Group in 2024.

Operating Environment

CSi is impacted by a range of political, economic, accounting and regulatory developments. The operating environment continues to evolve rapidly resulting in the need for CSi to continue evaluating, assessing and adapting its approach.

Significant Events

Capital Restructuring and Dividend Payment
CSi has reduced the nominal value of each issued fully paid-up Ordinary Share from USD 0.087 to USD 0.055 by transferring the surplus to Retained Earnings to increase its distributable reserves, thereby reducing the Share Capital by USD 4,098,689,706.

Following which CSi then paid a dividend of USD 1.1 billion to its parent entities on 26 September 2023.

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

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

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

Financial Impact of acquisition by UBS
Following the UBS Group acquisition of CS Group AG, CSi initiated the reassessment of Internally Developed Software as numerous assets are expected to be used for a significantly shorter period of time. This has driven an increase in impairment expense of USD 298 million following the reassessment of Internally Developed Software's useful economic life.

The majority of the staff have relocated to the UBS London building following a decision in December 2023 to vacate the Credit Suisse Canary Wharf office. An impairment on leases and accelerated depreciation on leasehold improvements was booked following this decision which resulted in a USD 206 million increase in operating expenses for the year end 31 December 2023.

Political and economic environment

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

The Bank of England ('BoE') Monetary Policy Committee ('MPC') sets monetary policy with the aim of meeting the 2% inflation target, to help sustain growth and employment. The inflation rate at the end of December 2023 was 4.0%. To control inflation, the BoE MPC voted on 20 March 2024 to maintain Bank's base rate at 5.25% (31 December 2022: 3.50%).

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

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

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

Looking Forward
In January 2024, the International Monetary Fund ('IMF') forecasted the global economy to grow by 3.1% in 2024 and 3.2% in 2025, with the 2024 forecast 0.2% higher than what was

forecasted in October 2023. This is due to higher-than-expected economic growth in the United States and several major emerging markets and emerging economies, as well as China's fiscal support.

The BoE MPC report in February 2024 projects that GDP growth to increase by 0.1% in Q1 2024 compared to 0% estimated in the November 2023 report, as private sector activities are expected to pick up momentum, complemented by recent fall in energy prices. The recent BoE MPC also projected inflation to fall to the 2% target in Q2 2024 before increasing marginally again in Q3 and Q4.

Most indicators of global supply chain bottlenecks have eased, advanced economies bond yields are falling, which may lower future mortgage rates and help ease pressure on real incomes.

Overall, the risks to global growth are largely balanced and there is a high chance of a soft landing in 2024. The future growth of the global economy very much depends on the successful calibration of monetary policy, the course of the war in Ukraine, continued attacks in the Red Sea, and the possibility of property sector depression in China.

CSi will continue to monitor developments in this dynamic operating environment.

Regulatory environment

For a period of time, CSi has been under close scrutiny and in regular dialogue with the PRA and FCA. CSi has and continues to be engaged in open and transparent communication on various topics.

Basel III Implementation
On 30 November 2022 the Prudential Regulation Authority (PRA) published consultation paper CP16/22 regarding the implementation of the Basel III Final standards in the UK. The PRA refers to them as 'the Basel 3.1 standards'. Key aspects of the proposals include the removal of the use of internal models in some areas including operational risk and credit valuation adjustment (CVA) risk; restrictions on the use of internal models in other areas such as exposures to large corporates and other financial institutions; a more risk-sensitive set of standardised approaches and the introduction of a new 'output floor' to be phased in over five years. The consultation period ended on 31 March 2023. Following an analysis of the comments received, the PRA published on 12 December 2023, the first of two near-final policy statements covering the implementation of the Basel 3.1 standards for market risk, credit valuation adjustment risk, counterparty credit risk, and operational risk. Publication of the second near-final policy statement is expected in spring 2024. The effective date of the revised requirements will be 1 July 2025.

Operational Resiliency
On 29 March 2021, the PRA published Supervisory Statement SS1/21. The statement sets out the PRA's expectations for the operational resilience of important business services, for which they are required to set impact tolerances. The statement became effective on 31 March 2022. By that date firms had to identify their important business services and set impact tolerances. Firms are expected to have a prioritised plan which set out how they will comply with the requirement to be able to remain within their impact tolerances no later than 31 March 2025.

Recovery and Resolution Planning
The Bank of England's Resolvability Assessment Framework ('RAF') was implemented on 1 January 2022 and CSi continues to deliver the resolvability outcomes outlined by the RAF in the context of a Swiss Financial Market Supervisory Authority ('FINMA') led resolution at a UBS Group wide level.

CSi maintains recovery and resolution capabilities in order to meet the expectations of the UK regulatory authorities. CSi will continue to ensure that these capabilities are sufficiently maintained whilst critical functions are provided to the UK economy. Integration discussions with UBS Group on resolution capabilities and recovery planning will be a key focus over the next year.

Sustainability
On 1 June 2023, the European Supervisory Authorities ('ESA') published Progress Reports on greenwashing in the financial sector, putting forward a common high level understanding of greenwashing risks applicable to market participants across their respective regulatory bodies: for financial markets it is European Securities and Markets Authority ('ESMA'), for banking it is the European Banking Authority ('EBA').

In particular, greenwashing can be intentional or unintentional, it can be due to omission of information or provision of misleading information and can result in immediate damage to individual consumers/investors, or unfair competitive advantage. However, this is not a precondition; greenwashing does not require consumers/investors being actually harmed. In terms of next steps, the ESAs are expected to publish by end of May 2024 final reports with concrete policy recommendations to address greenwashing risks including possible changes to EU regulatory frameworks.

CSi intends to align to UBS Group's sustainability and climate polices and procedures.

Performance

Key Performance Indicators ('KPIs')

The Bank uses a range of KPIs to manage its financial position to achieve the Bank's objectives. Profitability and Risk Weighted Assets ('RWA') are reviewed at the business line level to ensure a controlled wind down in a capital efficient manner.

	2023[1]	2022[1]	2021[1]	2020[2]	2019[2]
Earnings					
Net (loss)/profit before tax (USD million):					
Continuing operations	(1,736)	(331)	(5,386)	191	163
Discontinued operations	–	–	–	10	27
Total	(1,736)	(331)	(5,386)	201	190

	2023	2022	2021	2020	2019
Extracts from Consolidated Statement of Financial Position (USD million):					
Total Assets	122,418	183,246	244,515	290,246	226,248
Total Asset (reduction)/growth	(33.2)%	(25.1)%	(15.8)%	28.3%	(2.4)%
Return on Total Assets	(1.4)%	(0.2)%	(2.2)%	0.1%	0.1%

	2023	2022	2021	2020	2019
Capital (USD million):					
Risk Weighted Assets	34,698	60,646[3]	62,643	106,476	77,108
Tier 1 capital	13,889	15,809	15,022	20,520	20,293
Tier 1 capital ratio (%)	40.0%	26.0%	24.0%	19.3%	26.3%
Return on Tier 1 capital	(12.5)%	(2.1)%	(35.9)%	1.0%	0.9%

	2023	2022	2021	2020	2019
Liquidity (USD million):					
Liquidity Buffer	14,255	13,968	24,280	13,663	16,255

[1] All operations were reported as continued in 2023, 2022 and 2021.
[2] Discontinued operations in 2019 and 2020 relate to transfer of EU business to European based CS group entities.
[3] RWA numbers have been restated to align with December 2022 COREP resubmission numbers

Capital

Risk Weighted Assets ('RWA') decreased by USD 25.9 billion to USD 34.7 billion (2022: USD 60.6 billion) due to reduced trading activity and early termination of trades as the portfolio winds down. The decrease in RWA is seen across credit risk, market risk and the large exposures charge.

Capital resources

CSi's capital resources decreased primarily due to a dividend payment of USD 1.1 billion to its parent entities, and losses made during the year. A further decrease was due to the repayment of the residual Tier 2 capital of USD 3.2 million. CSi closely monitors its capital resources and requirements to ensure that business booked in the entity and related risk can be supported. This monitoring takes into account business resource demand, any forthcoming changes to the capital framework such as new regulation, and changes to the Bank's business model.

→ Pillar 3 disclosures required under the Capital Requirements Regulation ('CRR') can be found separately at http://www.ubs.com.

→ Changes in senior and subordinated debt are set out in Note 26 – Debt in Issuance.

→ Changes in capital are set out in Note 28 – Share Capital and Share Premium.

Liquidity

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

As at 31st December 2023, at the time of reporting and on a forward-looking basis, all regulatory liquidity metrics are in compliance.

CS group runs a global liquidity rebalancing process across major legal entities to respond to liquidity demands across the CS group. During 2023, the liquidity buffer increased by USD 0.3 billion to USD 14.3 billion (2022: USD 14.0 billion), due to improvements in the underlying CS group liquidity position, post acquisition by UBS. Pillar 1 and 2 risks decreased, under the Liquidity Coverage Ratio ('LCR') metric approach. The Pillar 1 risk reduction relates mainly to the Exchange Traded Derivatives ('ETD') portfolio risks which has reduced in the year.

Commentary on Consolidated Statement of Income

	2023 [1]	2022 [1]	2021 [1]	2020 [2]	2019 [2]
Consolidated Statement of Income (USD million)					
Net revenues	1,413	2,328	(2,151)	2,312	2,049
Total operating expenses	(3,149)	(2,659)	(3,235)	(2,121)	(1,886)
(Loss)/Profit before tax from continuing operations	**(1,736)**	**(331)**	**(5,386)**	**191**	**163**
(Loss)/Profit before tax from discontinuing operations	**–**	**–**	**–**	**10**	**27**
(Loss)/Profit before tax	**(1,736)**	**(331)**	**(5,386)**	**201**	**190**
Income tax (expense)/benefit from continuing operations	(57)	(354)	43	12	150
Income tax expense from discontinuing operations	–	–	–	(2)	(4)
(Loss)/Profit after tax	**(1,793)**	**(685)**	**(5,343)**	**211**	**336**

[1] All operations were reported as continued in 2023, 2022 and 2021.
[2] Discontinued operations in 2019 and 2020 relate to transfer of EU business to European based CS group entities

For the year ended 31 December 2023, CSi group reported a net loss attributable to shareholders of USD 1,793 million (2022: USD 685 million loss). Loss before tax for the CSi group was USD 1,736 million (2022: USD 331 million loss).

Net Revenues

	2023 [1]	2022 [1]	Variance	% Variance
Reconciliation of reportable segment revenues (USD million) [2]				
Total Revenues				
Total Investment Bank	**85**	**194**	**(109)**	**(56)%**
Total Transition	**221**	**427**	**(206)**	**(48)%**
- NCL Credit	(62)	325	(387)	(119)%
- NCL Securitised Products	(33)	(5)	(28)	560%
- NCL Equities	201	922	(721)	(78)%
- NCL Macro	(73)	(17)	(56)	329%
- NCL Management	69	(16)	85	(531)%
- NCL Others	4	(2)	6	(300)%
Total Non Core & Legacy	**106**	**1,207**	**(1,101)**	**(91)%**
Other	11	6	5	83%
Corporate Centre	6	119	(113)	**(95)%**
Total reportable revenues	**429**	**1,953**	**(1,524)**	**(78)%**
Transfer pricing and cross divisional revenue share agreements	67	193	**(126)**	**(65)%**
Treasury funding	694	(60)	**754**	**(1,257)%**
Corporate Functions	(48)	57	**(105)**	**(184)%**
Allowance for credit losses	(40)	158	(198)	125%
CSi group (US GAAP to IFRS) reconciliations [3]	311	27	284	1,052%
Net revenues as per Consolidated Statement of income	**1,413**	**2,328**	**(915)**	**(39)%**

[1] 2023 Net revenues reflect the change in operating segments and 2022 net revenue being restated following implementation of post-merger plan to move certain assets and liabilities of the IB to NCL.
[2] In accordance with IFRS 8, Reportable segments are reported above under US GAAP, as reviewed by the Board of Directors.
[3] This is the difference between the monthly board summaries which are prepared on a US GAAP basis and the CSi group financials prepared in accordance with IFRS.

In 2023, IB, Transition and NCL business revenues declined in comparison to 2022 mainly due to uncertainties following the acquisition by UBS announcement, which led to a reduction in trading activity. The entity is now in a controlled and solvent wind down. Total NCL 2023 revenue decreased by 91% to USD 106 million mainly due to NCL Equities. Its revenue decreased by USD 721 million mainly driven by muted performance in the current year, coupled with increase in exit cost reserves, and a stronger 2022 performance within Structured Equity.

Net revenues were also impacted by the following items not included in the divisional US GAAP revenues:

- Treasury funding changed from a net cost in 2022 to a net income in 2023. The increase of USD 754 million was due to higher interest rate environment in 2023 leading to higher returns on Tier 1 equity.
- Allowance for Credit Losses decreased by USD 198 million notably driven by USD 166 million provision release related to Archegos resulting in a profit in 2022.
- CSi group to primary reporting reconciliations is mainly due to gains and losses related to financial instruments held at fair value. These are recognised in the Consolidated Statement of Income under US GAAP whilst under IFRS, they can be deferred and amortised over the life of the instrument, subject to observability of the fair value.

Expenses

	2023	2022	Variance	% Variance
Operating expenses (USD million)				
Compensation and benefits	(642)	(551)	(91)	17%
General, administrative and trading expenses	(2,460)	(2,061)	(399)	19%
Of which Impairment of intangible assets and ROU assets [1]	(531)	(27)	(504)	1,867%
Restructuring expenses	(47)	(47)	–	0%
Total operating expenses	**(3,149)**	**(2,659)**	**(490)**	**18%**

[1] Refer to Note 12 General, Adminstrative and Trading Expenses

The CSi group's operating expenses increased by USD 490 million to USD 3,149 million (2022: USD 2,659 million).

The increase of USD 91 million in compensation and benefits is mainly attributed to valuation of deferred compensation awards, the majority of which are linked to the UBS share price which increased year on year; new UBS retention awards granted in 2023; severance cash accruals and changes to in variable compensation pools.

General, administrative, and trading expenses have increased by USD 399 million due to:

- USD 504 million increase in Impairment of intangible assets and Right of Use ('ROU') due to i) Increase in Internally Developed Software ('IDS') impairment by USD 298 million from the revision of the useful economic life of the assets and ii) Increase in impairment on leasehold improvements by USD 122 million and impairment on head lease by USD 81 million driven by the building exits of One Cabot Square ('OCS') and 20 Columbus Courtyard ('20CC') Canary Wharf office;
- Increase in occupancy costs by USD 159 million, due to the building exits of OCS and 20CC, Canary Wharf office;
- Increase in litigation provision by USD 71 million across various litigation matters in 2023;
- Offsetting these increases in expenses, there was a USD 258 million decrease in brokerage and commission expense and a reduction of USD 135 million in cost allocation from CS affiliates due to a decrease in transfer pricing expense, as a result of lower trading activity post-acquisition by UBS in 2023.

The effective tax rate for the period to December 2023 is higher than the UK statutory tax rate. Material items increasing the effective tax rate are recognition of deferred tax liability following the adoption of the UBS netting policy, deferred tax assets not recognised on tax losses arising in the year and non-recoverable withholding taxes. The effective tax rate for the period to December 2022 was higher than the UK statutory tax rate. In that period, material items increasing the effective tax rate are deferred tax assets not recognised on tax losses arising in the year, impairment of deferred tax assets recognised following the strategic review in 2022, effect of a change in the statutory tax rate on deferred tax balances, impact of UK bank corporate tax surcharge and non-recoverable withholding taxes.

The CSi group has incurred taxes in the UK during 2023, including Bank Levy of USD 6 million (2022: USD 11 million), employer's national insurance of USD 58 million (2022: USD 76 million) and irrecoverable UK Value Added Tax ('VAT') refund of USD 5million (2022: USD 27 million expense). As disclosed in the additional Country-by-Country Reporting, Corporation taxes paid in United Kingdom ('UK') for CSi are USD Nil (2022: Nil)

→ For Country-by-Country Reporting please refer to page – 155

Commentary on Consolidated Statement of Financial Position

Extracts from Consolidated Statement of Financial Position (USD million)	**2023**	2022	Variance	% Variance
Assets				
Cash and due from banks	3,627	4,149	(522)	(13)%
Interest-bearing deposits with banks	8,319	12,085	(3,766)	(31)%
Securities purchased under resale agreements and securities borrowing transactions	1,304	10,527	(9,223)	(88)%
Trading financial assets mandatorily at fair value through profit or loss	63,309	107,973	(44,664)	(41)%
Non-trading financial assets mandatorily at fair value through profit or loss	24,588	22,831	1,757	8%
Other assets	17,629	21,744	(4,115)	(19)%
Other (aggregated remaining balance sheet assets lines)	3,642	3,937	(295)	(7)%
Total assets	**122,418**	**183,246**	**(60,828)**	**(33)%**
Liabilities				
Trading financial liabilities mandatorily at fair value through profit or loss	60,519	93,397	(32,878)	(35)%
Financial liabilities designated at fair value through profit or loss	16,050	27,169	(11,119)	(41)%
Borrowings	12,622	6,025	6,597	109%
Other liabilities	9,025	16,675	(7,650)	(46)%
Debt in issuance	8,108	18,309	(10,201)	(56)%
Other (aggregated remaining balance sheet liabilities lines)	1,131	3,767	(2,636)	(70)%
Total liabilities	**107,455**	**165,342**	**(57,887)**	**(35)%**
Total shareholders' equity	**14,963**	**17,904**	**(2,941)**	**(16)%**

As at 31 December 2023, the CSi group had total assets of USD 122 billion (31 December 2022: USD 183 billion) as shown in the Consolidated Statement of Financial Position on page 43.

Business driven movements in the Consolidated Statement of Financial Position are:
- Trading financial assets mandatorily at fair value through profit or loss decreased by USD 45 billion driven by decrease in gross trading derivatives particularly in equity and interest products, reflecting the lower trading activity post acquisition by UBS.
- Non-Trading financial assets mandatorily at fair value through profit and loss increased by USD 2 billion is mainly driven by an increase in reverse repurchase agreements of USD 2.8 billion due to increase in CSi's HQLA requirements mainly in EUR currency, offset by USD 0.8 billion decrease in held for sale loans in Non Macro Trading and Debt Capital Market division.
- Securities sold under repurchase agreements and securities lending transactions decreased by USD 9 billion driven by USD 7 billion decrease in reverse repurchase agreement with CS affiliates as CSi started sourcing HQLA from the market post acquisition by UBS and another USD 2.2 billion decrease in stock borrow mainly with CS group companies due to a reduced requirement to cover short sales of securities.
- Trading financial liabilities mandatorily at fair value through profit or loss decreased by USD 33 billion mainly due to i) USD 20 billion in Equity derivatives due to suppressed client activity; and ii) USD 10 billion in Interest Rate products due to changes in accounting from collateralised to market ('MTM') to settled to market ('STM') and lower trading volumes.
- Financial liabilities designated at fair value through profit and loss decreased by USD 11 billion primarily due to reduction in repurchase agreements of USD 7 billion due to shrinking of business and lower HQLA requirements and a reduction in structured notes of USD 2 billion due to net redemption and buy backs.
- Other assets and other liabilities have decreased by USD 4 billion and USD 8 billion respectively due to a decrease in cash collateral provided and received primarily to external counterparties in line with the decrease in derivative exposures

Further movements in the Consolidated Statement of Financial Position reflect the impacts of managing the required liquidity profile in accordance with risk appetite, regulatory requirements and overall optimisation of the funding profile. This has resulted in:
- A decrease of USD 4 billion in Interest-bearing deposits with banks, mainly in cash usage in USD; and
- A decrease of USD 4 billion in Debt in issuance (offset with Borrowings) mainly due to net repayments of EUR and GBP denominated long-term debt to Credit Suisse AG, London Branch.

The movements in Debt in issuance and Borrowings can also be seen in the Consolidated Statement of Cash Flows, offsetting between operating and financing activities.

Total shareholders' equity decreased by USD 3 billion. This is due to losses in 2023 of USD 1.8 billion and a dividend payment of USD 1.1 billion to its parent entities.

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

Total Level 3 assets decreased to USD 1.2 billion (2022: USD 2.2 billion) and Level 3 liabilities decreased to USD 0.9 billion as at 31 December 2023 (2022: USD 3.7 billion). The movement in assets is mainly driven by a reduction in trades due to maturity or sale events and other market movements. The movement in liabilities is mainly driven by a reduction in trades due to maturity events. Level 3 assets were equivalent to 0.9% of total assets (2022: 1.2%) and Level 3 liabilities equivalent to 0.8% of total liabilities (2022: 2.2%). For further details, refer to Note 36 – Financial Instruments.

Principal risks and uncertainties

Principal risks

RISK TYPE	DESCRIPTION	HOW RISKS ARE MANAGED
Business and Capital Risk	Business risk is the risk of underperforming against financial objectives as a result of revenue shortfalls and/or cost target overruns. Capital risk is the risk that the bank does not maintain adequate capital to support its activities while exceeding its regulatory requirements and meeting its internal capital goals.	The CSi Strategic Risk Management ('SRM') department is responsible for oversight of business and capital risks as managed by UK Capital Management and CFO functions. SRM ensures accurate ongoing reporting and monitoring of these risks within the risk appetite framework. Broader themes linked to business and capital risk, e.g. implications of strategic change and transformation risks including those related to UBS integration, are also considered in the course of CSi's risk identification and assessment process. Next to monitoring internal and regulatory capital ratio targets as well as financial reporting, the principal measurement tools used by SRM are firm-wide stress testing and the internal capital adequacy assessment process.
Climate Change	Climate-related risks are potentially adverse direct and indirect impacts on the banks financial metrics, operations or reputation due to transitional or physical effects of climate change. Climate-related risks could manifest themselves through existing risk types such as credit risk, market risk, non-financial risk, business risk or reputational risk.	Climate change risk is managed centrally by the Climate Risk and Sustainability department. For CSi, the CSi SRM department ensures accurate ongoing reporting and monitoring within the risk appetite framework. The theme of climate change risk has been explicitly considered in the course of CSi's risk identification and assessment process as well as its risk appetite and risk reporting. As part of the climate change risk assessment, CSi has considered credit exposure to sectors with the closest nexus to the physical and transition implications of climate change risk. Sectors include fossil fuels as well as energy, transport, property, and agriculture. Metrics for CSi have been defined as part of the Risk Identification and Risk Appetite Framework, while scenario capabilities have been established across market risk (short-term analysis), single clients (for large Oil & Gas companies), and portfolio level (using the BoE climate scenario). The CSi strategy to wind-down entity activities, achieving material de-risking of the legacy portfolios, implies climate-related risks will substantially reduce over time, while no new business opportunities will be explored. Further alignment and integration with the UBS sustainability and climate risk framework is expected during 2024.
Credit Risk	The risk of a loss arising as a result of a borrower or counterparty failing to meet its financial obligations or as a result of deterioration in the credit quality of the borrower, or counterparty.	Credit risk in CSi is overseen and controlled by the UK Chief Credit Office ('UK CCO'), with support from the Credit Risk NCL function, which is part of the UBS Group Risk Control function, and sits in the second line of defence. Credit Risk NCL is an independent function with responsibility for approving credit limits, monitoring and managing individual exposures and assessing and managing the quality of the segment and business area credit portfolios and allowances. All credit limits in CSi are subject to approval by Credit Risk UK based employees. Credit Risk maintains a Watchlist which serves as a tool for monitoring and reporting counterparties with negative factors requiring enhanced monitoring but which are not severe enough for the counterparty to be considered impaired. Counterparties are subject to additional scrutiny through watchlist committees and escalation to senior management. Watchlist counterparties are classified as Amber when they are performing but potential weaknesses (early signs of potential financial difficulty) have been identified, which require closer and continuous monitoring. Counterparties are classified as Red if they are performing but well-defined weaknesses and actual stress are apparent. Credit Risk also relies on the NCL CRO function regarding recovery management services to manage and resolve troubled or impaired exposures, establishing appropriate provisions for impaired loans and maximising recovery throughout the workout process, thereby protecting CSi's capital and reputation and minimising potential litigation risks.
Treasury and Liquidity Risk	Treasury risks cover the market risks arising from structural exposures including pension risks, and the risk of insufficient funding or liquidity. Liquidity Risk is the risk of being unable to meet both expected and unexpected current and forecasted cash flows and collateral needs. Funding risk is the risk of being unable to borrow funds to support the firm's current business and desired strategy.	CSi Treasury Risk and Control ('TR&C') function is responsible for the oversight of Treasury and the business divisions involved in managing CSi's liquidity risks as a second line of defence. TR&C is responsible for ensuring that CSi maintains adequate liquidity and achieves full compliance with CSi's Risk Appetite Framework and Strategic Risk Objectives, and adherence to all applicable risk constraints covering short-term, medium-term and longer-term liquidity, based on regulatory and internal risk metrics (including those based on the internal liquidity stress testing framework). TR&C ensures that various risk controls appropriately limit funding concentration to tenors, products, currencies and counterparties as part of the framework and are adhered to. The liquidity and funding profile reflects CSi's respective strategies and risk appetites, and is driven by business activity levels and the overall operating environment.

RISK TYPE	DESCRIPTION	HOW RISKS ARE MANAGED
Market Risk	The risk of a loss arising from adverse changes in interest rates, credit spreads, foreign currency exchange rates, equity and commodity prices, and other relevant market parameters, such as volatilities and correlations.	Market Risk in CSi is overseen and controlled by the CSi Market Risk department which sits in the second line of defence. CSi has policies and processes in place to ensure that market risk is captured, accurately modelled and reported, and effectively managed. Trading and non-trading portfolios are managed at various organisational levels, from the overall risk positions at the Bank level down to specific portfolios. CSi uses market risk measurement and management methods in line with regulatory and industry standards. The principal portfolio measurement tools are Value-at-Risk ('VaR'), scenarios and sensitivity analyses, which complement each other in measuring market risk. A Counterparty Market Risk function is focused on assessing and risk managing counterparty market risk, thereby improving the way in which risk is measured by leveraging the subject matter expertise of market risk managers. This team closely collaborates with the Counterparty Credit Risk team within the Investment Bank and Non-Core & Legacy to further progress how risk of counterparties is assessed allowing for enhanced credit decision making.
Model Risk	Model Risk is the potential for financial loss, negative reputational impact and/or adverse regulatory action from decisions made based on model outputs that may be incorrect or used inappropriately.	Model Risk Management's role is to verify whether the model is performing as expected and is appropriate for its intended use. This includes: • Maintaining a bank-wide model inventory, model type classification, risk tiering and inventory attestation; • Training; • Performing independent validation and approval of Models; • Communicating model validation plans and schedules to relevant review committees and stakeholders; • Managing validation outcomes, findings and any required follow-up actions, and reporting/ communicating them to the relevant review committees and stakeholders; • Defining model risk Key Risk Indicators ('KRIs') and assessing, aggregating and reporting model risks; • Escalating policy violations to the Model Risk Steering Committee ('MRSC'), CSi Board Risk Committee, and other relevant group/ regional/ legal entity/ divisional committees.
Non-Financial Risk	Non-financial risk is the risk of an adverse direct or indirect impact originating from sources outside the financial markets, including but not limited to operational risk, technology risk, cyber risk, compliance risk, regulatory risk, legal risk and conduct risk. Non-financial risk is inherent in most aspects of its business, including the systems and processes that support its activities.	Non-Financial Risk oversees the CS group's established Non-Financial Risk Framework ('NFRF'), providing a consistent and unified approach to evaluating and monitoring CSi's non-financial risks. The NFRF sets common minimum standards across non-financial risk and control processes and review and challenge activities. Risk and control assessments are in place across all divisions and functions, consisting of the risk and control self-assessment, compliance risk assessment and legal risk assessment. Key non-financial risks are identified annually and represent the most significant risks requiring senior management attention. Where appropriate, remediation plans are put in place with ownership by CSi's senior management, and with ongoing Board level oversight at the CSi Board Risk Committee.
Reputational Risk	Reputational Risk is the risk arising from negative perception on the part of its stakeholders (i.e. customers, counterparties, shareholders, investors, employees, regulators) that can adversely affect its ability to maintain existing, or establish new, business relationships and continued access to sources of funding.	The Reputational Risk Review Process ('RRRP') is a senior level independent review of issues that may have an impact on the Bank's reputation. An employee who determines that they are engaged in, or considering an activity that may put the Bank's reputation at risk must submit that activity through the RRRP for review before the Bank is committed to pursuing or executing it from a legal or relationship standpoint. Reputational Risk Approvers ('RRAs') are subject matter experts and senior risk managers independent from the business. All RRA decisions in the RRRP are predicated on the relevant Divisional Approver's ('DA') review and approval. The RRA is responsible for holistically assessing whether the identified reputational risks and the mitigation presented by the business (and other support areas) is acceptable and the proposed activity is within the Bank's risk appetite for reputational risk. The RRA may also escalate a submission to the Divisional Client risk committee ('DCRC') or Group Client Risk Committee ('GCRC') based on guidance from governing bodies, or at their discretion. The DCRC is comprised of senior regional management from the divisions, corporate functions and CSi entity management. Clients deemed to carry the highest compliance and reputational risks are escalated to the GCRC. Once a submission has been escalated, the final decision cannot be taken until the escalation process has been concluded. Reputational Risk submissions subject to committee escalation are also aligned to UBS's risk appetite.

→ For further details on how CSi manages risk, refer to Note 39 – Financial Risk Management.

Key risk developments

CSi is closely monitoring the following key risks and global economic developments as well as the potential effects on its operations and businesses. This includes the reassessment of financial plans and the development of stress scenarios that take into account potential additional negative impacts.

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

Strategy execution / Transformational Risk
Execution risks around the entity strategy and integration with UBS Group is a key risk for CSi during 2024 in which the bulk of integration activities are being scheduled. Areas of focus include systems, data and technology integration, operational risks, as well as cultural alignment. People risk remains significant due to the uncertainty around the organisational future of CSi personnel during and post UBS integration. Main risks include staff attrition and distraction, key person risk, recruitment and retention of critical personnel, and disengagement of personnel.

Capital risk
Capital risk is the risk that CSi does not have adequate capital to support its activities and maintain the minimum capital requirements.

Capital risk results from the CSi's risk exposures, available capital resources and needs to consider regulatory requirements and accounting standards. Key risk for CSi is the current uncertainty regarding timely wind down plan execution, its associated financial targets which may have a negative impact on available capital resources over time as well as other changes in regulatory capital requirements. CSi maintains a robust and comprehensive framework for assessing capital adequacy, defining internal capital targets and ensuring that these capital targets are consistent with its overall risk profile and the operating environment. The stress testing framework and the internal capital adequacy assessment process are tools used by the CSi to evaluate and manage capital risk.

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

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

Risk Exposures

Credit Risk
CSi has a global portfolio with exposures driven by a number of businesses across diverse industries and countries, and therefore is exposed to broad range of risks. These risks are managed within CSi's Credit Risk Appetite Framework to ensure control and oversight of any concentrations by product, industry or geography. Some of the events and risk areas which could potentially have an impact on the credit portfolio of the Bank are discussed further.

The main driver of credit risk in CSi is trading in OTC derivatives. Credit risk exposure reduced significantly in 2023 given the strategic direction for CSi. On a potential exposure basis, exposure in CSi decreased by USD 15.5 billion in 2023 to USD 16.9 billion (31 December 2022: USD 32.4 billion). Potential exposure for each trading relationship is calculated as 95 percentiles of a distribution of possible future exposures. OTC derivatives were the main driver of the overall exposure move, with exposure reducing by USD 12 billion to USD 11.6 billion (31 December 2022: USD 23.7 billion). Lending exposure decreased during 2023 to USD 1 billion as at 31 December 2022 (31 December 2022: USD 2.2 billion). The CSi repurchase agreement portfolio also reduced in 2023, with exposure of USD 724 million (31 December 2022: USD 2.2 billion).

Watchlist exposure increased by USD 131 million to USD 307 million as at 31 December 2023 (31 December 2022: USD 176 million) although still below the peak of USD 504 million as at 28 February 2022 following the Russian invasion of Ukraine. The upward trend was driven by macroeconomic factors, notably inflationary pressures and rising interest rates, impacting client cash-flow, margins and ability to refinance.

Selected Credit Risk Exposure Views by Country and Industry Segment

The following table shows the top ten largest exposures by country and industry, which accounted for 88% of total exposure in CSi as at 31 December 2023.The largest exposures are in well-developed countries, with net exposure from the United States and United Kingdom accounting for 42% of the total net exposure. With respect to emerging markets, CSi has exposure in several countries, but none of these exposures represents a concentration relative to overall exposure in the Bank.

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

	Sovereign		Financial Institutions		Corporate		**Total**		AnnualΔ		
31 December 2023 (USD millions) [1]	Gross Exposure	Net Exposure	Gross Exposure	Net Exposure	Gross Exposure	Net Exposure	**Gross Exposure**	**Net Exposure**	Gross Exposure	Net Exposure	Net Exposure as % of All Country Exposures
United States	544	544	4,573	1,167	1,020	850	**6,137**	**2,561**	(2,387)	(267)	23%
United Kingdom	146	146	2,137	1,498	514	461	**2,797**	**2,104**	(2,772)	(2,231)	19%
Germany	326	171	1,972	1,319	38	38	**2,336**	**1,528**	508	372	14%
Japan	571	571	806	86	510	510	**1,888**	**1,167**	649	673	10%
France	130	125	1,847	880	132	90	**2,108**	**1,095**	(383)	(321)	10%
Australia	484	484	23	2	7	7	**515**	**494**	378	402	4%
Netherlands	-	-	717	370	82	82	**799**	**451**	(566)	(339)	4%
Switzerland	2	2	273	222	29	29	**305**	**253**	(814)	(748)	2%
Italy	129	88	66	47	62	52	**257**	**187**	(158)	(145)	2%
Saudi Arabia	122	122	-	-	-	-	**122**	**122**	59	59	1%
Total	**2,455**	**2,254**	**12,414**	**5,590**	**2,394**	**2,119**	**17,263**	**9,963**	**(5,487)**	**(2,546)**	**88%**

1) Russia and Turkiye are not included in the top 10 country exposures. The Net Exposure for Russia was USD 9 million (2022: USD 38 million) and for Turkiye was USD 27 million (2022: USD 13 million).

	Sovereign		Financial Institutions		Corporate		**Total**		AnnualΔ		
31 December 2022 (USD millions) [1]	Gross Exposure	Net Exposure	Gross Exposure	Net Exposure	Gross Exposure	Net Exposure	**Gross Exposure**	**Net Exposure**	Gross Exposure	Net Exposure	Net Exposure as % of All Country Exposures
United Kingdom	62	62	3,969	2,892	1,537	1,381	**5,568**	**4,335**	(1,215)	532	29%
United States	0	0	6,211	2,013	2,312	815	**8,524**	**2,829**	69	(1,790)	19%
France	287	287	1,883	859	321	270	**2,492**	**1,415**	(422)	257	10%
Germany	187	30	1,451	935	191	191	**1,828**	**1,156**	(1,176)	(133)	8%
Switzerland	12	5	642	547	466	450	**1,119**	**1,002**	(3)	24	7%
Netherlands	-	-	1,140	569	225	221	**1,365**	**790**	(240)	(87)	5%
Japan	-	-	787	42	452	452	**1,239**	**494**	(691)	(30)	3%
Italy	164	122	185	145	66	66	**415**	**333**	(352)	(222)	2%
Luxembourg	-	-	864	225	32	32	**896**	**257**	(363)	(148)	2%
China	206	206	15	15	15	15	**236**	**236**	150	162	2%
Total	**918**	**712**	**17,147**	**8,242**	**5,616**	**3,892**	**23,682**	**12,846**	**(4,242)**	**(1,436)**	**87%**

1) Russia and Turkiye are not included in the top 10 country exposures. The Net Exposure for Russia was USD 38 million (2021: USD 61million) and for Turkiye was USD 13 million (2021: USD 83 million).

The following table shows the ten largest exposures by Industry in CSi, which make up 87% of net exposure in the Bank. Exposures are those used for internal risk management and are calculated on the same basis as the country exposures shown in the previous table.

	2023			2022		Annual Δ	
Industry Segments (USD millions)	Gross Exposure	Net Exposure	Net Exposure as % of All Industry Exposures	Gross Exposure	Net Exposure	Gross Exposure	Net Exposure
Central Clearing Parties	6,430	3,951	35%	6,633	4,136	(203)	(185)
Banks	3,106	2,881	25%	1,835	1,568	1,271	1,313
Sovereigns, Monetary Authorities, Central and Development Banks	4,398	576	5%	6,865	2,173	(2,467)	(1,597)
Funds and Trusts	1,108	573	5%	1,290	515	(182)	58
Media and Telecommunications	370	348	3%	451	332	(80)	16
Securitisations	348	348	3%	448	448	(101)	(101)
Utilities	1,055	336	3%	1,426	467	(371)	(130)
Insurance	420	324	3%	545	446	(125)	(122)
Automotive	400	264	2%	1,523	715	(1,124)	(451)
Other Financial Companies	225	210	2%	274	259	(50)	(50)
Total	**17,859**	**9,811**	**87%**	**21,290**	**11,059**	**(3,431)**	**(1,249)**

Risk Management

Overview

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

Risk Governance

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

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

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

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

Risk Organisation

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

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

The CSi CRO function in 2023 comprised of:
- Market Risk Management ('MRM');
- Treasury Risk and Control ('TR&C');
- Credit Risk ('CR');
- Strategic Risk Management ('SRM'); and
- Non-Financial Risk ('NFR')

The CSi CRO is responsible for providing risk management oversight and establishing an organisational basis to manage all risk management matters through its primary risk functions:
- MRM is responsible for assessing, monitoring and managing the market risk profiles of the Bank and recommends corrective action where necessary;
- TR&C is responsible for assessing, monitoring and managing the liquidity risk profiles of the Bank, and recommends corrective action where necessary;
- CR is responsible for approving credit limits, monitoring, and managing individual exposures, and assessing and managing the quality of credit portfolios and allowances;
- SRM is responsible for providing holistic risk coverage focusing on cross-functional and cross-divisional risk governance, frameworks, best practice, policies and processes. It drives risk reporting and analysis; and
- NFR is responsible for the identification, recording, assessment and monitoring of non-financial risks, as well as timely management reporting.

The CSi CRO additionally relies on the following teams within the UBS Group Risk Control ('GRC') function:
- **CRO Non-Core & Legacy (NCL):** This comprises of (i) market risk NCL function which is responsible for assessing, monitoring, and managing the firm's risk due to changes in market conditions across divisions, regions, and legal entities, (ii) credit risk NCL function which is responsible for managing overall credit risk for NCL and monitoring counterparty exposures and (iii) global credit recovery which manages troubled or impaired credit exposures for the bank's non-core business with the goal of maximising loan and derivative recoveries in restructuring and work-out situations, expeditiously supporting the release of capital for exit positions, improving the velocity of capital from managed positions, protecting the bank's reputation, minimising potential litigation risks, and promoting best practice in impaired loan and credit provision recognition.
- **Quantitative Risk Modelling:** Responsible for Credit Risk Methodology, Market Risk Methodology & Backtesting, Political & Country Risk, Stress Methodology & Scenario Analysis, Credit Corporate Risk Models, Market Risk Models, Scenarios & Risk Appetite, QRM Platforms & Tools and Firmwide Stress Testing Models, amongst others.

- **Treasury Risk and Control:** Responsible for providing an independent check (as the Bank's second line of defense) on Group Treasury's ('GT') risk-taking activities in order to safeguard the integrity of the risk process.
- **Chief Model Risk Officer:** Responsible for providing model risk management globally. This includes model governance, infrastructure, operations, and reporting.
- **Risk Chief Operating Officer ('COO'):** Services from the Risk COO function includes Risk Reporting & Analysis, GRC Framework & Policies, GRC Initiative & Change Management, GRC Financials, Risk data as well as GRC Integration (CS/UBS).

The CSi CRO reports to the CSi CEO, in respect of matters relating to CSi, and to the CSi Board on all risk matters. The CSi CRO is also a member of the Board of CSi (and so is also an Senior Manager Function F3) as well as being a standing attendee at CSi Board Risk Committee meetings.

Risk Appetite

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

Within the bounds of the overall risk appetite of the Bank, as defined by the constraints set by the Board, the CSi CRO is the nominated executive who is responsible for implementing a constraint framework. The Bank has a range of more granular constraints for individual businesses and specific risks, including constraints on transactions booked from remote locations.

Market risk constraint measures are typically based on Value at Risk ('VaR') and scenario analysis, although they also include risk sensitivities, notionals and other metrics. Liquidity risk constraints include regulatory and internal metrics based on computing liquidity inflows and outflows under stress scenarios over different time horizons. Credit risk constraints include overall constraints on portfolio credit quality and a system of individual counterparty, country, industry, product and scenario constraints, which are used to mitigate concentration risks. Liquidity risk constraints are set against applicable regulatory constraints (in particular LCR and NSFR) and internal risk metrics, including those based on the internal liquidity stress testing framework. In addition, the Bank has allocated operational risk capital to the businesses and has established thresholds for operational risk losses that trigger additional management action. These thresholds are set in both quantitative (considering historical losses and gains) and qualitative (bank-wide statements linked to risk and control indicators) terms. Alignment to business strategy is a key requirement to ensure the Risk Appetite framework is effective in managing to the entities' acceptable risk profile and acting as an early warning indicator for material changes in risk profile. Capital constraints for each material risk type are determined by SRM and cascaded to each risk area for use as a calibration point for the lower level constraint cascade. Constraints are reviewed quarterly against the capital plan and are aligned to divisional constraints which are cascaded by the CFO function.

The majority of these constraints are monitored on a daily basis, though some, such as those for which the inherent calculation time is longer or for which the risk profile changes less often (such as some credit portfolio constraints) are monitored on a weekly or monthly basis depending on the nature of the constraint.

→ The Bank's financial risk management objectives and policies and the exposure of the CSi group to market risk, credit risk, liquidity risk, currency risk and operational risk are outlined in Note 39 – Financial Risk Management.

Corporate Responsibility (Non-Financial and Sustainability Information Statement)

Overview

UBS Group publishes a comprehensive Sustainability Report which can be found on UBS Group's website at https://www.ubs.com/global/en/sustainability-impact.html. The Sustainability Report describes how UBS Group including CSi, assumes its various responsibilities towards society and the environment.

Environmental Matters

Climate-related financial disclosures

Introduction

Companies Act 2006 requires certain climate-related financial disclosures to be included in the strategic report which are detailed in the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022. The following report section covers in particular the required disclosures pertaining to section 414CB Clause 2A items (a) to (d) along with some information on items (e) to (h). It has been determined that items (e) to (h) are not strictly necessary for an understanding of the nature of the company's business, given the strategic wind down of CSi, in line with the guidance in clause 4A of the regulations. The CSi strategy to wind down entity activities, achieving material de-risking of the legacy portfolios, implies climate-related risks will substantially reduce over time.

Following the acquisition of Credit Suisse Group AG by UBS Group in 2023, CSi's approach to the management of sustainability and climate risk from its remaining activities is being progressively aligned with that of UBS Group, in parallel with the integration of underlying processes and controls. For more detailed information on UBS Group's firm-wide sustainability and climate risk management framework and related policy, standards and guidelines, please refer to UBS Group Annual Report and Sustainability Report.

Definition of climate risks

CSi defines sustainability and climate risk as the risk that UBS Group negatively impacts, or is impacted by, climate change, natural capital, human rights and other environmental, social and governance ('ESG') matters. Sustainability and climate risks may manifest as credit, market, liquidity, business and non-financial risks for UBS Group, resulting in potential adverse financial, liability and reputational impacts. Climate-driven physical risks arise from acute hazards, which are increasing in severity and frequency, while chronic climate risks arise from an incrementally changing climate. These effects may include increased temperature and sea-level rise, and how these gradual changes may affect productivity and property values and increase the severity and frequency of acute hazards.

Climate-driven transition risks cover the financial impact to its clients or to UBS itself through the credit worthiness of UBS counterparties or the value of collateral held by UBS. They arise from global efforts to mitigate the effects of climate change. Financial impacts from climate-driven transition risks could materialise through several key risk factors:

- climate policies: affecting operating expenses (e.g., carbon taxes), analyzed both directly and indirectly;
- low-carbon technologies and their potential for disruption: affecting capex requirements and/or market share due to low-cost competition; or
- shifts in consumer or investor sentiment: affecting revenues (consumer demand shifts) or market perceived value.

Governance

Climate change-related responsibilities are explicitly embedded in the relevant CSi governance charters as well as within the wider UBS Group.

Group Risk Control ('GRC') is responsible for UBS Group's firm-wide Sustainability and Climate Risk ('SCR') framework and the management of exposure to sustainability and climate (financial) risks on an ongoing basis as a second line of defense, while its Group Compliance, Regulatory & Governance ('GCRG') function monitors the adequacy of its control environment for non-financial risks, applying independent control and oversight. GRC manage sustainability and climate risk under a dedicated risk management framework.

In the UK, the CSi CRO is the Senior Manager for climate-related risk and climate risk is captured in Risk Committee charters. The Board Risk Committee receives regular updates on the risk management of climate-related risks and developments in regulatory requirements. Climate related risk are assessed annually as part of the regular risk governance within each of the functional risk areas, and subsequently aggregated up to the CSi Risk Committee and Board for review and approval.

Prior to the acquisition of Credit Suisse Group AG by UBS Group, CS group's Executive Board Risk Management Committee was responsible for overseeing the CS group-wide implementation of and compliance with its sustainability and reputational risk commitments, while a dedicated Climate Risk Strategy Steering Committee provided overarching governance and guidance for the CS group's Climate Risk Strategy program and was mandated to develop comprehensive strategies to address climate-related risks. Furthermore, a Sustainability (Climate) Risk Executive Leadership Committee ('ELC') chaired by the Head of Corporate Risk was in place to provide oversight on the implementation of the CS group's strategy with respect to managing sustainability and climate-related risks. During 2023, CSi had dedicated representation in the global Climate Risk Strategy program to ensure ongoing compliance to regulatory requirements.

Climate opportunities are in first instance assessed by the business divisions and aggregated through governance at the UBS Group level. Progress against strategy and the associated targets related to opportunities are reviewed at least once a year by

the UBS Group Executive Board and the Corporate Culture and Responsibility Committee.
More details can be found at: https://www.ubs.com/global/en/sustainability-impact.html

Strategy
CSi recognises its share of responsibilities in combating climate change by supporting the transition to a low-carbon and climate-resilient economy. As a financial institution, it is committed to playing its part in addressing this global challenge through its role as a financial intermediary between the economy, the environment and society.

CSi's strategic climate objectives as part of UBS Group aligns to the UBS Group's firm-wide climate strategy which covers two main areas: i) managing climate-related financial risks and ii) acting for a low-carbon future. Underpinning these two main areas are four UBS Group strategic pillars:

- Protecting its clients' assets: Managing climate related risks and opportunities through its innovative products and services in investment, financing, and research;
- Protecting its own assets by limiting its risk appetite for carbon-related assets and estimating its vulnerability to climate risks;
- Reducing its climate impact by sourcing 100% of its electricity from renewable sources and engaging in responsible supply chain management. UBS Group is committed to achieving net-zero emissions in its own operations (scopes 1 and 2) by 2025. The bank is engaging with its key vendors about targeting net zero by 2035; and
- Mobilising capital from private and institutional clients toward the orderly transition to a low-carbon economy. For corporate clients, UBS Group support the issuance of green, social, sustainability and sustainability-linked bonds, as well as the raising of capital in international capital markets, in line with recognised market guidelines. Detailed data accounting of UBS Group's financed emissions helps to identify climate-related opportunities requiring capital. Note that this pillar is not applicable to CSi given its business wind down strategy.

Risk Management
UBS Group's firm-wide sustainability and climate risk management framework and related policy, standards and guidelines underpin the management practices and control principles of the firm, enabling the identification and management of potential adverse impacts on the climate, the environment and human rights, as well as the associated risks affecting the firm and its, clients while supporting the transition to a low-carbon world. Overseen by senior management, the framework applies to UBS Group's balance sheet, its own operations and its supply chain.

UBS Group has set standards in product development, investments, financing and supply-chain management decisions. These include the stipulation of controversial activities and other areas of concern that UBS Group will not engage in, or will only engage in under stringent criteria.

UBS Group's SCR framework is being progressively extended to cover the former Credit Suisse Group AG divisions as part of integration activities.

UBS Group's sustainability and climate risk management framework consists of four key elements:

- Risk identification and measurement: This includes the measurement of the financial materiality of sustainability and climate risks using the firm's risk identification framework, as well as the measurement of climate risks by identifying exposure to industry sectors that are vulnerable to climate risk, and by using climate risk scenario analysis and stress tests. On an annual basis, UBS Group also performs a materiality assessment of sustainability and climate-driven risks in accordance with the ISO 14001 standard for environmental management systems. In 2023, the materiality assessment methodology was further advanced to integrate documented transmission channels that may drive new forms of sustainability and climate-driven financial and non-financial risks, leveraging internal and external expert guidance. The aim is to identify sustainability and climate risks at divisional and cross-divisional levels, both through the sustainability and climate risk-driven materiality assessment mentioned above and, increasingly, by integrating them into the firm-wide traditional risk identification and measurement processes. Note that in 2023, CSi applied a bespoke risk identification process, as described below.
- Risk monitoring and appetite setting: This involves monitoring and reporting exposures to high and moderate risk sectors, changes in regulations, and emerging risks. UBS Group's Sustainability and Climate Risk policy defines the qualitative risk appetite for climate and sustainability risk and is subject to periodic updates and enhancements. As part of the sustainability and climate risk monitoring process, UBS Group has developed methodologies and metrics to assess ongoing exposure to carbon-related assets and climate-sensitive sectors. In developing its metrics, UBS Group considers the inputs and guidance provided by standard-setting organisations as well as new or enhanced regulatory requirements for climate disclosures. Following the acquisition of the Credit Suisse Group AG, the sustainability and climate risk appetites of UBS Group and CS group were revised to define combined standards for the new combined organisation, aimed at supporting mitigation and de-risking of the joint risk profile.
- Risk management and control: This part of the framework includes the development of solutions to integrate sustainability and climate risks into traditional risk categories, such as UBS Group's credit, market, liquidity, treasury, and other non-financial risk frameworks. Through its processes, UBS Group manage and control the adherence to its risk appetite standards and commitments, and identify, assess, approve, and escalate material sustainability and climate risks in in-scope products, services, activities, transactions, client or supplier onboarding.
- Risk reporting: Sustainability and climate risk updates are an integral part of UBS Group's quarterly risk reporting cycle. Key sustainability and climate risk considerations are included in risk reporting at Legal Entity, Divisional and Group levels.

CSi has been monitoring climate-related risks through internal reports, including dedicated climate risk reports to the Board Risk Committee. A dedicated internal CSi Climate Risk Management Procedure describes the detailed legal entity specific risk management process.

Climate risks are embedded in CSi's risk appetite and risk management and control framework. In 2023, CSi performed its annual climate risk identification process to assess material risks for the entity. Risk materiality was determined following the internal CSi Risk Identification and Assessment Framework, informed by both quantitative estimates and expert judgement.

The results of this exercise were presented to and approved by various CSi risk sub-committees and the Board Risk Committee. A time horizon assessment was also performed, in order to provide an understanding on the evolution of risk profile over time. Short term was defined as less than three years, medium term as three to ten years and long term as beyond ten years.

The 2023 exercise identified reputational risk as High, while four other risks were categorised as Medium risks, as shown in the table below. Reputational Risk, which is assessed as High, is managed centrally for the whole UBS Group since this is an overarching risk for the organisation and not unique to the CSi business model.

Risk	Time Period	Materiality
Reputational Risk: Possible mismanagement of climate risk in the bank, including missing sustainability targets at global level.	Short Term	High
Regulatory Compliance: Expectations from regulators increase and may lead to significant budget requests.	Short Term	Medium
Liquidity Risk: Significant concentration of gross undrawn amounts with clients in climate sensitive sectors	Medium Term	Medium
Litigation Risk: This covers the risk of future litigation due to climate related issues like greenwashing, inadequate disclosure scrutiny facilitating finance for fossil fuels etc. It appears likely that the trends of litigation are upward and will extend to banks more generally, alongside potential for reputational impacts.	Medium Term	Medium
Business Continuity Risk: Increase frequency and intensity of natural disasters may lead to greater risk exposures towards business continuity management	Medium Term	Medium

Direct physical risks of climate change are identified and assessed through the business continuity management process alongside other physical risks such as natural disasters.

The assessment of potentially relevant climate-related opportunities is performed by the business divisions at UBS Group level and is encompassing commercial products and services, social finance, resource efficiency and energy consumption, operational resilience, as well as green funding. In doing so, a two-step approach is followed: i) identifying relevant opportunities; and ii) assessing their relative materiality for the UBS Group over the short, medium and longer terms. Results of this analysis can be found in the UBS Climate and Nature Report.

UBS Group has identified an opportunity within its own operations: reducing its operational impact on the environment, based on clear reduction targets for resource use, as well as by formulating ambitious net-zero commitments. This is applicable to CSi and further details can be found in the Streamlined Energy and Carbon Reporting ('SECR') section.

For CSi's specific business model and forward strategy, there is no impact from the principal climate related-risks and opportunities assessment. The CSi strategy to wind down entity activities and achieve material de-risking of the legacy portfolios implies climate related risks will substantially reduce over time.

Scenario Analysis

Scenario capabilities were established for CSi across market risk and non-financial risk (short-term risks), as well as in credit risk for single clients (with focus on counterparties in carbon-related and climate sensitive sectors), and at portfolio level using longer-term scenarios based on the Bank of England's Climate Biennial Exploratory Scenarios guidance.

Different internal CSi scenarios were used in 2023 to assess the impact of climate risk in different parts of CSi's business operations and enhance understanding of its remaining risk profile. They are included in the annual Internal Capital Adequacy Assessment Process ('ICAAP') submission to the PRA.

The following table summarises the different scenario analysis activities performed:

Risk Area	Scenario Analysis	Purpose	Scope
Market Risk	Equity and Credit Concentration Analysis	Assessment of the transition risk in the MtM trading book over a short term	Sensitivity of the credit and equity portfolios in the trading book
Credit Risk	Single Name Analysis of top counterparties	Counterparty-level analyses for 100 counterparty names selected based on the Bank of England ('BoE')'s Climate Biennial Exploratory Scenario ('CBES') 2021 guidance covering both transition and physical risk over the long term	Stress loss calculation is performed using assumed rating downgrade sensitivities over a 30-year period for the selected 100 names.
	Portfolio Stress Analysis using macro expansion of Late Action scenario	Portfolio Stress Test analysis projecting stress losses and RWAs over a five-year period for transition risk	Stress scenario to test resilience of the Credit Risk portfolio to climate transition risk.
Non-Financial Risk	Greenwashing Litigation Risk Scenario	Assessment of climate-related litigation risk over the short/medium term	Potential future exposure and susceptibility to ESG Greenwashing litigation risk events.
	Resiliency Scenario	Assessment of climate-related Physical Risk over Short/Medium Term	Assessment to check how resilient the Offices and Data Center locations providing critical intra group services are to an extreme climate event.

The conclusion reached is that, although the scenarios provide a range of different impacts, there is no material impact on the resilience of CSi's business model and strategy. Impacts are well within other scenario impacts from stress testing and internal capital adequacy assessment process results, with longer term impacts being mitigated by the strategic business wind down.

Where relevant, CSi's approach to scenario analysis will be reviewed in 2024, with the aim of applying a consistent approach across the UBS Group.

Metrics and Targets

In 2023, CSi used various internal metrics to assess and manage relevant climate-related risks, and reported on them in the quarterly climate risk report to the Board Risk Committee.

During 2023, the risk exposures covered by these internal CSi metrics showed a decreasing trend owing to the business winddown strategy. None of these metrics were identified as key performance indicators for CSi as they were not a material consideration for the winddown strategy and therefore no specific targets were set. Non-financial and liquidity risks are covered in other regular internal risk reporting, if considered material. The internal quarterly climate risk report contained the following internal metrics:

- Exposure to carbon-related assets and climate-sensitive sectors: Analysis of the banking book lending gross exposure to provide transparency on direct financing to climate-sensitive sectors. As compared to 2022 there has been a significant decreasing trend in the carbon related exposure mainly driven by the de-risking of the portfolio, natural expiry and wind down of business activity;
- Client energy transition framework ('CETF'): During 2023, CETF provided transparency in CSi on financing to carbon-related and climate sensitive sectors. It helped CSi in monitoring its business, with clients seeking sustainable lower-carbon business practices and mitigating exposure to clients in climate sensitive industries. For more details refer to the CS annex in the UBS sustainability report.
- Exposures by Industry sector: Analysis of potential exposure ('PE') by sector, includes trading book exposures. As part of Risk appetite targets, a Carbon-Related PE constraint and Climate sensitive Industries PE constraint are applied;
- Counterparty Concentration: Analysis of top individual counterparty exposures in the banking book for carbon related and climate sensitive counterparties;
- Collateral Concentration: Analysis of top equity and corporate bond collateral issuers with poor carbon transition scores posing potential collateral concentration risk;
- Market Risk: Equity and traded credit portfolio market risk sensitivities. The trading book exposures are bucketed in different bands based on level of transition risk scores and different market risk sensitivity shocks are subsequently applied;
- Country Risk: Top credit exposures by country with poor climate transition risk ratings. Transition risk can affect entire countries if for example they are dependent on tax revenues associated with climate sensitive industries. The analysis assesses its potential credit exposure to such countries; and
- CSi Own Emissions: Details of CSi's emissions from its own operations are reported annually.

Note that the classification approach of carbon related, and climate sensitive related exposures historically has differed between CS group and UBS Group. The above metrics were being reported uniquely for the CSi entity for internal local risk management purposes and followed CS group internal classifications.

As a part of UBS Group's sustainability and climate risk monitoring process, the firm has developed methodologies and metrics to assess its ongoing exposure to carbon-related assets and climate-sensitive sectors. In developing such metrics, UBS Group considers the inputs and guidance provided by standard-setting organisations as well as new or enhanced regulatory requirements for climate disclosures.

Streamlined Energy and Carbon Reporting ('SECR') Disclosure

Introduction

CSi, as part of the UBS group, is committed to enabling a more environmentally sustainable economy and recognises climate change as one of the most significant risks facing the planet.

As a global financial institution, the UBS group has an important role to play in encouraging sustainable production and consumption practices, enabling diversity, equity and inclusion, channeling capital flows towards sustainable finance and encouraging the continued shift towards sustainable and impact investment.

One of the ways the UBS Group communicates progress against sustainability targets is through local reporting frameworks. The UK Government's guidance on SECR provides an opportunity to focus on energy and carbon associated with UK operations. The table below states the Credit Suisse UK facilities, fleet, rental car and private car electricity and fuel consumption, plus the associated carbon emissions. The figures have been produced in line with the Greenhouse Gas Protocol calculation and disclosure methodology. CSi consumption and emissions are also stated apportioned on an FTE basis.

	2023		2022 [1]	
Disclosure	**UK**	**CSi**	UK	CSi
Full time Employee ('FTE')	3,358	2,055	3,720	2,372
Energy consumption used to calculate emissions (kWh)	46,092,488	28,207,285	55,805,990	35,585,852
Building Energy Use (kWh)	46,073,051	28,195,390	55,782,040	35,570,580
Transport Energy Use (km)	19,437	11,895	23,950	15,272
Emissions from stationary combustion of gas (Scope 1)	283	173	328	209
Emissions from combustion of fuel for transport purposes (Scope 1)	-	-	-	-
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	3	2	4	3
Emissions from purchased electricity (Scope 2, location-based)	8,652	5,295	10,346	6,597
Emissions from purchased electricity (Scope 2, market-based)	-	-	1,431	912
Total gross location-based Co2e based on above	8,935	5,468	10,674	6,806
Total gross market-based CO_2e based on above	283	173	582	371
GHG Intensity (tCO_2e gross location-based GHG emissions/FTE)	2.66	2.66	2.87	2.87

[1] 2022 GHG emissions have been restated, resultant of adoption of UBS Group reporting systems and processes.

Methodology, Changes and Restatements

Credit Suisse follows the World Resources Institute ('WRI') and the World Business Council for Sustainable Development ('WBCSD') in the GHG Protocol Corporate Accounting and Reporting Standard (GHG Protocol Corporate Standard). For emissions from purchased or acquired electricity (scope 2 emissions), CSi follows the GHG Protocol Scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard. For scope 3 emissions, CSi adheres to the WRI/WBCSD's Corporate Value Chain (Scope 3) Accounting and Reporting Standard (GHG Protocol Scope 3 Standard).
Scope 1 emissions include natural gas from building energy consumption and gasoline/diesel from fleet.
Scope 2 emissions include purchased electricity.
Scope 3 emissions include fuel used in rental cars and personal cars on business use.

In 2023, Credit Suisse migrated to the UBS reporting framework, resulting in a number of key methodological changes. As a result, 2022 data has been restated to align with the new methodology and to provide a like-for-like comparison with 2023 data. The key changes are as follows:

- The adoption of new estimation calculations for assets with no actual consumption data, using a regression model utilising similar buildings;
- The removal of biogenic emissions disclosures for all biofuel direct and indirect consumption; and
- Consistent emissions factors year-on-year.

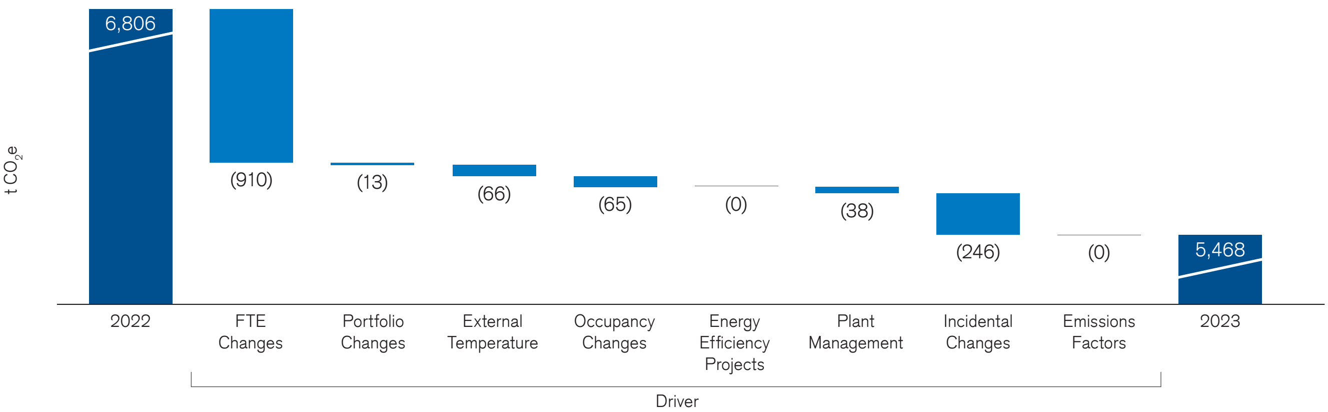
Key Drivers and Energy Efficiency Measures:

The decrease in CSi's UK emissions was marginally higher than total UK reductions of 16.3%, at 19.7%. There have been a number of contributing factors to this reduction as summarised below:

- CSi's employees decreased slightly as a percentage of the total CS group UK workforce, which also reduced in absolute terms when compared with 2022, decreasing CSi's emissions by 910 tCO_2e. Note that this is not a precise reduction but a product of apportionment of emissions by FTE numbers. CS group allocates emissions to its UK business in this way, as there is no clear delineation in physical operating boundaries between the entities.
- There was a further move to flexible working in line with local legislation, as well as an increasing number of staff working from UBS offices following the joining of the two banks. As a result, occupancy was lower in Credit Suisse buildings, even

- when accounting for the changes in FTE numbers, reducing CSi's associated emissions by 65 tCO_2e.
- A significantly cooler summer in 2023 compared with 2022 – during which the UK recorded the hottest temperatures on record – reduced thermal comfort demand during the year, and CSi's associated emissions by 66 tCO_2e.
- A move to optimise energy utilisation in CSi's London campus, particularly in unused spaces and through the return of fresh air circulation to pre-pandemic parameters, resulting in a reduction in CSi's associated emissions of 38 tCO_2e.
- CSi benefitted from a further incidental reduction (where causality cannot be established) of 246 tCO_2e.

CSi Year-on-Year Emissions Change



Renewable Energy

In 2023, CSi ensured its entire operational electricity consumption was covered by renewable energy certificates, through its landlord selection and engagement processes, strong commercial management of utility contracts, and a framework for unbundled certificate procurement where external factors prevented CSi from realising direct renewable energy provision. This supports the UBS Group's commitment to market shaping: using its purchasing power to advocate for increased renewable generation in the UK grid mix, and greater transparency in the chain of custody for Renewable Energy Guarantee of Origin ('REGO') certificates. At UBS Group it is recognised – where renewable energy is not generated on site or secured via private wire – that corporate power purchase agreements (CPPAs) and third-party audited bundled REGO tariffs represent the purest contractual mechanisms for securing renewable energy through the grid. A critical mass of customers advocating for and adopting these supply arrangements is a critical driver in standardising these offerings and decarbonising the UK grid.

CSi follows the umbrella strategy for the UBS Group when sourcing renewable energy. Where CSi is unable to secure CPPAs or bundled REGOs, such as where electricity is consumed through a landlord supply, CSi will engage with the purchaser to commit to renewable electricity, utilising the contractual mechanisms as listed above. If options remain constrained, CSi will purchase REGOs either through unbundled tariffs or separately on the open market. Only if CSi is unable to source a sufficient number of REGOs to cover emissions will Renewable Energy Certificates be purchased from adjacent markets.

In 2023, CSi achieved 100% renewable energy coverage for building electricity consumption, and zero Scope 2 market-based emissions. This illustrates CSi's ongoing commitment to leveraging its utility procurement spend to deliver real market change.

Economy and Society

Prior to its wind down status, CSi played an important role as a financial intermediary, bringing together borrowers and lenders of capital globally, from companies and public sector bodies to private individuals and institutions. They also supplied businesses with the capital resources they needed to expand their activities and finance innovation, thus helping to drive economic growth and job creation.

CSi has been committed to contribute to a sound social environment and stable economy. In addition to its core banking activities, CS group has invested in multiple initiatives and programmes that work towards a more inclusive society. CS group remains committed (throughout the acquisition) to acting as a reliable partner and to adapt its support to current social needs while meeting its existing commitments.

During 2023, CSi, together with the Credit Suisse EMEA Foundation, recognised Financial Inclusion, Financial Education and Future Skills as effective tools to promote economic growth and social change and as a means of helping people to help themselves. The Credit Suisse EMEA supported organisations that address barriers to education or employment and/or equip disadvantaged young people with the knowledge, skills and attitudes required to respond to the demands of evolving employment markets or create opportunities through their own entrepreneurial initiative. CSi and the Credit Suisse EMEA Foundation also supported these young people to make informed decisions and take effective actions regarding their current and future use and management of money so they can fulfil their potential in their adult lives. CSi and the Credit Suisse EMEA Foundation work notably with organisations to develop, pilot or strengthen innovative models that have demonstrated their impact on the education and/or skills sectors or show real potential to bring sustainable change and leverage employees' time and skills to support the charity sector and young people.

In 2023, the Credit Suisse EMEA Foundation supported 9 charities in the UK. Examples include Royal National Children's SpringBoard Foundation, an organisation that supports social mobility by working with UK's boarding and independent schools sector to increase the number of bursary places and ensure that these opportunities are targeting young people facing difficult circumstances and whom need them most. The Credit Suisse EMEA Foundation also supported the Fair Education Alliance, an education coalition uniting over 200 organisations across England to close the attainment gap and ensure that no child's educational success is determined by their socio-economic background. In addition, to respond to the cost-of-living crisis, the Credit Suisse EMEA Foundation launched a new partnership with StepChange Debt Charity, an organisation that provides free debt advice and solutions for people at risk of or struggling with problem debt.

Post acquisition by UBS, all Credit Suisse Corporate Citizenship and Foundations activities ceased at the end of 2023.
All philanthropy and community engagement initiatives for the combined Group are delivered by the Social Impact and Philanthropy function at UBS, part of Group Sustainability and Impact.

→ More details can be found at:
https://www.ubs.com/global/en/sustainability-impact/social-impact.html.

Employee Matters

CSi business performance is dependent on the skills, experience and conduct of highly skilled individuals and teams. Therefore, its continued to reimagining the power of investing and connecting people for a better world depends on its ability to attract, retain and motivate highly talented and diverse employees.

CSi is an Equal opportunity employer, focused on Diversity & Inclusion, supported by a global Purpose and the three keys to success framework and has initiatives to support the wellbeing, work-life balance and career goals of employees.

Our People

CSi is committed to keeping employees informed of changes within the organisation, including but not limited to, financial and economic factors affecting the performance of CSi. This is achieved through several channels, including regular town hall meetings and Q&A sessions with senior leaders, divisional and functional line management meetings, webcasts, intranet updates, email bulletins focused on specific issues, and via the active employee networks.

Employee feedback is frequently sought and is actively encouraged for consideration in decision making. This includes an annual employee survey that provides employees the opportunity to candidly speak their mind and offer perspectives on the Bank's culture.

Employees

To attract, retain and motivate employees, CSi strives to create a diverse and inclusive workplace underpinned by a strong culture that provides opportunities for growth and development throughout their career and has initiatives to support the wellbeing, work-life balance, and career goals of employees. Its people are also supported by competitive benefits and health & wellbeing programs.

CSi policies ensure the provision of equal employment opportunities for all employees and applicants in every facet of its operations. All employment-related decisions, including hiring, training, compensation, promotion, transfer, benefits, disciplinary action and dismissal or redundancy, are made on the basis of the individual's job qualifications and job performance or on any other legitimate business considerations provided for in the applicable law. There is no regard to ethnicity, nationality, gender, sexual orientation, gender identity, religion, age, civil partnership, marital or family status, pregnancy, disability or any other status that are protected as a matter of local law.

CSi considers all reasonable requests for additional equipment, adjustments to facilities and training procedures that will assist a person with a disabling condition in the performance of their duties and prohibits discrimination against disabled employees, including in relation to training, career development and promotion opportunities.

Diversity & Inclusion

CSi aims to build a culture of belonging, where employees from all backgrounds and identities can feel recognised and valued, and where everyone can unlock their full potential.

As part of the integration, CSi has adopted the UBS Group employee diversity, equity and inclusion (DE&I) strategy which is built on four pillars: accountable, hire, develop and belong. Moving forward, the UBS Group will leverage all four pillars as UBS Group move towards achieving its ambitious gender and ethnic diversity aspirations, and in creating an inclusive culture for all. Building a high-performing and inclusive workplace includes providing equitable access to employment and advancement opportunities.

As part of the integration, UBS Group examined CS group's people management landscape. The analysis also showed that nearly all of CS group's workforce and demographic data are compatible with UBS Group, allowing for the reporting of consolidated figures in the UBS Sustainability report (unless otherwise stated). CSi continues to align any outlying people-related frameworks, policies, programs, processes and data with the aim to ensure complete consistency by the end of 2024.

→ More details can be found at: https://www.ubs.com/global/en/sustainability-impact/sustainability-reporting.html

Culture

Culture has been a core focus area for Credit Suisse in 2023. Following the acquisition by UBS Group, Credit Suisse has adopted the UBS culture framework – the Three Keys to success. An assessment against the former Credit Suisse culture framework (the IMPACT values) showed that there is much that already unites the cultures of the combined entities, with a shared focus on client centricity, risk management, accountability with integrity and collaboration. The Three Keys to Success framework is based on Pillars, Principles and Behaviours.

Our Pillars	Our Principles	Our Behaviors
What we're built on.	What we stand for.	How we do it.
Capital strength A balance sheet for all seasons	**Client centricity** Clients are at the heart of everything we do	**Accountability with integrity** Take ownership
Simplification and efficiency Make it easy to do business	**Connectivity** Create success by connecting people, ideas and opportunities	**Collaboration** Work as one UBS
Risk management Anticipate and handle risk effectively	**Sustainable impact** Act today with tomorrow in mind	**Innovation** Improve every day

To raise awareness and embed the Three Keys, Credit Suisse employees have undertaken training in the Three Keys to Success framework and affirmed the UBS Code of Conduct. Culture integration work continues at pace – to shape a culture that will benefit its multiple stakeholders – clients, colleagues, shareholders and communities.

Compensation

CSi is committed to ensuring that the way in which it compensate contributes to the achievement of the UBS Group's objectives in a way that does not encourage excessive risk-taking or the violation of applicable laws, guidelines or regulations, taking into account the capital position and economic performance of the UBS Group over the long term. CSi's focus on equality, diversity and inclusion is reflected in its approach to compensation.

The objectives of the UBS Group's compensation policy include creating sustainable value for UBS Group's shareholders and motivating employees to achieve results with integrity and fairness. The key elements of the compensation framework for UBS Group employees include fixed compensation (base salary and allowances, pension and other benefits) and variable incentive compensation, which is determined based on the UBS Group's performance, product area, as well as individual performance, market position and trends.

→ More details can be found at: https://www.ubs.com/global/en/sustainability-impact.html.

Respect for Human Rights

CSi follows UBS Human Rights statement as UBS's commitment to respecting internationally recognised human rights across the firm. This includes the Modern Slavery and Human Trafficking Statement pursuant to the UK Modern Slavery Act 2015.

→ More details on the topic of human rights, including its Modern Slavery and Human Trafficking Transparency Statement, can be found at https://www.ubs.com/global/en/sustainability-impact.html.

Anti-Bribery and Corruption Matters

CS group, including CSi, strives to prevent the improper use of products and service by third parties. As part of the efforts to fulfil its due diligence requirements, CS group uses strict internal control policies. The policies govern topics such as business relations with politically exposed persons, the prevention of money laundering and terrorist financing, and adherence to applicable economic and trade sanctions laws. CS group has a range of policies, procedures and internal controls, with requirements such as the screening of third parties who conduct business for or on behalf of CS group and dedicated controls related to gifts and entertainment, internships and other employment opportunities, charitable contributions and sponsorship. Furthermore, the CS group is actively involved in the development and implementation of industry standards to combat money laundering and corruption.

Employees are required to periodically complete mandatory online training courses on topics ranging from the prevention of money laundering, terrorist financing and corruption to compliance with economic sanctions. Additionally, employees have a duty to report concerns of potential legal, regulatory, or ethical misconduct to their line managers or to Financial Crime Compliance and Regulatory Affairs. Employees worldwide also have the option of calling a CS group Integrity Hotline, where they can report such issues anonymously, where permitted by local law.

Corporate Governance Statement

FRC Wates Governance Principles

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

Board of Directors

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

A number of Board composition changes have been effected since 1 January 2023, including the appointment of Francesca McDonagh, Michael Ebert, Jeremy Anderson, Jason Barron, Jonathan Magee and Caroline Stewart as Non-Executive Directors, as well as the appointment of Beatriz Martin as Executive Director & CEO and the resignation of Richard Meddings, Debra Davies, Doris Honold, and Francesca McDonagh as Non-Executive Directors, as well as the resignation of Christopher Horne as Executive Director & CEO.

Members of the Board of Directors

	Board member since	Independence	Audit Committee	Risk Committee	Nomination Committee	Advisory Remuneration Committee	Conflicts Committee	Disclosure Committee
John Devine, Chair	2017	independent	member	member	chair	member	chair	-
David Todd	2022	independent	chair	chair	member	member	member	-
Jonathan Magee	2023	-	member	member	-	chair*	-	-
Jeremy Anderson	2023	-	member	member	member	member	-	-
Jason Barron	2023	-	-	-	-	-	-	-
Michael Ebert	2023	-	-	-	-	-	-	-
Caroline Stewart	2023	-	-	-	-	-	-	-
Beatriz Martin – CEO	2023	-	-	-	-	-	-	-
Caroline Waddington, CFO	2017	-	-	-	-	-	-	chair
Edward Jenkins, CRO	2022	-	-	-	-	-	-	member

*subject to regulatory approval

Internal Control and Financial Reporting

Board Responsibilities

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

The key procedures that have been established are designed to provide effective internal control for CSi. Such procedures for the ongoing identification, evaluation and management of the significant risks faced by the Bank have been in place throughout the year and up to 26 March 2024, the date of approval of the CSi Annual Report for 2023.

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

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

The Board's duties relate to Strategy and Management; Culture; Risk Management; and Financial Reporting and Internal Control as set out in the Board Terms of Reference. During 2023 the Board has taken decisions in line with its duties and the Board objectives, including the review and approval/noting of the

Strategy and Financial Plan; the Risk Appetite Statements and Limits; the Country Risk Limit Framework; the ILAAP; Operational Resilience; Self-Assessment; the Contingency Funding Plan and Recovery Options; the RRP RAF Compliance Assessment; the Board and Committee Objectives, Terms of Reference and Evaluation Actions; the ICAAP; the Compliance Risk Assessment and Plan; the Financial Crime Compliance Risk Assessment; the MLRO Report; Authorised Signatories; the Financial Statements and Pillar 3 Disclosures; the Modern Slavery Statement; Board Director Changes; the UK Consumer Duty Implementation Plan; UK Booking Model Refresh; and Major Projects. The Board has delegated execution of certain duties to the Board Committees and escalated significant issues.

Board Evaluation and Composition

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

Board Training

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

Board Diversity Policy

CSi recognises and embraces the benefits of building a diverse and inclusive culture and having a diverse Board. The Board Diversity Policy sets out the approach to diversity on the Board of Directors. A diverse Board will include and make good use of differences in the skills, regional and industry experience, independence and knowledge, background, race, gender and other distinctions between Directors. The Nomination Committee will consider these attributes in determining the optimum composition of the Board and when possible balancing the Board appropriately. The Board maintained its target of at least 25% female Board representation in 2023 and will continue to monitor the composition in 2024 through periodic reviews of structure, size and performance of the Board.

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

Board Meetings

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

Board Committees

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

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

Risk Committee
The Risk Committee assists the Board in fulfilling the Board's risk management responsibilities as defined by law, articles of association and internal regulations, by reviewing and assessing (i) the risk appetite and strategy implementation; (ii) the strategies and polices for risk management and mitigation; (iii) the risk management function; (iv) the compliance function; (v) the ICAAP and adequate CSi capital; and (vi) risk limits and reports. During 2023 the Risk Committee has taken decisions in line with its duties and objectives, including the review and recommendation for Board approval of the Risk Committee Objectives, the Risk Appetite

Statement and Limits, the ILAAP, the Country Risk Limit Framework, the Compliance Risk Assessment and Plan, the Financial Crime Compliance Risk Assessment and the ICAAP.

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

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

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

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

CSi Disclosure Committee
In connection with the EU listed structured products, the Committee is delegated by the Board to set out the governance framework and ensure that CSi complies with the disclosure requirements set out in the EU Prospectus Regulation and EU Transparency Directives. The Committee develops procedure of evaluating, reviewing and approving CSi's disclosure set out in the relevant disclosure document and the ongoing update to such disclosure documents.

Executive Management

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

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

Section 172 Statement

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

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

Purpose and Leadership

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

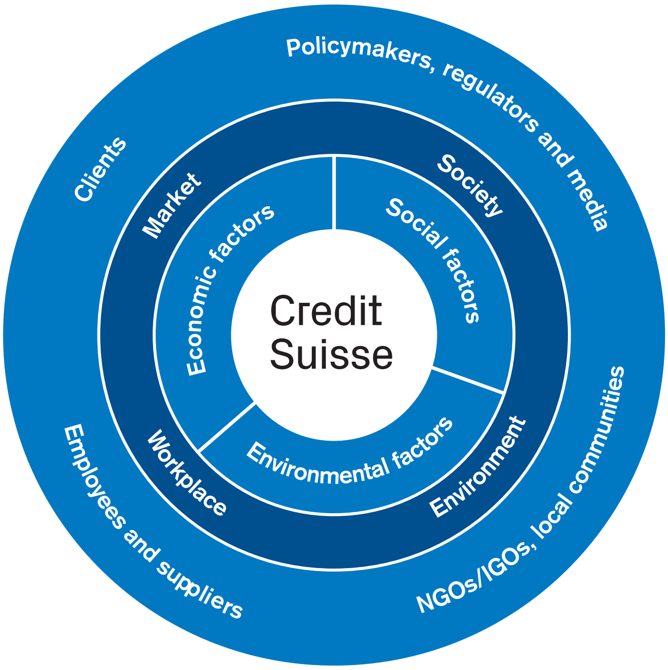
CSi's purpose has changed in 2023 following the UBS acquisition. CSi's purpose was previously to provide its corporate, institutional and GWM clients with a range of financial solutions, served through an integrated franchise and international presence. CSi is now in a controlled and solvent wind down, which is expected to take a number of years.

Corporate Responsibility

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

Stakeholder Relationships and Engagement

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



Clients

The CSi Board has acted to promote the success of the company for the benefit of its members and has fostered the company's business relationships with its clients.

Society

CSi, working with partner organisations, has been committed to contribute to economic and social development. CSi has cultivated a dialogue with policymakers, legislators and regulators, as well as members of the business community and other stakeholder groups.

Policymakers and legislators

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

Regulators

CSi liaises closely with relevant regulators in order to provide regulators transparency on strategy risk management and business performance, and to ensure it meets regulatory requirements and expectations. The primary regulatory engagement for CSi is with the PRA and FCA. CSi also has regular reporting obligations to the Commodity Futures Trading Commission associated with its US Swap Dealer registration.

Workplace and Employees

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

Suppliers

CSi, as a material legal entity of UBS Group, strives to maintain a fair and professional working relationship with its suppliers. CSi considers factors like quality and shared values when forming such relationships and strives to work with those who conduct their businesses responsibly.

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

Further detail on Modern Slavery and Human Trafficking Transparency Statement can be found at below link. Modern slavery & human trafficking transparency statement https://www.credit-suisse.com/about-us/en/investor-relations/financial-regulatory-disclosures/regulatory-disclosures/modern-slavery-human-trafficking-transparency-statement.html .

Environment NGOs/IGOs

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

Local communities

CSi cultivates constructive relationships with local organisations and institutions and supports charitable projects through financial contributions, employee volunteering, fundraising initiatives and expertise sharing.

The Strategic Report is approved by Order of the Board

Paul E Hare
Company Secretary

One Cabot Square
London E14 4QJ
26 March 2024

Directors' Report for the year ended 31 December 2023

International Financial Reporting Standards

The CSi group and Bank 2023 audited Financial Statements have been prepared on a going concern basis and in accordance with UK-adopted international accounting standards ('UK-adopted IFRS') and the applicable legal requirements of the Companies Act 2006. In addition to complying with UK-adopted IFRS, the consolidated financial statements also comply with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the EU.

The Annual Report and financial statements were authorised for issue by the directors on 26 March 2024. As permitted by section 414C(11) of the Companies Act 2006, certain information is not shown in the Directors' Report because it is shown in the Strategic Report.

Dividends

A USD 1.1 billion dividend was paid in the year ended 31 December 2023 (2022: USD Nil).
CSi is proposing to pay a dividend on the Additional Tier 1 capital of USD 226 million on 24 April 2024 from distributable reserves.

Directors

The names of the Directors as at the date of this report are set out on page 1. Changes in the directorate since 31 December 2022 and up to the date of this report are as follows:

Appointments:	
Francesca McDonagh	25.01.23
Michael Ebert	25.01.23
Jeremy Anderson	14.08.23
Jason Barron	14.08.23
Jonathan Magee	14.08.23
Beatriz Martin	14.08.23
Caroline Stewart	14.08.23
The following ceased to be directors:	
Richard Meddings	12.06.23
Francesca McDonagh	12.06.23
Doris Honold	31.07.23
Debra Davies	01.08.23
Christopher Horne	11.12.23

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

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the CSi group and Bank financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the directors have prepared the CSi group and Bank financial statements in accordance with UK-adopted IFRS. CSi group and Bank have also prepared financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the EU ('EU-adopted IFRS').

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the CSi group and Bank and of the profit or loss of the CSi group for that period. In preparing the financial statements, the directors are required to:
- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted IFRS and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the CSi group and Bank will not continue in business.

The directors are responsible for safeguarding the assets of the CSi group and Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the CSi group's and Bank's transactions and disclose with reasonable accuracy at any time the financial position of the CSi group and Bank and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

The directors are responsible for presenting and marking up the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ('ESEF Regulation').

For the purposes of applying the ESEF Regulation, the official version of the consolidated financial statements is the ESEF version identified as 'csinternational-2023-12-31.zip'.

Directors' confirmations

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

- the CSi group and Bank financial statements, which have been prepared in accordance with UK-adopted IFRS and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the CSi group, comprising the Bank and the undertakings included in the consolidation taken as a whole, and of the profit of the Bank; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of CSi group, comprising the Bank and the undertakings included in the consolidation as a whole, together with a description of the principal risks and uncertainties that it faces.

In the case of each director in office at the date the director's report is approved;
- so far as the director is aware, there is no relevant audit information of which the CSi group's and Bank's auditors are aware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the CSi group's and Bank's auditors are aware of that information.

Going concern

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

Risk and Capital

Risks are detailed in Note 39 – Financial Risk Management. The way in which these risks are managed are detailed in the Risk Management Section of the Strategic Report.

Details of capital are set out in Note 28 – Share Capital and Share Premium and Note 41 – Capital Adequacy.

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

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

Future Developments

Future developments impacting the Bank are detailed in the Purpose and Operating Environment section of the Strategic Report.

Employees

Information in relation to employees is detailed within the Employee Matters within the Strategic Report.

Research and Development

In the ordinary course of business, the Bank develops new products and services in each of its business divisions.

SECR

The SECR disclosures have been disclosed in the Strategic Report.

Branches and Representative Offices

The details of the location of the Bank's branches and representative offices are detailed in the Business Model section of the Strategic Report.

Donations

During the year the CSi group made USD 87,241 (2022: USD 744,823) of charitable donations. There were no political donations made by the CSi group during the year (2022: USD Nil).

Independent Auditors

The Audit Committee is responsible for the oversight of the external auditors. The external auditors reports directly to the Audit Committee and the Board with respect to its audit of the CSi's group and Bank financial statements and is ultimately accountable to the shareholders. The Audit Committee considers and, where appropriate pre-approves the retention of, and fees paid to, the external auditors for all audit and non-audit services. For further details, refer to the Committees section of the Strategic Report.

Pursuant to Section 487 of the Companies Act 2006 the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office as external auditors.

Following its acquisition of Credit Suisse Group AG, UBS Group AG intends to appoint the UBS external auditor, Ernst & Young Ltd ('EY'), to conduct the financial and regulatory audits for the acquired subsidiaries of Credit Suisse Group AG for the financial year 2024, replacing PricewaterhouseCoopers LLC and consolidating the financial and regulatory audits UBS-wide with EY.

The CSi audit committee will be looking to recommend and appoint EY as the regulatory and statutory auditor of CSi for the financial year 2024 in the next few months.

On behalf of the Board

C. Waddington

Caroline Waddington
Director

One Cabot Square
London E14 4QJ
26 March 2024

Independent Auditors' Report to the Members of Credit Suisse International

Independent auditors' report to the members of Credit Suisse International

Report on the audit of the financial statements

Opinion

In our opinion, Credit Suisse International's group (the "CSi group") financial statements and company (the "Bank") financial statements (the "financial statements"):

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

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

Our opinion is consistent with our reporting to the audit committee.

Separate opinion in relation to international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union

As explained in Note 2 to the financial statements, the CSi group, in addition to applying UK-adopted international accounting standards, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the CSi group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Basis for opinion

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

Independence

We remained independent of the CSi group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by either the FRC's Ethical Standard or Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Other than those disclosed in Note 12 - General, Administrative and Trading Expenses, we have provided no non-audit services to the Bank in the period under audit.

Our audit approach

Context

The CSi group and Bank previously provided a variety of financial services to clients and other members of the CS group, and is now in a controlled and solvent wind down. The CSi group consists of the Bank, its subsidiaries and consolidated structured entities as set out in the Strategic Report and Note 35 - *Interests in other entities*.

Overview

Audit scope

- We perform a full scope audit of the CSi group as a whole, treating the Bank and its consolidated entities as a single component as explained in section 'How we tailored the audit scope'. As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.
- The scope of our audit and the nature, timing and extent of audit procedures performed were determined by the magnitude of financial statement line items, our risk assessment and other qualitative factors.

Key audit matters

- Valuation of complex and illiquid financial instruments measured using significant unobservable inputs (group and Bank)

Materiality

- Overall CSi group and Bank materiality: USD 139 million (2022: USD 158 million) based on 1% Tier 1 capital resources of USD 13,889 million.
- CSi group and Bank performance materiality: USD 104 million (2022: USD 117 million).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Material uncertainty related to going concern, which was a key audit matter last year, is no longer included following the completion of the merger with UBS Group AG. UBS Group AG has provided a letter of support that confirms the intent to keep CS group in good standing and in compliance with its requirements as well as debt covenants and to fully support its operating, investing and financing activities at least 12 months from the date of this report. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation of complex and illiquid financial instruments measured using significant unobservable inputs (group and Bank)	
The fair value of certain financial instruments is determined using valuation methods that involve a varying degree of judgement. In exercising this judgement senior management determines the most appropriate assumptions and valuation methodologies. The valuation of complex financial instruments can have greater estimation uncertainty due to the lack of observable market prices for these instruments. When one or more valuation inputs are unobservable and significant, the financial instrument is classified as Level 3 in the valuation hierarchy. As at 31 December 2023, CSi group and Bank had Level 3 financial assets measured at fair value of USD 1,194 million and USD 1,176 million, respectively; Level 3 financial liabilities were USD 914 million and USD 887 million, respectively. We performed a risk assessment of the financial instruments held by the CSi group using our industry experience and knowledge of the CSi group's business. We used this analysis to identify areas of greater judgement and focused our testing on these. We observed that the most significant judgements relate to the valuation of Level 3 structured notes and a portfolio of equity options with unobservable inputs. These products are non-standard and often require more judgemental valuation methodologies and market information that is not readily available. Refer to Note 3 - *Critical Accounting Estimates and Judgements in Applying Accounting Policies* and Note 36 - *Financial Instruments* for further details of fair value measurement of financial instruments as a critical accounting estimate.	We understood and evaluated the design and tested the operating effectiveness of the key controls supporting the valuation of financial instruments, including the following: • Inspected the operation of the independent price verification controls, tested the inputs used in those controls and assessed the pricing sources used; • Engaged our valuation specialists to test model validation controls; and • Inspected the monitoring and resolution of collateral disputes. Our substantive procedures included the following: • Utilised our valuation experts to independently revalue a sample of instruments using our own models and, to the extent available, independently sourced inputs, such as volatilities and correlation. • For samples where we utilised management's inputs for certain inputs required to revalue the instruments, we assessed the reasonableness of the inputs used. • We evaluated the methodology and underlying assumptions used to determine valuation adjustments, and recalculated a sample of valuation adjustments as at the period-end, and • Examined collateral disputes, significant gains or losses on disposals and other events which could provide evidence about the appropriateness of the valuations. Specifically in relation to the Level 3 structured notes and the portfolio of equity options, we increased the extent of our revaluation testing. Any differences were assessed to confirm that the valuation was within a reasonable range. We also assessed the disclosures in Note 36 - *Financial Instruments* regarding significant unobservable inputs and the fair value hierarchy and found them to be appropriate. The above procedures were completed without material exception.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the CSi group and the Bank, the accounting processes and controls, and the industry in which they operate.

The CSi group and Bank provide a variety of financial services to its clients and other members of the CS group. The CSi group consists of the Bank, its subsidiaries and consolidated structured entities as set out in the Strategic Report and Note 35 - *Interests in other entities*.

The Bank constitutes substantially all of the CSi group (comprising in excess of 99.9% of total assets and profit for the year). The transactions and balances in the entities consolidated within the CSi group are also managed within the same portfolios as those in the Bank. We therefore consider the Bank and its subsidiaries to represent a single component for the purposes of our audit.

Personnel employed by other members of the CS group and based in overseas locations enter into transactions on behalf of the CSi group. In these circumstances, certain internal controls relevant to financial reporting operate in those locations. In addition, there are a number of centralised functions operated by the intermediate and ultimate parent companies, Credit Suisse AG and UBS Group AG, both in Switzerland, or in CS group shared service centres in other locations that are relevant to the audit of the CSi group. We determined the scope of the work required in each of these locations and issued instructions to supporting auditors. We interacted regularly with the firms responsible for the work throughout the course of the audit. This included reviewing key working papers and discussing and challenging the results of work in higher risk areas of the audit. We concluded that the procedures performed on our behalf were sufficient for the purposes of issuing our opinion.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the CSi group's and Bank's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the CSi group's and Bank's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - CSi group and Bank
Overall materiality	USD 139 million (2022: USD 158 million).
How we determined it	1% of Tier 1 capital resources of USD 13,889 million
Rationale for benchmark applied	We chose Tier 1 capital resources because, in our view, it is an appropriate metric against which the financial position and performance of the CSi group and Bank are measured by users of the financial statements. This measure is typically used by the auditors of peer organisations. The percentage reflects our understanding of the expectations of the users of the financial statements and the percentage generally applied to entities for which a net asset-based measure is the appropriate benchmark.

Given the composition of the CSi group, we determined that the CSi group and Bank comprised a single component, therefore we applied the same materiality in auditing the CSi group and Bank.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to USD 104 million (2022: USD 117 million) for the CSi group and Bank financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount in the middle of our normal range was appropriate.

We agreed with the audit committee that we would report to them misstatements identified during our audit above USD 13.9 million (CSi group and Bank audit) (2022: USD 15.6 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

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

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

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

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

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

Reporting on other information

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

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

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

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

Strategic report and Directors' Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

The directors are responsible for presenting and marking up the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the CSi group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the prudential and conduct of business requirements of the Prudential Regulation Authority and the Financial Conduct Authority and the requirements of the Luxembourg Transparency Act 2008, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006 and corporate tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to misstate revenue or costs; misappropriation of assets through manipulation of payments made in the course of day to day business or through a transfer of assets from custodians, and management bias in significant accounting estimates where the use of management judgements and assumptions are required. The group engagement team shared this risk assessment with the supporting auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the engagement team included:

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

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

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group and company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

It is also our responsibility to assess whether the consolidated financial statements have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Report on other legal and regulatory requirements

We have checked the compliance of the consolidated financial statements of the CSi group as at 31 December 2023 with the relevant statutory requirements set out in the ESEF Regulation that are applicable to financial statements. That is, for the CSi group:

- The consolidated financial statements are prepared in a valid xHTML format;
- The XBRL markup of the consolidated financial statements uses the core taxonomy and the common rules on markups specified in the ESEF regulation as described in the Directors' Report.

In our opinion, the consolidated financial statements of the CSi group as at 31 December 2023, identified as csinternational-2023-12-31.zip, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Appointment

Following the recommendation of the audit committee, we were appointed by the directors on 25 March 2020 to audit the financial statements for the year ended 31 December 2020 and subsequent financial periods. The period of total uninterrupted engagement is 4 years, covering the years ended 31 December 2020 to 31 December 2023.

Other matter

In the event that the English version of this report and a translation of it into a language other than English differ, the English version shall prevail.

Duncan McNab

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

Financial Statements for the year ended 31 December 2023

Consolidated Statement of Income for the Year ended 31 December 2023

	Reference to note	Year ended 31 December	
		2023	2022
Consolidated Statement of Income (USD million)			
Interest income	5	2,976	1,628
- of which Interest income from instruments at amortised cost		*2,195*	*743*
Interest expense	5	(2,532)	(1,670)
- of which Interest expense on instruments at amortised cost		*(2,128)*	*(1,150)*
Net interest income/(expense)		444	(42)
Commission and fee income	6	139	425
Allowance for credit losses	8	(68)	158
Net gains from financial assets/liabilities at fair value through profit or loss	9	796	1,603
Other revenues	10	102	184
Net revenues		**1,413**	**2,328**
Compensation and benefits	11	(642)	(551)
General, administrative and trading expenses	12	(2,460)	(2,061)
- of which Impairment on Intangibles and ROU asset		*(531)*	*(27)*
Restructuring expenses	13	(47)	(47)
Total operating expenses		**(3,149)**	**(2,659)**
Loss before taxes		**(1,736)**	**(331)**
Income tax expense	14	(57)	(354)
Loss for the year		**(1,793)**	**(685)**

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

	Year ended 31 December	
	2023	2022
Consolidated Statement of Comprehensive Income (USD million)		
Loss for the year	**(1,793)**	**(685)**
Cash flow hedges – effective portion of changes in fair value	12	3
Related tax on cash flow hedges – effective portion of changes in fair value	–	(3)
Items that are or may be reclassified subsequently to Statement of income	**12**	**–**
Remeasurements of defined benefit asset	(56)	(358)
Related tax on remeasurements of defined benefit asset	16	90
Realised losses relating to credit risk on designated financial liabilities extinguished during the period reclassed to retained earnings	–	(1)
Unrealised (losses)/gains on designated financial liabilities relating to credit risk	(23)	31
Related tax on unrealised gain/(loss) on designated financial liabilities relating to credit risk	3	(3)
Items that will not be reclassified to Statement of income	**(60)**	**(241)**
Total other comprehensive loss for the period (net of taxes)	**(48)**	**(241)**
Total comprehensive loss	**(1,841)**	**(926)**
Attributable to Credit Suisse International shareholders	(1,841)	(926)

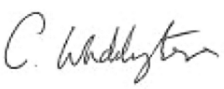
The notes on pages 50 to 151 form an integral part of the Financial Statements.

Consolidated Statement of Financial Position as at 31 December 2023

	Reference to note	As at 31 December 2023	2022
Assets (USD million)			
Cash and due from banks		3,627	4,149
Interest-bearing deposits with banks		8,319	12,085
Securities purchased under resale agreements and securities borrowing transactions	16	1,304	10,527
Trading financial assets mandatorily at fair value through profit or loss [1]	17	63,309	107,973
of which positive market values from derivative instruments	17	*57,337*	*90,067*
Non-trading financial assets mandatorily at fair value through profit or loss	18	24,588	22,831
Loans and advances	20	3,411	2,973
Current tax assets		121	110
Other assets	21	17,629	21,744
Property and equipment	23	27	372
Intangible assets	24	83	482
Total assets		**122,418**	**183,246**
Liabilities (USD million)			
Due to banks		31	266
Securities sold under repurchase agreements and securities lending transactions	16	358	2,924
Trading financial liabilities mandatorily at fair value through profit or loss	17	60,519	93,397
of which negative market values from derivative instruments	*17*	*58,562*	*88,473*
Financial liabilities designated at fair value through profit or loss	19	16,050	27,169
Borrowings		12,622	6,025
Current tax liabilities		3	3
Deferred tax liabilities	15	59	–
Other liabilities	21	9,025	16,675
Provisions	25	168	45
Debt in issuance	26	8,108	18,309
Lease liabilities	22	512	529
Total liabilities		**107,455**	**165,342**
Shareholders' equity (USD million)			
Share capital	28	7,267	11,366
Other equity instrument		1,200	1,200
Capital contribution	28	887	887
Retained earnings		6,058	4,852
Accumulated other comprehensive income	27	(449)	(401)
Total shareholders' equity		**14,963**	**17,904**
Total liabilities and shareholders' equity		**122,418**	**183,246**

[1] Trading Financial assets mandatorily at fair value through profit or loss includes trading assets pledged of USD 3,742 million (2022: USD 10,578 million). For further details, refer Note 37-Assets Pledged or Assigned.

The financial statements on pages 42 to 151 were approved by the Board of Directors on 26 March 2024 and signed on its behalf by:



Caroline Waddington
Director

The notes on pages 50 to 151 form an integral part of the Financial Statements.

Bank Statement of Financial Position as at 31 December 2023

	Reference to note	As at 31 December 2023	2022
Assets (USD million)			
Cash and due from banks		3,616	4,133
Interest-bearing deposits with banks		8,319	12,085
Securities purchased under resale agreements and securities borrowing transactions	16	1,304	10,527
Trading financial assets mandatorily at fair value through profit or loss [1]	17	63,354	107,987
of which positive market values from derivative instruments	*17*	*57,337*	*90,188*
Non-trading financial assets mandatorily at fair value through profit or loss	18	24,395	22,258
Loans and advances	20	3,411	2,973
Current tax assets		121	110
Other assets	21	17,629	21,744
Property and equipment	23	27	372
Intangible assets	24	83	482
Total assets		**122,259**	**182,671**
Liabilities (USD million)			
Due to banks		31	266
Securities sold under repurchase agreements and securities lending transactions	16	358	2,924
Trading financial liabilities mandatorily at fair value through profit or loss	17	60,519	93,661
of which negative market values from derivative instruments	*17*	*58,562*	*88,737*
Financial liabilities designated at fair value through profit or loss	19	15,891	26,332
Borrowings		12,622	6,025
Current tax liabilities		3	3
Deferred Tax Liabilites	15	59	–
Other liabilities	21	9,025	16,674
Provisions	25	168	45
Debt in issuance	26	8,108	18,308
Lease liabilities	22	512	529
Total liabilities		**107,296**	**164,767**
Shareholders' equity (USD million)			
Share capital	28	7,267	11,366
Other equity instrument		1,200	1,200
Capital contribution	28	887	887
Retained earnings		6,058	4,852
Accumulated other comprehensive income	27	(449)	(401)
Total shareholders' equity		**14,963**	**17,904**
Total liabilities and shareholders' equity		**122,259**	**182,671**

[1] Trading Financial assets mandatorily at fair value through profit or loss includes trading assets pledged of USD 3,742 million (2022: USD 10,616 million). For further details, refer Note 37-Assets Pledged or Assigned

The Bank's loss was USD 1,793 million for the year ended 31 December 2023 (2022: Loss USD 685 million). As permitted by s408 of the Companies Act 2006, no separate statement of income is presented in respect of the Bank.

The financial statements on pages 42 to 151 were approved by the Board of Directors on 26 March 2024 and signed on its behalf by:

C. Waddington

Caroline Waddington
Director

The notes on pages 50 to 151 form an integral part of the Financial Statements.

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

	Share Capital	Capital Contribution	Other Equity Instruments	Retained Earnings	AOCI [1]	Total
Consolidated Statement of Changes in Equity (USD million)						
Balance at 1 January 2023	**11,366**	**887**	**1,200**	**4,852**	**(401)**	**17,904**
Net loss for the year	–	–	–	(1,793)	–	(1,793)
Unrealised gain on designated financial liabilities relating to credit risk	–	–	–	–	(23)	(23)
Related tax on unrealised gain on designated financial liabilities relating to credit risk	–	–	–	–	3	3
Cash flow hedges – effective portion of changes in fair value	–	–	–	–	12	12
Remeasurement of defined benefit pension assets	–	–	–	–	(56)	(56)
Related tax on remeasurement of defined benefit pension assets	–	–	–	–	16	16
Total comprehensive loss for the period	**–**	**–**	**–**	**(1,793)**	**(48)**	**(1,841)**
Transactions with owners of the Company						
Capital reduction	(4,099)	–	–	4,099	–	–
Dividend payment	–	–	–	(1,100)	–	(1,100)
Balance at 31 December 2023	**7,267**	**887**	**1,200**	**6,058**	**(449)**	**14,963**
Consolidated Statement of Changes in Equity (USD million)						
Balance at 1 January 2022	**11,366**	**887**	**–**	**5,536**	**(160)**	**17,629**
Net loss for the period	–	–	–	(685)	–	(685)
Realised gain/(loss) relating to credit risk on designated financial liabilities extinguished during year reclassed to retained earnings	–	–	–	1	(1)	–
Unrealised gain on designated financial liabilities relating to credit risk	–	–	–	–	31	31
Related tax on unrealised gain on designated financial liabilities relating to credit risk	–	–	–	–	(3)	(3)
Cash flow hedges – effective portion of changes in fair value	–	–	–	–	3	3
Related tax on cash flow hedges – effective portion of changes in fair value	–	–	–	–	(3)	(3)
Remeasurement of defined benefit pension assets	–	–	–	–	(358)	(358)
Related tax on remeasurement of defined benefit pension assets	–	–	–	–	90	90
Total comprehensive loss for the period	**–**	**–**	**–**	**(684)**	**(241)**	**(925)**
Transactions with owners of the Company						
Additional Tier 1 Capital issuance	–	–	1,200	–	–	1,200
Balance at 31 December 2022	**11,366**	**887**	**1,200**	**4,852**	**(401)**	**17,904**

[1] AOCI refers to Accumulated Other Comprehensive Income

CSi paid a dividend of USD 1.1 billion to its Parent during the year. There were no dividends paid during 2022.

The notes on pages 50 to 151 form an integral part of the Financial Statements.

Bank Statement of Changes in Equity for the Year ended 31 December 2023

	Share Capital	Capital contribution	Other Equity Instruments	Retained Earnings	AOCI [1]	Total
Bank Statement of Changes in Equity (USD million)						
Balance at 1 January 2023	**11,366**	**887**	**1,200**	**4,852**	**(401)**	**17,904**
Net loss for the year	–	–	–	(1,793)	–	(1,793)
Unrealised loss on designated financial liabilities relating to credit risk	–	–	–	–	(23)	(23)
Related tax on unrealised loss on designated financial liabilities relating to credit risk	–	–	–	–	3	3
Cash flow hedges – effective portion of changes in fair value	–	–	–	–	12	12
Remeasurement of defined benefit pension assets	–	–	–	–	(56)	(56)
Related tax on defined benefit pension assets	–	–	–	–	16	16
Total comprehensive loss for the period	**–**	**–**	**–**	**(1,793)**	**(48)**	**(1,841)**
Transactions with owners of the Company						
Capital reduction	(4,099)	–	–	4,099	–	–
Dividend payment	–	–	–	(1,100)	–	(1,100)
Balance at 31 December 2023	**7,267**	**887**	**1,200**	**6,058**	**(449)**	**14,963**
Bank Statement of Changes in Equity (USD million)						
Balance at 1 January 2022	**11,366**	**887**	**–**	**5,536**	**(160)**	**17,629**
Net loss for the year	–	–	–	(685)	–	(685)
Realised gain/(loss) relating to credit risk on designated financial liabilities extinguished during year reclassed to retained earnings	–	–	–	1	(1)	–
Unrealised gain on designated financial liabilities relating to credit risk	–	–	–	–	31	31
Related tax on unrealised gain on designated financial liabilities relating to credit risk	–	–	–	–	(3)	(3)
Cash flow hedges – effective portion of changes in fair value	–	–	–	–	3	3
Related tax on cash flow hedges – effective portion of changes in fair value	–	–	–	–	(3)	(3)
Remeasurement of defined benefit pension assets	–	–	–	–	(358)	(358)
Related tax on defined benefit pension assets	–	–	–	–	90	90
Total comprehensive loss for the period	**–**	**–**	**–**	**(684)**	**(241)**	**(925)**
Transactions with owners of the Company						
Additional Tier 1 Capital issuance	–	–	1,200	–	–	1,200
Balance at 31 December 2022	**11,366**	**887**	**1,200**	**4,852**	**(401)**	**17,904**

[1] AOCI refers to Accumulated Other Comprehensive Income

CSi paid a dividend of USD 1.1 billion to its Parent during the year. There were no dividends paid during 2022.

The notes on pages 50 to 151 form an integral part of the Financial Statements.

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

	Reference to note	Year ended 31 December 2023	2022
Cash flows from operating activities (USD million)			
Loss before tax for the period		(1,736)	(331)
Adjustments to reconcile loss before tax to net cash generated from/(used in) operating activities (USD million)			
Non-cash items included in loss before tax and other adjustments:			
Depreciation, impairment and amortisation	12, 23, 24	771	233
Share based compensation charge/(Reversal of charge)		59	(27)
Pension plan credits	30	(25)	(9)
Accrued interest on debt in issuance	5	734	515
Accrued interest on lease liability	5	16	17
Net unearned income on loans and advances	20	–	(2)
Provision for credit losses/(Release of allowance for loan losses)	8	37	(158)
Foreign exchange loss/(gain) [2]		313	(2,330)
Provisions	25	323	114
Total adjustments		**2,228**	**(1,647)**
Cash generated from /(used in) before changes in operating assets and liabilities		**492**	**(1,978)**
Net (increase)/decrease in operating assets:			
Interest bearing deposit with banks		3,766	1,199
Securities purchased under resale agreements and securities borrowing transactions	16	9,223	(1,625)
Trading financial assets mandatorily at fair value through profit or loss	17	44,664	35,745
Non-trading financial assets mandatorily at fair value through profit or loss	18	(1,762)	15,395
Loans and advances	20	(476)	–
Other assets	21	4,104	12,729
Net decrease in operating assets		**59,519**	**63,443**
Net increase/ (decrease) in operating liabilities:			
Securities sold under repurchase agreements and securities lending transactions	16	(2,566)	(447)
Trading financial liabilities mandatorily at fair value through profit or loss	17	(32,879)	(28,656)
Financial liabilities designated at fair value through profit or loss	19	(11,126)	(7,809)
Borrowings		6,597	4,555
Share based compensation (Reported as other liabilities & provisions)	21, 25	(75)	(127)
Other liabilities and provisions	21, 25	(8,582)	(7,671)
Net decrease in operating liabilities		**(48,631)**	**(40,155)**
Income taxes refunded		10	–
Income taxes paid		(13)	(21)
Group relief received/ (paid)		10	(13)
Net cash generated from operating activities		**11,387**	**21,276**
Cash flows from investing activities (USD million)			
Proceeds from property, equipment and intangible assets	23, 24	12	5
Capital expenditures for property, equipment and intangible assets	23, 24	(38)	(183)
Proceeds from sale of investment property		–	13
Net cash used in investing activities		**(26)**	**(165)**
Cash flow from financing activities (USD million)			
Issuances of debt in issuance	26	8,452	646
Repayments of debt in issuance	26	(19,039)	(20,218)
Repayments of lease liability	22	(62)	(47)
Issuance of Additional Tier I Capital		–	1,200
Dividend payout		(1,100)	–
Net cash flow used in financing activities		**(11,749)**	**(18,419)**
Net change in cash and cash equivalents		**(388)**	**2,692**
Cash and cash equivalents at beginning of period [1]		3,883	1,266
Effect of exchange rate fluctuations on cash and cash equivalents		101	(75)
Cash and cash equivalents at end of period (USD million)		**3,596**	**3,883**
Cash and due from banks		3,627	4,149
Due to banks		(31)	(266)
Cash and cash equivalents at end of period (USD million) [1]		**3,596**	**3,883**

Interest received was USD 2,973 million (2022: USD 1,560 million), interest paid was USD 2,518 million (2022: USD 1,631 million).

[1] At 2023, USD 31 million (2022: USD 62 million) was not available for use by CSi relating to mandatory deposits at central banks.

[2] Foreign Exchange loss/(gain) includes FX movement on Investing and Financing activity and Cash & Cash Equivalents.

The notes on pages 50 to 151 form an integral part of the Financial Statements.

Bank Statement of Cash Flows for the Year ended 31 December 2023

	Reference to notes	Year ended 31 December 2023	2022
Cash flows from operating activities (USD million)			
Loss before tax for the period		(1,736)	(331)
Adjustments to reconcile loss to net cash generated from/(used in) operating activities (USD million)			
Non-cash items included in loss before tax and other adjustments:			
Depreciation, impairment and amortisation	12, 23, 24	771	233
Share based compensation charge/(Reversal of charge)		59	(27)
Pension plan credits	30	(25)	(9)
Accrued interest on debt in issuance	5	734	515
Accrued interest on lease liability	5	16	17
Net unearned income on loans and advances	20	–	(2)
Provision for credit losses/(Release of allowance for loan losses)	8	37	(158)
Foreign exchange loss/(gain) [2]		313	(2,330)
Provisions	25	323	114
Total adjustments		**2,228**	**(1,647)**
Cash generated from /(used in) before changes in operating assets and liabilities		**492**	**(1,978)**
Net decrease/(increase) in operating assets:			
Interest bearing deposits with banks		3,766	1,199
Securities purchased under resale agreements and securities borrowing transactions	16	9,223	(1,625)
Trading financial assets mandatorily at fair value through profit or loss	17	44,633	35,938
Non-trading financial assets mandatorily at fair value through profit or loss	18	(2,142)	15,645
Loans and advances	20	(476)	–
Other assets	21	4,104	12,728
Net decrease in operating assets		**59,108**	**63,885**
Net (decrease)/increase in operating liabilities:			
Securities sold under repurchase agreements and securities lending transactions	16	(2,566)	(447)
Trading financial liabilities at fair value through profit or loss	17	(33,142)	(28,394)
Financial liabilities designated at fair value through profit or loss	19	(10,447)	(8,496)
Borrowings		6,597	4,555
Share Based Compensation (Reported as other liabilities & provisions)	21, 25	(75)	(127)
Other liabilities and provisions	21, 25	(8,583)	(7,672)
Net decrease in operating liabilities		**(48,216)**	**(40,581)**
Income taxes refunded		10	–
Income taxes paid		(13)	(21)
Group relief received/ (paid)		10	(13)
Net cash generated from operating activities		**11,391**	**21,292**
Cash flows from investing activities (USD million)			
Proceeds from property, equipment and intangible assets	23, 24	12	5
Capital expenditures for property, equipment and intangible assets	23, 24	(38)	(183)
Net cash used in investing activities		**(26)**	**(178)**
Cash flows from financing activities (USD million)			
Issuances of debt in issuance	26	8,452	645
Repayments of debt in issuance	26	(19,038)	(20,218)
Repayments of lease liability	22	(62)	(47)
Dividend payout		(1,100)	–
Issuance of Additional Tier I Capital		–	1,200
Net cash flow used in financing activities		**(11,748)**	**(18,420)**
Net (decrease)/ increase in cash and cash equivalents		**(383)**	**2,694**
Cash and cash equivalents at beginning of period [1]		3,867	1,248
Effect of exchange rate fluctuations on cash and cash equivalents		101	(75)
Cash and cash equivalents at end of period (USD million)		**3,585**	**3,867**
Cash and due from banks		3,616	4,133
Due to banks		(31)	(266)
Cash and cash equivalents at end of period (USD million) [1]		**3,585**	**3,867**

Interest received was USD 2,973 million (2022: USD 1,560 million), interest paid was USD 2,518 million (2022: USD 1,631 million).

1 At 2023, USD 31 million (2022: USD 62 million) was not available for use by CSi relating to mandatory deposits at central banks.

2 Foreign Exchange loss/(gain) includes FX movement on Investing and Financing activity and Cash & Cash Equivalents.

The notes on pages 50 to 151 form an integral part of the Financial Statements.

Notes to the consolidated financial statements

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

1 General

Credit Suisse International ('CSi' or the 'Bank') is a bank incorporated and domiciled in the United Kingdom and registered in England and Wales. The address of the Bank's registered office is One Cabot Square, London, E14 4QJ. The Consolidated Financial Statements for the year ended 31 December 2023 comprise CSi and its subsidiaries (together referred to as the 'CSi group'). The Consolidated Financial Statements were authorised for issue by the Directors on 26 March 2024.

2 Significant Accounting Policies

a) Statement of compliance

The financial statements of CSi group have been prepared on a going concern basis and in accordance with UK-adopted International Accounting Standards and the requirements of the Companies Act 2006 as applicable to companies using IFRS. The consolidated financial statements also comply with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ('EU-adopted IFRSs')

b) Basis of preparation

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period. Revisions to accounting estimates are recognised in the period of revision and future periods if the revision has a significant effect on both current and future periods. Accounting policies have been applied consistently by the CSi group entities. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the CSi group.

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

CSi is a regulated entity currently in wind down with core assets in transition to target UBS entities and non-core and legacy assets being exited in a safe, controlled and commercial manner ensuring ongoing compliance with all internal and regulatory capital and liquidity requirements. This is expected to take longer than 18 months.

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

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

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

All these measures support the Board's assessment that CSi is a going concern.

Standards adopted and effective in the current period
The CSi group has adopted the following amendment in the current period.

Amendments to IAS 12, Income Taxes
In May 2023, the IASB issued amendments to IAS 12 Income Taxes, whereby, under an exception, deferred tax assets ('DTA')

and deferred tax liabilities ('DTL') should not be recognised in respect of top-up tax on income under Global Anti-Base Erosion Rules that is imposed under tax law that is enacted or substantively enacted, to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. This exception was applicable immediately upon the issuance of the amendments. The CSi group did not have any DTAs or DTLs on 31 December 2023 that had not been recognised as a result of the application of this exception. The amendments also introduced new disclosure requirements in relation to top-up tax, which first apply to the CSi group's financial statements for the year ended 31 December 2023. The CSi group's current tax expense for 2023 does not include any expense in relation to top-up taxes and is not expected to have a material exposure to top-up taxes for future years under this legislation.

Other amendments to IFRS
Effective from 1 January 2023, CSi group has adopted several minor amendments to IFRS, which have had no material effect on the CSi group.

c) Basis of consolidation

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

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

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

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

The effects of intra-group transactions and balances, and any unrealised income and expenses arising from such transactions have been eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the CSi group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The acquisition method of accounting is used to account for business combinations by the CSi group. The CSi group accounts for a combination of entities or businesses under common control at book value. If the consideration transferred in such a transaction is higher than the carrying amount of the net assets received and the CSi group is the acquirer in the transaction, the difference is recorded as a reduction in retained earnings. If the CSi group is the seller in the transaction, the difference is recorded as an increase in Capital contribution. If the consideration transferred in such a transaction is lower than the carrying amount of the net assets received and the CSi group is the acquirer in the transaction, the difference is recorded as an increase in Capital contribution. If the CSi group is the seller in the transaction, the difference is recorded as a reduction in retained earnings. No goodwill or gain or loss is recorded in such a transaction.

d) Foreign currency

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

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

e) Financial assets and liabilities

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

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

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

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

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

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

These criteria determine how a financial asset is subsequently measured.

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

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

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

Non-trading financial assets mandatorily at Fair Value through Profit or Loss
Financial assets which are held in hold to sell business model are classified as 'Non-trading financial assets mandatorily at fair value through profit or loss' and measured at fair value through profit or loss. Related realised and unrealised gains and losses are included in 'Net gains/(losses) from financial assets/liabilities at fair value through profit or loss'.

A financial asset is considered to be managed in a hold to sell business model if at least two of these three conditions are fulfilled:

- the performance of these assets is evaluated and reported to the management by using the fair value of the financial assets
- the managers of the business are compensated on the fair value of the assets (for example their variable compensation is linked to how well the assets they are managing perform).
- the risks that affect the performance of the financial assets are managed on a fair value basis. Primary focus is on fair value information and using that information to assess the

performance of the assets and to make decisions about that asset.

Financial liabilities designated as held at Fair Value through Profit or Loss

Financial liabilities are designated as held at fair value through profit or loss if the instruments contain one or more embedded derivatives, or when doing so results in more relevant information, because either:

(i) it eliminates or significantly reduces a measurement or recognition inconsistency, also referred to as accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or

(ii) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the CSi group is provided internally on that basis to the entity's key management personnel.

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

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

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

The fair value measurement guidance establishes a single authoritative definition of fair value and sets out a framework for measuring fair value. Refer to Note 36 Financial Instruments.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements. Issued financial instruments or their components are classified as equity if the contractual arrangement does not result in an obligation to either deliver cash or another financial asset, or a variable number of equity shares, to the holder of the instrument. The proceeds from such issuances are included in equity, net of transaction costs.

f) Derivative financial instruments and hedging

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

Embedded derivatives

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

Cash flow hedge accounting

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

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

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

g) Recognition and derecognition

Recognition
The CSi group recognises financial instruments on its Consolidated Statement of Financial Position when the CSi group becomes a party to the contractual provisions of the instrument.

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

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

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

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

Securitisation
The CSi group securitises assets, which generally results in the sale of these assets to structured entities, which in turn issue securities to investors. The transferred assets may qualify for derecognition in full or in part, under the above mentioned policy on derecognition of financial assets.

Interests in securitised financial assets may be retained in the form of senior or subordinated tranches, interest only strips or other residual interests (collectively referred to as 'retained interests'). Provided the CSi group's retained interests do not result in consolidation of the structured entity, nor in continued recognition of the transferred assets, these retained tranches are typically recorded in 'Trading financial assets at fair value through profit or loss'. Gains or losses on securitisation are recognised in the Consolidated Statement of Income. The line item in the Consolidated Statement of Income, in which the gain or loss is presented, will depend on the nature of the asset securitised.

h) Netting

The CSi group only offsets financial assets and liabilities and presents the net amount on the Consolidated Statement of Financial Position where it:

- currently has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and liability simultaneously.

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

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

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

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

For financial instruments that include both a loan (i.e. financial asset) and an undrawn commitment (i.e. loan commitment) component, the ECL on the loan commitment is recognised together with the loss allowance for the financial asset. To the extent that the combined expected credit losses exceed the gross carrying amount of the financial asset, the expected credit losses is recognised as a provision.

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

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

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

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

Measurement of ECLs

ECLs are a probability-weighted estimate of potential credit losses and application of measurement is as follows:

- Financial assets that are not credit-impaired at the reporting date (Stage 1 or Stage 2), apply the present value of all cash shortfalls – i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the CSi group expects to receive. The CSi group applies a PD/LGD approach under which term structures of point-in-time probability of defaults ('PD'), point-in-time loss given defaults ('LGD') and exposure at defaults ('EADs') are estimated;
- Financial assets that are credit-impaired at the reporting date (Stage 3), apply the difference between the gross carrying amount and the present value of estimated future cash flows.
- Undrawn loan commitments apply the present value of the difference between the contractual cash flows that are due to the CSi group if the commitment is drawn down and the cash flows that the CSi group expects to receive;
- Financial guarantee contracts apply the present value of the expected payments to reimburse the holder less any amounts that the CSi group expects to recover; and
- The CSi group applies the simplified approach to providing for expected credit losses which permits the use of the lifetime expected loss provision for all fee receivables. To measure the expected credit losses, the CSi group will apply a provision matrix in the form of aging analysis, including relevant forward looking information. The fee receivables do not contain a significant financing component.

Definition of default

The definition of default is aligned with the regulatory definition of default which is based on 90 days past due and unlikely to pay on material obligation.

In assessing whether a borrower is in default, the CSi group considers indicators that are:

- Qualitative: e.g. breaches of covenants;
- Quantitative: e.g. overdue status and non-payment of another obligation of the same issuer to the CSi group; and
- Based on data developed internally and obtained from external sources.

Forward looking information

The estimation and application of forward-looking information requires significant judgement. The CSi group's estimation of expected credit losses is based on a discounted probability-weighted estimate that considers three future macroeconomic scenarios to capture the point of non-linearity of losses: a base scenario, an upside scenario, and a downside scenario. The base case represents a most-likely outcome and is aligned with information used by the CSi group for other purposes, such as strategic planning and budgeting. Currently, the other scenarios represent more optimistic and more pessimistic outcomes with the downside scenario being more severe than the upside scenario.

Scenarios are probability-weighted according to the CSi group's best estimate of their relative likelihood based on historical frequency and current trends and conditions and macroeconomic factors such as interest rates, gross domestic product and unemployment rates. Scenario weights are reviewed and updated (if required) on a quarterly basis.

Significant increases in credit risk ('SICR')
The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions.

The CSi group has established a framework that incorporates both quantitative and qualitative information to determine whether the credit risk on a particular financial instrument has increased significantly since initial recognition. The framework aligns with the CSi group's internal credit risk management process. The criteria for determining whether credit risk has increased significantly vary by portfolio.

The assessment of significant increases in credit risk is generally based on two indicators:
- changes in probability-weighted forward-looking lifetime PD, using the same macroeconomic scenarios as the calculation of expected credit losses for newly originated financial instruments (forward book); or changes in credit rating for financial instruments originated prior to the effective date of IFRS 9 (back book), and
- credit watch list as specific qualitative information.

The rebuttable presumption of more than 30 days past due has not been used because financial instruments are considered credit-impaired and therefore transferred into Stage 3 earlier than 30 days past due, unless credit risk management determines the default to be operational in nature and it is rectified in a short period of time (normally within a week).

The CSi group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:
- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month ECL and lifetime ECL measurements.

A financial instrument is transferred from Stage 2 to Stage 1, if it no longer meets the stage transition criteria. The stage transition criteria implicitly reflect a probation period, either by the idiosyncratic nature of PDs or by the credit watch list process.

A financial instrument is transferred from Stage 3 to Stage 2 or 1 after a probation period in line with the CSi group's credit risk management practices. If the financial instrument has not met the criteria to be considered credit-impaired for a minimum number of months, it will be returned to either Stage 2 or Stage 1 depending on the characteristics of the financial instrument.

The low credit risk exemption has not been used in the context of determining significant increases in credit risk.

Reverse repurchase agreements and securities borrowing transactions are not impacted by the SICR process due to the risk management practices adopted, including regular margin calls. If margin calls are not satisfied, positions will be closed out immediately with any shortfall generally classified as a Stage 3 position.

Expected life
The maximum period to consider when measuring expected credit losses is the maximum contractual period (including borrower-only extension options) over which the CSi group is exposed to credit risk and not a longer period, even if that longer period is consistent with business practice. There is an exemption from this limit for certain revolving credit facilities. For these financial instruments expected credit losses are measured over the period that the entity is exposed to credit risk and expected credit losses would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period.

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

For all Stage 3 assets, regardless of the class of financial assets, the CSi group calculates ECL on an individual basis.

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

j) Loans and advances

Loans are measured at amortised cost or mandatorily at fair value through profit or loss depending on the business model and the solely payment of principal and interest application (refer note e). When calculating the effective interest on non-credit impaired loans measured at amortised cost, the CSi group estimates cash flows considering all contractual terms of the financial instruments including premiums, discounts, fees and transactions costs but not expected credit losses. However, for purchased or originated credit impaired loans, the initial lifetime expected credit losses are included in the estimated cash flows when computing the effective interest method.

→ For detailed impairment guidance, refer note i.

k) Cash and due from banks

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

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

The CSi group does not recognise on its Consolidated Statement of Financial Position client cash balances subject to the following contractual arrangements:

- The CSi group will pass through to the client all interest paid by the CCP, Broker or Deposit Bank on cash deposits;
- The CSi group is not permitted to transform cash balances into other assets; and
- The CSi group does not guarantee and is not liable to the client for the performance of the CCP, Broker or Deposit Bank.

Examples of unrecognised transactions would include CCP initial margin balances that the CSi group brokers for its clients in an agency capacity and client cash balances designated as 'client money' under the Client Assets ('CASS') client money rules of the UK's Financial Conduct Authority ('FCA').
Cash and cash equivalents which are measured at amortised cost are subject to impairment (refer note i).

l) Interest income and expense

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

m) Commissions and fees

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

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

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

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

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

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

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

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

o) Securities borrowing and lending transactions

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

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

The CSi group monitors the market value of the securities borrowed and lent on a daily basis and provides or requests additional collateral in accordance with the underlying agreements.

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

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

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

p) Income tax

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

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

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

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

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

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

Additional income taxes that may arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend arises. Information as to the calculation of income tax recognised in the Consolidated Statement of Income for the periods presented is included in Note 14 – Income Tax.

Tax contingencies

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

q) Property and equipment

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

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

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

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

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

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

r) Intangible assets

Intangible assets consist primarily of internally developed software. Expenditure on internally developed software are recognised as an asset when the CSi group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software.

Internally developed software that is capitalised is depreciated on a straight-line basis over a maximum useful life of seven years. The amortisation of the intangible assets is included in the 'General, Administrative and Trading expenses' in the Consolidated Statement of Income.

The carrying amounts of the CSi group's intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the Consolidated Statement of Income.

s) Provisions

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

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

t) Debt in issuance

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

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

The CSi group issues structured products with embedded derivatives. A structured product that contains a bifurcatable embedded derivative is designated at fair value through profit or loss.

u) Disposal groups and discontinued operations

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

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

A discontinued operation is a component of the CSi group that either has been disposed of or is classified as held for sale and:
(a) represents a separate major line of business or geographical area of operations;
(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
(c) is a subsidiary acquired exclusively with a view to resale.

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

v) Retirement benefit obligations

Defined benefit plans
The Bank is the legal sponsor of the UK Defined Benefit Plan ('UK DB Plan') and accounts for the entire plan using defined benefit accounting.

Defined benefit plans specify an amount of benefit that an employee will receive, which usually depends on one or more factors, such as age, years of service and compensation. The defined benefit liability recognised in the balance sheet is the present value of the defined benefit obligation, measured using the projected unit credit method, less the fair value of the plan's assets at the balance sheet date, with changes resulting from remeasurements recorded immediately in OCI. If the fair value of the plan's assets is higher than the present value of the defined benefit obligation, the recognition of the resulting net asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Calculation of the net defined benefit obligation or asset takes into account the specific features of the plan, and is calculated periodically by independent qualified actuaries.

Defined contribution plans
The Bank also contributes to various defined contribution pensions primarily in the UK.

A defined contribution plan pays fixed contributions into a separate entity from which retirement and other benefits are paid. The Bank has no legal or constructive obligation to pay further amounts if the plan does not hold sufficient assets to pay employees the benefits relating to employee service in the current and prior periods. Compensation expense is recognised when the employees have rendered services in exchange for contributions. This is generally in the year of contribution. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

w) Share-based payments

For share awards granted to employees of the Bank prior to the acquisition of Credit Suisse Group by UBS Group on 12th June 2023, a liability equal to the portion of the services received is recognised at the current market value determined at each balance sheet date. The Bank pays for UBS Group shares at market value at the time of settlement to employees.

For share awards granted following the date of acquisition, the grantor is UBS Group. The Bank is invoiced over the requisite service period for the grant price of awards relating to employees of the Bank. No further payments are required to be made by the Bank at the time of settlement to employees.

The expense for share awards is determined by treating each tranche as a separate grant of share awards and is accrued over the vesting period for each tranche, unless the employee is eligible for early retirement or retirement before the end of the vesting period, in which case recognition of the expense would be accelerated over the shorter period.

The majority of share awards granted include the right to receive dividend equivalents on vested shares in the form of cash or additional shares.

x) Other compensation plans

The CSi group has other deferred compensation plans which can be in the form of variable deferred cash compensation. A liability equal to the portion of the services received in respect of outstanding deferred compensation is recognised at each balance sheet date. The expense for these awards is recognised over the service period, which is the period the employee is obligated to work in order to become entitled to the cash compensation. For certain variable deferred cash compensations awards the final cash payout is determined by the performance of certain assets. The awards are expensed over the required service period and accruals are adjusted for changes to the expected final payout.

y) Financial guarantee contracts

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

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

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

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

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

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

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

z) Leases

The CSi group recognises lease liabilities and right-of-use (‘ROU’) assets, which are reported as property and equipment.

Lease liabilities are recognised at the lease commencement date based on the present value of lease payments over the lease term. ROU assets are initially measured based on the lease liability, adjusted for any initial direct costs, any lease payments made prior to lease commencement and for any lease incentives.

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

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

The CSi group's incremental borrowing rate, which is used in determining the present value of lease payments, is derived from information available at the lease commencement date. Lease ROU assets are depreciated on straight-line basis over the lease term. Depreciation expense on ROU assets are recognised in general, administrative and trading expenses. Interest expense on lease liabilities is recognised in interest expense. ROU assets are subject to the same impairment guidance as property and equipment.

The CSi group enters into operating and finance subleases. For finance subleases, the group de-recognises the related ROU asset from the headlease and recognises a net investment in the lease with the related interest income being included in interest income. For operating subleases, the CSi group continues to present the related ROU asset from the headlease in its financial statements and recognises lease income on a straight-line basis over the period of the lease.

aa) Contingent liabilities

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

ab) Dividends

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

3 Critical Accounting Estimates and Judgements in Applying Accounting Policies

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

In the course of preparing the financial statements, judgements have been made in the process of applying the accounting policies, in regard to taxes and structured entities. Several estimates have been made that have had a significant effect on the amounts recognised in the financial statements.

Taxes

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

Key Judgements
The realisation of deferred tax assets on temporary differences is dependent upon the generation of taxable income in future accounting periods after those temporary differences become deductible. The realisation of deferred tax assets on net operating losses is dependent upon the generation of future taxable income. On a quarterly basis management makes the key judgement to determine whether deferred tax assets can be realised. Only if management considers it probable that a deferred tax asset will be realised is a corresponding deferred tax asset established without impairment.

In making the key judgement to determine whether deferred tax assets 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. These key judgements have been made in relation to employee benefits, decelerated tax depreciation, unpaid interest and other provisions.

→ Please see Note 15 – Deferred Taxes for more information.

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

→ Please see Note 15 – Deferred Taxes for more information.

Fair Value

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

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 grade debt securities, exchange traded and certain over the counter ('OTC') derivative instruments and most listed equity securities.

Key Estimates
The CSi group holds some financial instruments for which no prices are publicly available, and which have little or no observable inputs. For these instruments, the determination of fair value requires subjective assessment and judgement on key estimates to be made depending on liquidity, pricing assumptions, the current economic and competitive environment and the risks affecting the specific instrument. In such circumstances, the valuation of financial instruments involves a significant degree of judgement, in particular where valuation models make use of unobservable inputs.

Instruments that use valuation models that make use of unobservable inputs include certain OTC derivatives, including equity and credit derivatives, certain corporate equity-linked securities, mortgage-related and Collateralised Debt Obligations ('CDO's'), securities, private equity investments, certain loans, and credit products, (including leveraged finance, certain syndicated loans and certain high yield bonds).

→ For more details regarding the valuation models used for each of these instruments please refer to Note 36– Financial Instruments.

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

→ For more details regarding the valuation models and techniques used for each of these instruments please refer to Note 19 Financial Liabilities Designated at Fair Value Through Profit or Loss and Note 36– Financial Instruments.

Control processes are applied to ensure that the fair value of the financial instruments reported in the Bank and the CSi group Financial Statements, including those derived from pricing models, are appropriate and determined on a reasonable basis.

→ For further information to the CSi group's control and governance processes on the fair value of financial instruments, refer to Note 36 – Financial Instruments.

Retirement Benefit Obligations

The Bank has both defined contribution and defined benefit pension plans. The following relates to the assumptions the Bank, as sponsor of the UK DB Plan, has made in arriving at the valuations of the various components of the plan.

Key Estimates
The net defined benefit liability or asset at the balance sheet date and the related pension expense depend on the expected future benefits to be provided, determined using a number of economic and demographic assumptions. A range of assumptions could be applied, and different assumptions could significantly alter the defined benefit liability or asset and pension expense recognised. The most significant assumptions include life expectancy, discount rate, inflation rate, and pension increases.

→ Please see Note 30 – Retirement Benefit Obligations for more information.

Litigation contingencies

The CSi group is involved in a variety of legal, regulatory and arbitration matters in connection with the conduct of its businesses.

Key Estimates
It is inherently difficult to predict the outcome of many of these matters, particularly those cases in which the matters are brought on behalf of various classes of claimants, which seek damages of unspecified or indeterminate amounts or which involve questionable legal claims. A provision is recognised if, and only if a present obligation (legal or constructive) has arisen as a result of a past event (the obligating event).

In presenting the Consolidated Financial Statements, management makes critical accounting estimates regarding the outcome of legal, regulatory and arbitration matters and takes a charge to income when losses with respect to such matters are probable and can be reliably estimated. Charges are not established for matters when losses cannot be reliably estimated.

Estimates, by their nature, are based on key judgement and currently available information and involve a variety of factors, including but not limited to the type and nature of the litigation, claim or proceeding, the progress of the matter, the advice of legal counsel and other advisers, the CSi group's defences and its experience in similar cases or proceedings, as well as the CSi group's assessment of matters, including settlements, involving other defendants in similar or related cases or proceedings.

→ Please see Note 25 – Provisions for more information.

Structured Entities

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

Key Judgements
The CSi group exercises judgement in assessing whether an entity is a structured entity. The assessment performed considers whether the CSi group is the sponsor with a variable return, is the sponsor with no variable return but with additional involvement, or is not a sponsor but has a variable return. Additionally, the CSi group exercises judgements in assessing whether the CSi group has (joint) control of, or significant influence over, another entity including structured entities. The assessment considers whether the CSi group has power over the entity, exposure or rights to variable returns from its involvement with the entity, and whether the CSi group has the ability to use its power over the entity to affect the amount of returns. Significant judgement is applied in determining whether the CSi group has power over the entity, and is based on the current ability of the CSi group to direct the relevant activities. Significant judgement is also applied when considering the substance of voting and similar rights. Entities are consolidated when the CSi group obtains control. The CSi group provides disclosures with regards to unconsolidated structured entities such as when it sponsors or has an interest in such an entity.

→ Please see Note 35 – Interests in Other Entities for more information.

4 Segmental Analysis

CSi group has 4 reportable segments namely, Investment Bank, Transition, Non-Core & Legacy 'NCL' and Corporate Centre, that are regularly reviewed by the Chief Operating Decision Maker ('CODM') when assessing the performance and allocation of resources. The CODM has been determined to be the Board. Following the UBS acquisition of CS group announced in March 2023, the NCL division has been created and businesses not part of ongoing UBS strategy moved into the division and are actively being wound-down. In addition, the Transition division was set-up and holds businesses where migration to a UBS entity is planned. The Investment Bank holds businesses aligned with UBS strategy.

For the period ended 31 December 2022, the CSi group had 2 reportable segments, Investment Bank and Corporate Centre (includes ARU)

The segments are based on products and services offered by the CSi group and are explained in the Strategic Report.

Segment performance is assessed by the Board based on the CEO report, which details revenues and pre-tax income by segment. CSi group assets and liabilities are not managed by segment. Expenses are managed as part of the wider CS group management processes and therefore, while the CODM does assess the overall expense base for CSi group, it does not specifically manage the expenses at the more granular CSi group segment level. Certain revenue, and therefore profit items, are also not directly allocated to the business segments at a CSi group level. These items include certain transfer pricing, allowance for credit losses, treasury and Corporate Centre allocations. These are not included as an operating segment as they are not separate business activities from which CSi group may earn revenues. Transactions between reportable segments are held at an arm's length basis and are included in the segment results.

In determining geographical concentration for segmental reporting, CSi group considers the country of incorporation of the entity as well as the relevant tax jurisdiction. Substantially all revenues are generated in the UK region and substantially all non-current assets are located in the UK region.

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

	2023	2022 [1]
Revenues (USD million)		
Investment Bank	**85**	**194**
Transition	**221**	**427**
Non-Core Legacy	**106**	**1,207**
- NCL Credit	(62)	325
- NCL Securitized Products	(33)	(5)
- NCL Equities	201	922
- NCL Macro	(73)	(17)
- NCL Management	69	(16)
- NCL Others	4	(2)
Other	**11**	**6**
Corporate centre (includes ARU)	**6**	**119**
Total	**429**	**1,953**

[1] Prior period numbers have been restated to conform to current period's presenation.

The following table shows the (loss)/income before taxes of each operating segment during the year:

	2023	2022 [1]
Consolidated Income before taxes (USD million)		
Investment Bank	**(215)**	**(158)**
Transition	**199**	**323**
Non-Core Legacy	**(1,510)**	**(655)**
- NCL Credit	(350)	(138)
- NCL Securitized Products	(45)	(31)
- NCL Equities	(295)	102
- NCL Macro	(70)	(314)
- NCL Management	(755)	(266)
- NCL Others	5	(8)
Other	**(24)**	**(30)**
Corporate centre (includes ARU)	**(17)**	**50**
Total	**(1,567)**	**(470)**

[1] Prior period numbers have been restated to conform to current period's presenation.

Reconciliation of reportable segment revenues

	2023	2022 [2]
Reconciliation of reportable segment revenues (USD million)		
Total revenues for reportable segments	429	1,953
Transfer pricing agreements and cross divisional revenue share agreements	67	193
Treasury funding	694	(60)
Corporate Functions	(48)	57
Allowance for Credit Losses	(40)	158
CSi group to primary reporting reconciliations [1]	311	27
Net revenues as per Consolidated Statement of Income	**1,413**	**2,328**

[1] This is the difference between the monthly board summaries which are prepared on a US GAAP basis and the CSi group financials prepared in accordance with IFRS.
[2] Prior period numbers have been restated to conform to current period's presenation.

	2023	2022 [2]
Reconciliation of reportable segment income before taxes (USD million)		
Losses before taxes for reportable segments	(1,567)	(470)
Corporate Functions	(675)	(20)
CSi group to primary reporting reconciliations [1]	506	159
(Loss)/Profit before taxes as per Consolidated Statement of Income	**(1,736)**	**(331)**

[1] This is the difference between the monthly board summaries which are prepared on a US GAAP basis and the CSi group financials prepared in accordance with IFRS.
[2] Prior period numbers have been restated to conform to current period's presenation.

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

CSi group Assets:
Non-current assets, other than financial instruments, deferred tax assets and post-employment benefit assets, consist of property and equipment and intangible assets totalling USD 110 million (2022: USD 854 million).

5 Net Interest income / (expense)

	2023	2022
Net interest income/(expense) (USD million)		
Loans and advances	221	111
Securities purchased under resale agreements and securities borrowing transactions	1,182	836
Cash collateral paid on OTC derivatives transactions	780	364
Interest income on cash and cash equivalents	793	317
Interest income	**2,976**	**1,628**
Due to banks	–	(9)
Borrowings	(576)	(150)
Securities sold under repurchase agreements and securities lending transactions	(463)	(529)
Debt in issuance	(734)	(515)
Lease liabilities	(16)	(17)
Cash collateral received on OTC derivatives transactions	(743)	(450)
Interest expense	**(2,532)**	**(1,670)**
Net interest income/(expense)	**444**	**(42)**
of which		
Interest income on financial assets measured at fair value through profit or loss	781	885
Interest income on financial assets measured at amortised cost	2,195	743
Interest expenses on financial liabilities measured at fair value through profit or loss	(404)	(520)
Interest expenses on financial liabilities measured at amortised cost	(2,128)	(1,150)

6 Commission and Fee Income

	2023	2022
Commission and fee income (USD million)		
Lending business	10	43
Brokerage	52	139
Underwriting	21	56
Other client services	56	187
Total commission and fee income	**139**	**425**

Income under other client services primarily consists of fees from mergers and acquisitions and advisory services.

	2023	2022
Fee income from financial instruments (USD million)		
Commitment fees	4	5
Other services	–	1
Total fee income	**4**	**6**

The table above represents fees generated from financial assets and financial liabilities measured at amortised cost. Such fees are generated within the lending business or other client services.

7 Revenue from Contracts with Customers

Nature of services

The following is a description of the principal activities from which the CSi group generates its revenues from contracts with customers.

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

The CSi group's capital markets businesses underwrite and sell securities on behalf of customers. Typically, the fees in these businesses are recognised at a single point in time once the transaction is complete, i.e. when the securities have been placed with investors, and recognised as underwriting revenue. All expenses incurred in satisfying the performance obligation are deferred and recognised once the transaction is complete. Generally the CSi group and other banks form a syndicate group to underwrite and place the securities for a customer. The CSi group may act as the lead or a participating member in the syndicate group. Each member of the syndicate group, including the lead and participating underwriters, is acting as principal for their proportionate share of the syndication. As a result, the individual underwriters reflect their proportionate share of underwriting revenue and underwriting costs on a gross basis.

The CSi group also offers brokerage services in its investment banking businesses, including global securities sales, trading and execution and investment research. For the services provided, for example the execution of customer trades in securities or derivatives, CSi group typically earns a brokerage commission when the trade is executed. CSi group generally acts as an agent when buying or selling exchange-traded cash securities, exchange-traded derivatives or centrally cleared OTC derivatives on behalf of customers. The line item 'Transfer pricing arrangement and other services' includes revenues from services provided by CSi to other group companies. Nature of Services provided by CSi to other group companies are similar to that of the services provided to third parties'

The CSi group's investment banking businesses provide services that include advisory services to customers in connection with corporate finance activities. The term 'advisory' includes any type of service the CSi group provides in an advisory capacity. For these types of services, the CSi group typically receives a non-refundable retainer fee and/or a success fee which usually represents a percentage of the transaction proceeds if and when the corporate finance activity is completed. Additionally, the contract may contain a milestone fee such as an 'announcement fee' that is payable upon the public announcement of the corporate finance activity. Typically the fees in the investment banking business are recognised at a specific point in time once it is determined that the performance obligation related to the transaction has been completed. A contract liability will be recorded if the CSi group receives a payment such as a retainer fee or announcement fee for an advisory service prior to satisfying the performance obligation. The advisory fees are recognised ratably over time in scenarios where the contracted service of the CSi group is to act as an advisor over a specified period not related to or dependent on the successful completion of a transaction.

Revenues recognised from these services are reflected in Other Services in the following table which explains disaggregation of the revenue from service contracts with customers into different categories:

	2023 [2]	2022 [2]
Type of Services (USD million)		
Lending business [1]	1	17
Other securities business	42	59
Brokerage	10	81
Underwriting	20	56
Transfer pricing arrangement and other services	110	328
Total	**183**	**541**

1 Lending fees include loan syndication fees received by the CSi group for arranging loans for which it retains no part of the loan package (or retains a part at the same effective interest rate for comparable risk as other participants).

2 The table above differs from note 6 – Commission and Fee income as it includes only those contracts with customers that are in scope of IFRS 15 – Revenue from contracts with customers.

Contract balances (USD million)	2023	2022
Contract receivables	14	53

The CSi group did not recognise any revenues in the reporting period from performance obligations satisfied in previous periods.

The CSi group recognised a net impairment loss on contract receivables of USD Nil (2022: USD Nil).

Remaining performance obligations

The practical expedient allows the CSi group to exclude from its remaining performance obligations disclosure of any performance obligations which are part of a contract with an original expected duration of one year or less. Additionally, any variable consideration, for which it is probable that a significant reversal in the amount of cumulative revenue recognised will occur when the uncertainty associated with the variable consideration is subsequently resolved, is not subject to the remaining performance obligations disclosure because such variable consideration is not included in the transaction price (e.g. investment management fees). Upon review, the CSi group determined that no material remaining performance obligations are in scope of the remaining performance obligations disclosure.

8 Allowance for Credit Losses

	2023	2022
Additional/Release of allowance for credit losses (USD million)		
Allowances for credit losses	(94)	(13)
Allowances for off-balance sheet exposure	(1)	(7)
Additional allowance for credit losses	**(95)**	**(20)**
Release of allowance for credit losses	24	170
Release of allowance for off-balance sheet exposures	3	8
Release of allowance for credit losses	**27**	**178**
(Additional allowance)/Release for credit losses	**(68)**	**158**

Further information about Allowance for Credit Losses are presented in Note 29 – Expected Credit Loss Measurement.

9 Net Gains from Financial Assets/Liabilities at Fair Value through Profit or Loss

	2023	2022
Net gains/(losses) from financial assets/liabilities at fair value through profit or loss (USD million)		
Net gains/(losses) from financial assets/liabilities mandatorily measured at fair value through profit or loss	1,710	(911)
Net (losses)/gains from financial liabilities designated at fair value through profit or loss	(914)	2,514
Total net gains from financial assets/liabilities at fair value through profit or loss	**796**	**1,603**

	2023	2022
Total net gains/(losses) from trading financial assets/liabilities mandatorily measured at fair value through profit or loss	**1,744**	**(873)**
Non-trading financial assets mandatorily measured at fair value through profit or loss (USD million)		
Securities purchased under resale agreements and securities borrowing transactions	5	2
Loans and advances	23	3
Other financial assets	(62)	(43)
Total net gains/(losses) from non trading financial assets mandatorily measured at fair value through profit or loss	**(34)**	**(38)**
Total net gains/(losses) from financial assets/liabilities mandatorily measured at fair value through profit or loss	**1,710**	**(911)**

	2023		2022	
	Profit or Loss	OCI	Profit or Loss	OCI
Net gains/(losses) from financial liabilities designated at fair value through profit or loss (USD million)				
Securities sold under repurchase agreements and securities lending transactions	2	–	(1)	–
Borrowings	(637)	–	592	–
Debt in issuance	(399)	(23)	1,723	30
Other financial liabilities designated at fair value through profit or loss	120	–	200	–
Total net gains/(losses) from financial liabilities designated at fair value through profit or loss	**(914)**	**(23)**	**2,514**	**30**

The previous tables represents revenues on a product basis which are not representative of business results within segments, as segments utilise financial instruments across various product types.

10 Other Revenues

	2023	2022
Other revenues (USD million)		
Transfer pricing arrangements	54	143
Other	48	41
Total other revenues	**102**	**184**

The transfer pricing arrangements reflect the revenues allocated to CSi group from other companies in the UBS Group under transfer pricing policies.

11 Compensation and Benefits

	2023	2022
Compensation and benefits (USD million)		
Salaries and variable compensation	(551)	(379)
Social security costs	(75)	(76)
Pension costs	(9)	(29)
Other	(7)	(67)
Total compensation and benefits	**(642)**	**(551)**

Included in the above table are amounts relating to Directors' remuneration, details of which are disclosed in Note 32 – Related Parties.

The following table gives details about monthly average number of persons employed by CSi group during the year by division. CSi group receives a range of services from related companies, in particular from Credit Suisse Services AG, London Branch. The headcount related to these services is not included in the following numbers.

	2023	2022 [1]
Division		
Front Office	726	1,069
Corporate Functions	1,154	1,355
Total monthly average	**1,880**	**2,424**

[1] The disclosure has been restated to give effect to the reorganisation of businesses.

12 General, Administrative and Trading Expenses

	2023	2022
General, administrative and trading expenses (USD million)		
Brokerage charges and clearing house fees	(188)	(426)
Insurance charges	(1)	(5)
Trading expenses	**(189)**	**(431)**
Depreciation and amortisation expenses [1]	(250)	(195)
Litigation	(182)	(112)
Auditor's remuneration	(7)	(6)
Professional services	(823)	(786)
Impairment of intangible assets and ROU assets	(531)	(27)
Occupancy Expenses	(250)	(91)
Net overheads allocated to other CS group entities	180	220
Transfer pricing arrangements	(292)	(467)
UK Bank Levy	(6)	(11)
Other	(110)	(155)
General and administrative expenses	**(2,271)**	**(1,630)**
Total general, administrative and trading expenses	**(2,460)**	**(2,061)**

[1] Depreciation and amortisation expense includes depreciation on leasehold improvements of USD 68 million (2022:USD 28 million) and depreciation on right-of-use assets of USD 57 million in 2023 (2022: USD 10 million).

Increase in impairment expenses of USD 504 million is primarily driven by:

- USD 298 million impairment on Internally Developed Software driven by a reassessment of the useful economic life of the assets following the UBS acquisition of CS group in 2023.
- USD 122 million impairment on leasehold improvements driven by the building exits in Canary Wharf, London.
- USD 81 million impairment on head lease driven by the building exits in Canary Wharf, London.

Also, USD 206 million increase in occupancy expenses driven by accelerated depreciation on leases and leasehold improvements during 2023 on the back of the building exit in Canary Wharf, London.
CSi group incurs expenses on behalf of other CS group companies under common control. These are subsequently recharged to the relevant companies through net overheads allocated to other CS group entities.
The recharges comprise compensation and benefit expenses and general administrative expenses. For further information about litigation expenses, refer to Note 25 – Provisions.

Auditor's remuneration

Auditor's remuneration in relation to the statutory audit amounted to USD 6 million (2022: USD 5 million). The following fees were payable by the CSi group to the auditors, PricewaterhouseCoopers LLP.

CSi Auditor's remuneration (USD '000)	2023	2022
Fees payable to the Bank's auditors for the audit of the Bank's annual financial statements	(5,631)	(4,637)
Audit-related assurance services	(1,084)	(1,190)
Total fees	**(6,715)**	**(5,827)**

13 Restructuring Expenses

On 27 October, 2022, the CS group announced certain strategic actions following the comprehensive review conducted by the Board of Directors and the Credit Suisse Group ('CSG') Executive Board. CSi recorded restructuring expenses of USD 47 million in 2023 (2022: USD 47 million). Restructuring expenses include severance expenses, expenses in connection with the acceleration of certain deferred compensation and other personnel related charges. General administrative expenses include amortisation on internally developed software and other professional expenses

	2023	2022
Restructuring expenses by type (USD million)		
Compensation and benefits-related expenses	**(15)**	**(27)**
of which severance	(11)	(12)
of which accelerated deferred compensation	(4)	(15)
General and administrative-related expenses	(32)	(20)
Total Restructuring expenses	**(47)**	**(47)**

	Severance expenses	
	2023	2022
Restructuring provision (USD million)		
Balance at beginning of the period/year	12	4
Net additional charges	50	12
Utilisation and foreign exchange fluctuations	(35)	(4)
Balance at end of the period/year	**27**	**12**

Liability relating to accelerated deferred compensation, not included in the above table, is included in Share-based compensation liability. For details, refer Note 21 – Other Assets and Other Liabilities.
Amortisation relating to internally developed software, not included in the above table, is included in accumulated depreciation for intangible assets. For details, refer Note 24 – Intangible assets.

14 Income Tax (Expense)/ Benefit

Group and Bank	2023	2022
Current and deferred taxes (USD million)		
Current tax		
Current tax benefit for the period [1]	24	17
Adjustments in respect of previous periods	(4)	(3)
Current income tax benefit	**20**	**14**
Deferred tax		
Deferred tax expense for the period	(77)	(344)
Adjustments in respect of previous periods	–	2
Effect of changes in tax rate	–	(26)
Deferred income tax (expense)	**(77)**	**(368)**
Income tax (expense)	**(57)**	**(354)**

[1] Withholding taxes are included within income taxes.

Income tax of USD 18 million (2022: USD 84 million) was credited directly to equity.

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

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

During 2021 the UK government enacted legislation to increase the UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The impact on Deferred Taxes (Note 15) was reflected in the year the legislation was substantively enacted.

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

Reconciliation of taxes computed at the UK statutory rate

Group and Bank	2023	2022
Reconciliation of taxes computed at the UK statutory rate (USD million)		
Loss before tax	(1,736)	(331)
Income tax benefit computed at the statutory rate of 23.52% (2022: 19%)	408	63
(Increase)/decrease in income taxes resulting from:		
Other permanent differences	(25)	(9)
Adjustment for losses attributable to non-UK operations	–	11
Impact of UK bank corporation tax surcharge	(5)	(20)
Non-recoverable foreign taxes including withholding taxes [1]	(13)	(21)
Other movement in unrecognised deferred tax assets	(418)	(122)
Impairment of deferred tax assets following the strategic review	–	(215)
Adjustments to current tax in respect of previous periods	(4)	(3)
Adjustments to deferred tax in respect of previous periods	–	2
Effect on deferred tax resulting from changes to tax rates	–	(26)
Differential in movement in deferred taxes to the statutory tax rate	–	(14)
Income tax (expense)	**(57)**	**(354)**

[1] Withholding taxes are included within income taxes.

15 Deferred Taxes

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

Group and Bank	**2023**	2022
Deferred tax (USD million)		
Deferred tax assets	97	163
Deferred tax liabilities	(156)	(163)
Net position	**(59)**	**–**
Balance at 1 January	**–**	**284**
Debit to statement of income for the period	(77)	(344)
Adjustments in respect of previous periods	–	2
Tax impact on Unrealised gain/(loss) on designated financial liabilities relating to credit risk	3	(3)
Tax impact of remeasurement of defined benefit pension plan assets	15	90
Tax Impact on gain on cashflow hedges	–	(3)
Effect of change in tax rate credited to income statement	–	(26)
Balance at 31 December	**(59)**	**–**

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

Group and Bank	**2023**	2022
Components of net deferred tax assets (USD million)		
Employee benefits	–	24
Decelerated tax depreciation	38	120
Other provisions	–	18
Tax losses	59	–
Leases	–	1
Deferred tax assets netted against deferred tax liabilities	(97)	(163)
Balance at 31 December	**–**	**–**

Group and Bank	**2023**	2022
Components of net deferred tax liabilities (USD million)		
Pensions and other post-retirement benefits	(156)	(159)
Derivative financial instrument	–	(4)
Deferred tax liabilities netted against deferred tax assets	97	163
Balance at 31 December	**(59)**	**–**

Details of the deferred tax (expense)/benefit in the statement of income:

Group and Bank	**2023**	2022
Tax effect of temporary differences (USD million)		
Derivative financial instruments	1	(3)
Employee benefits	(24)	(54)
Defined benefit pension assets	(12)	89
Decelerated tax depreciation	(82)	(38)
Other provisions	(18)	(6)
Unpaid interest	–	(79)
Leases	(1)	(1)
Tax losses	59	(276)
Total deferred tax (expense) in the Statement of Income	**(77)**	**(368)**

Group and Bank	**2023**	2022
Income Tax (expense)/benefit recognised in Equity (USD million)		
Unrealised gain/ (loss) on designated financial liabilities relating to credit risk	3	(3)
Re-measurement of defined benefit pension assets	15	90
Gain/(loss) on cash flow hedges	–	(3)
Total Income Tax benefit recognised in Equity	**18**	**84**

Following management's evaluation of the deferred tax asset recoverability as at the balance sheet date, deferred tax assets of USD 3,158 million (2022: USD 2,144 million) on net operating losses of USD 12,001 million (2022: USD 8,176 million) and deferred tax assets on temporary difference of USD 222 million (2022: USD 80 million) have not been recognised. If strategies and business plans will significantly deviate in the future from current management assumptions, the current level of deferred tax assets may need to be adjusted if full recovery of the remaining deferred tax asset balance is no longer probable.

The deferred tax asset on net operating losses includes that arising from the transactions with the Archegos Capital Management fund arising in 2021 net of recoveries in 2022. The above amount includes tax losses that have not been included in the tax returns filed by CSi; the quantum of the tax losses available to CSi is subject to agreement with the UK tax authorities. Management have accounted for the tax losses in CSi, and the associated unrecognised deferred tax asset, based on the expected position that this may be wholly allocated to CSi. A change in the quantum of the tax losses upon agreement with the UK tax authoriities will not have an impact on the Balance Sheet.

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

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

The following table summarises the securities purchased under agreements to resell and securities borrowing transactions, at their respective carrying values:

Group and Bank	**2023**	2022
Securities purchased under resale agreements and securities borrowing transactions (USD million)		
Securities purchased under resale agreements	641	7,668
Deposits paid for securities borrowed	663	2,859
Total securities purchased under resale agreements and securities borrowing transactions	**1,304**	**10,527**

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

Group and Bank	**2023**	2022
Securities sold under repurchase agreements and securities lending transactions (USD million)		
Securities sold under repurchase agreements	52	86
Deposits received for securities lent	306	2,838
Total securities sold under repurchase agreements and securities lending transactions	**358**	**2,924**

Securities borrowed, lent and subject to resale and repurchase agreements are mainly due within one year.

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

Deposits paid for securities borrowed and deposits received for securities lent are recorded at the amount of cash paid or received. These transactions are typically collateralised by cash or marketable securities. For securities lending transactions, the CSi group receives cash or securities as collateral in an amount generally in excess of the market value of securities lent. The CSi group monitors the market value of securities borrowed and securities lent on a daily basis and additional collateral is obtained as necessary.

For information and details on the balances with related parties, refer Note 32 – Related Parties.

17 Trading Financial Assets and Liabilities Mandatorily at Fair Value through Profit or Loss

	Group		Bank	
	2023	2022	**2023**	2022
Trading financial assets at fair value through profit or loss (USD million)				
Debt securities	1,841	8,353	1,886	8,248
Equity securities	3,968	9,237	3,968	9,235
Derivative instruments	57,337	90,067	57,337	90,188
Loans	162	312	162	312
Other	1	4	1	4
Trading financial assets at fair value through profit or loss	**63,309**	**107,973**	**63,354**	**107,987**
Trading financial liabilities at fair value through profit or loss (USD million)				
Short positions	1,957	4,921	1,957	4,921
Derivative instruments	58,562	88,473	58,562	88,737
Other	–	3	–	3
Trading financial liabilities at fair value through profit or loss	**60,519**	**93,397**	**60,519**	**93,661**

Debt securities primarily consist of corporate bonds and government securities.

Trading financial assets include USD 3,742 million (2022: USD 10,616 million) which are encumbered. The transactions in relation to the encumbered assets are conducted under terms that are usual and customary for securities lent, repurchase agreements or other collateralised borrowings. Refer Note 36 – Financial Instruments and Note 37 – Assets Pledged or assigned for more details. For information and details on the balances with related parties, refer Note 32 – Related Parties.

18 Non-Trading Financial Assets Mandatorily at Fair Value Through Profit or Loss

	Group		Bank	
	2023	2022	**2023**	2022
Non-trading financial assets mandatorily at fair value through profit or loss (USD million)				
Loans and advances	270	1,105	274	700
Securities purchased under resale agreements and securities borrowing transactions	23,910	21,093	23,910	21,093
Other non-trading financial assets mandatorily at fair value through profit or loss [1]	408	633	211	465
Total non-trading financial assets mandatorily at fair value through profit or loss	**24,588**	**22,831**	**24,395**	**22,258**

[1] This includes balances relating to Failed Purchases USD 385 million (2022:USD 603 million).

For loans mandatorily at fair value through profit or loss, the maximum fair value exposure to credit risk as at 31 December 2023 was USD 270 million (2022: USD 1,105 million). To mitigate this credit risk, securities are held as collateral, and credit default swaps with a notional value of USD 40 million (2022: USD 92 million) have been transacted to transfer this risk into the capital markets.

The fair value movement attributable to counterparty credit on loans designated at fair value through profit or loss is calculated using credit spreads applicable to specific points in time. All other risk variables are held constant and the credit spreads are moved based on current market conditions. During the year ended 31 December 2023, this fair value movement was a increase of USD 2 million (2022: USD 45 million decrease). The cumulative effect at the year-end was an increase of USD 14 million (2022: USD 19 million increase). The corresponding decrease in fair value of the swaps and securities in place to mitigate this risk was USD 4 million (2022: USD 89 million decrease). The cumulative effect at the year-end was a decrease of USD 6 million (2022: USD 86 million decrease).

For securities purchased under resale agreements, the Bank's credit exposure to the counterparties of these trades is mitigated by posted collateral and through subsequent margin calls. Accordingly, the Bank does not enter into hedges to mitigate credit exposure to its counterparties. Also, given that the credit exposure is almost eliminated, the fair value changes attributable to credit risk are insignificant.

For information and details on the balances with related parties, refer Note 32 – Related Parties.

19 Financial Liabilities Designated at Fair Value Through Profit or Loss

	Group		Bank	
	2023	2022	**2023**	2022
Financial Liabilities designated at fair value through profit or loss (USD million)				
Structured notes and other hybrid instruments	7,073	9,838	6,914	9,558
Commercial Paper	–	558	–	–
Securities sold under repurchase agreement and securities lending transactions	8,000	15,190	8,000	15,191
Other [1]	977	1,583	977	1,583
Total financial liabilities designated at fair value through profit or loss	**16,050**	**27,169**	**15,891**	**26,332**

[1] This includes balances relating to Failed Sales USD 969 million (2022: USD 1,554 million).

Of the financial liabilities designated at fair value through profit or loss, subordinated debt and repurchase agreements were primarily elected to alleviate an accounting mismatch, while structured notes were mainly elected because they are managed on a fair value basis.

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

The fair value of subordinated debt and structured notes is calculated using a yield curve which reflects CSi group's credit rating in the market. This is achieved by adjusting the relevant yield curve by CSi group's credit spread, dependent on the tier of the debt, at each point in the curve to provide an own credit adjusted valuation.

The carrying amount is USD 2,554 million (2022: USD 4,622 million) lower than the principal amount that

CSi group would be contractually required to pay to the holder of these financial liabilities at maturity. For information and details on the balances with related parties, refer Note 32 – Related Parties.

	2023	2022
Changes in fair value of financial liabilities designated at fair value through profit or loss due to credit risk (USD million)		
Financial liabilities designated at fair value through profit or loss that present the effects of changes in that liability's credit risk in OCI		
Cumulative change in the fair value		
Debt in issuance		
of which structured notes over two years	17	40
Total Cumulative Change	**17**	**40**
YTD change in the fair value		
Debt in issuance		
of which structured notes over two years	(23)	30
Total YTD Change	**(23)**	**30**

20 Loans and Advances

The following table sets forth details of the domestic (United Kingdom) and foreign portfolios:

Group and Bank	2023	2022
Loans and advances (USD million)		
Loans and advances other than leases	3,187	2,752
Net investment in leases	224	221
Loans and advances	**3,411**	**2,973**

Group and Bank	2023	2022
Loans and advances other than leases (USD million)		
Gross loans and advances	**3,290**	**2,774**
of which domestic	3,114	2,596
of which foreign	176	178
Net unearned income	(2)	(2)
Allowance for credit losses	(101)	(20)
Loans and advances	**3,187**	**2,752**
Gross impaired loans	**74**	**28**
of which loans with an individual allowance	74	28

Group and Bank	2023	2022
Loans and advances by geography (USD million)		
Gross loans and advances	**3,290**	**2,774**
of which domestic	3,114	2,596
of which foreign	176	178
-Netherlands	64	37
-Luxembourg	55	76
-Others	57	65

Group and Bank (USD million)	2023	2022
Net investment in leases		
Receivable within 1 year	32	28
Receivable between 1 and 2 years	32	29
Receivable between 2 and 3 years	33	29
Receivable between 3 and 4 years	29	29
Receivable between 4 and 5 years	20	26
Receivable after 5 years	119	120
Total lease payments receivable	**265**	**261**
Unearned finance income	**(41)**	**(40)**
Net investment in leases	**224**	**221**

Net investment in leases represents the sublease of certain buildings in the UK. Loans and advances due within one year for the CSi group and Bank, amount to USD 3,057 million (2022: USD 2,503 million). For information and details on the balances with related parties, refer Note 32 – Related Parties.

Reconciliation of the allowance for loan losses by class

The following table sets forth the movements in the allowances for impairment losses on Loans and advances:

	Total
Group and Bank **Allowance for credit losses (USD million)**	
Balance at 1 January 2023	(20)
Additional allowances for credit losses	(85)
Reversal of allowances for credit losses	4
Movement recognised in Consolidated Statement of Income	(81)
Balance at 31 December 2023	**(101)**
Balance at 1 January 2022	(12)
Additional allowances for credit losses	(10)
Reversal of allowances for credit losses	2
Movement recognised in Consolidated Statement of Income	(8)
Balance at 31 December 2022	**(20)**

→ Refer Note 29- Expected Credit Loss Measurement for details on ECL.

21 Other Assets and Other Liabilities

Group and Bank	2023	2022
Other Assets (USD million)		
Brokerage receivables		
Due from customers	399	1,144
Due from banks, brokers and dealers	255	687
Interest and fees receivable	378	392
Cash collateral on derivative instruments		
Banks	7,121	6,563
Customers	8,607	11,658
Cash collateral on non-derivative instruments	139	421
Net defined benefit asset [1]	556	567
Others	174	312
Total other assets	**17,629**	**21,744**

[1] For more information on net defined benefit asset, refer Note 30 – Retirement Benefit Obligations

Other assets are primarily due within one year with the exception of the net defined benefit asset.

Group	2023	2022
Other Liabilities (USD million)		
Brokerage payables		
Due to customers	119	388
Due to banks, brokers and dealers	126	696
Interest and fees payable	613	942
Cash collateral on derivative instruments		
Banks	6,347	8,767
Customers	1,207	2,793
Cash collateral on non-derivative instruments [2]	239	2,497
Share-based compensation liability	37	53
Others [1]	337	539
Total other liabilities	**9,025**	**16,675**

[1] Others for Bank is USD 337 million in 2023 and USD 538 million in 2022.
[2] It includes USD 100 million (2022 USD: 2,050 million) inter-company deposit which is security for a separate guarantee agreement.

Other liabilities are mainly due within one year. Other liabilities include liability towards restructuring cost of USD 27 million during the current year (2022: USD 12 million). Refer Note 13 – Restructuring Expenses.

During the current reporting period there were no defaults or breaches in respect of third party brokerage payables.

Included within Brokerage payables are liabilities identified in respect of client money received from clients, but only where it has been determined that the cash received represents an asset of the CSi group. The CSi group and Bank held USD 6 million of client money as at 31 December 2023 (2022: USD 49 million), USD 4 million as of 31 December 2023 (2022: USD 5 million) of which was not recorded in the Consolidated Statement of Financial Position as those balances did not represent assets of the CSi group. This cash, when recognised on the balance sheet, is recorded under 'Cash and due from banks', 'Other assets' and 'Other liabilities'.

22 Lease Liabilities

Lease Liabilities

The following table sets forth details of the maturity analysis of contractual lease liabilities:

Group and Bank (USD million)	2023	2022
Maturity of contractual lease liabilities		
Due within 1 year	65	64
Due between 1 and 2 years	65	61
Due between 2 and 3 years	65	61
Due between 3 and 4 years	62	61
Due between 4 and 5 years	46	58
Thereafter	301	318
Total	**604**	**623**
Future interest payable	(92)	(94)
Lease liabilities	**512**	**529**

CSi group enters into leases for property (land and building).

Variable lease payments that depend on an index or rate are included in the lease payments at lease commencement, as such payments are considered unavoidable. Other variable lease payments are excluded from the lease payments. CSi has entered into 7 lease agreements with variable lease agreements as they provide for greater flexibility for CSi. The amount of exposure to variable lease payments not reflected in the lease liabilities is USD 160 million (2022: USD 177 million) as compared to USD 604 million (2022: USD 623 million) of fixed payments.

Future cash outflows from extension options and termination options that the lessee may be exposed to are not reflected in the lease liabilities. For some leases where CSi group is the lessee, there is an option that permits CSi group to extend or renew the lease (this includes the scenario of not exercising a termination option). Such options are only included in the measurement of lease liabilities and lease assets when it is reasonably certain that CSi group would exercise the option. Cash flows of the extensions options, if exercised would be USD 836 million (2022: USD 796 million); these are not reflected in the discounted amount of lease liability amount of USD 512 million (2022: USD 529 million) for both CSi group and Bank.

23 Property and Equipment

Group and Bank	2023	2022
Property and equipment (USD million)		
Leasehold improvements	12	230
Equipment	5	18
Right of use assets	10	124
Property and equipment	**27**	**372**

Leasehold improvements relate to improvements to land and buildings occupied by the Bank and its fellow subsidiaries for their own activities. Right-of-use assets are long leasehold for property (land and building).

Group and Bank (USD million)	2023	2022
Right- of- use assets (USD million)		
Balance as of 1 January	124	134
Less :		
Investment in Sub lease	(12)	–
Impairment	(53)	(3)
Lease modification	16	15
Retirement	(8)	(1)
Indexation	–	(11)
Depreciation	(57)	(10)
Balance as of 31 December	**10**	**124**

No interest has been capitalised from borrowings within property and equipment (2022: USD Nil).

	2023			2022		
Group and Bank **Property and equipment (USD million)**	Leasehold Improvements	Equipment	Total	Leasehold Improvements	Equipment	Total
Cost:						
Cost as at 1 January	**326**	**73**	**399**	**439**	**123**	**562**
Additions	7	–	7	1	17	18
Disposals	(6)	–	(6)	(111)	(59)	(170)
Transfer (out)/in	(1)	(3)	(4)	–	(8)	(8)
Impairment	(150)	(5)	(155)	(3)	–	(3)
Cost as at 31 December	**176**	**65**	**241**	**326**	**73**	**399**
Accumulated depreciation:						
Accumulated depreciation as at 1 January	**(96)**	**(55)**	**(151)**	**(179)**	**(110)**	**(289)**
Charge for the year	(68)	(5)	(73)	(28)	(9)	(37)
Disposals	–	–	–	111	59	170
Transfer (in)/out	–	–	–	–	5	5
Accumulated depreciation as at 31 December	**(164)**	**(60)**	**(224)**	**(96)**	**(55)**	**(151)**
Net book value as at 1 January	**230**	**18**	**248**	**260**	**13**	**273**
Net book value as at 31 December	**12**	**5**	**17**	**230**	**18**	**248**

24 Intangible Assets

Group and Bank	2023	2022
Group and Bank **Intangible Assets (USD million)**	Total	Total
Cost:		
Cost as at 1 January	**1,717**	**1,604**
Additions	129	166
Reclassification	(98)	–
Disposals	–	–
Impairment	(751)	(53)
Cost as at 31 December	**997**	**1,717**
Accumulated amortisation:		
Accumulated amortisation as at 1 January	**(1,235)**	**(1,109)**
Amortisation for the year	(98)	(149)
Impairment	419	23
Accumulated amortisation as at 31 December	**(914)**	**(1,235)**
Net book value as at 1 January	**482**	**495**
Net book value as at 31 December	**83** [1]	**482**

[1] Intangible Assets includes Work-in-progress of USD 5 million (2022: USD 132 million) and not subject to amortisation.

The nature of Intangible Assets is Internally Developed Software ('IDS'). The recoverable amount of CSi's intangible assets is estimated based on their value-in-use. Semi-annual impairment assessment was performed in 2023 following the UBS acquisition of CS Group AG, and the carrying amount of certain intangible assets was determined to be higher than their recoverable amount and consequently, impairment of USD 332 million is recognised for the year ended 31 December 2023 (2022: USD 30 million). The impairment of USD 270 million was recognised in IDS and USD 62 million was recognised on work in progress. The value-in-use is calculated based on detailed reviews and specific information regarding the individual projects and their capitalisation. Following the reviews, the economic useful life has been reduced from a maximum of seven years to a range of 2 to 3 years for the IDS portfolio.

25 Provisions

Group and Bank	Property	Litigation	Total
2023			
Provisions (USD million)			
Balance at 1 January 2023	16	29	45
Charges/Additions during the year	151	172	323
Released during the year	–	–	–
Utilised during the year	(4)	(196)	(200)
Balance at 31 December 2023	**163**	**5**	**168**
2022			
Provisions (USD million)			
Balance at 1 January 2022	15	298	313
Charges/Additions during the year	3	128	131
Released during the year	–	(17)	(17)
Utilised during the year	–	(380)	(380)
Revaluation	(2)	–	(2)
Balance at 31 December 2022	**16**	**29**	**45**

Property provision

The CSi group accrues property provisions based on assumptions such as the property will remain vacant until the lease period ends and will not be sub-let; future expected cash outflows in relation to the infrastructure costs, non-rent operating costs and inflation related estimates have been considered. Further, future cash outflow has been discounted at a risk free interest rate. The property provisions also consist of property reinstatement obligations that will be incurred when the leases expire, as highlighted in the below table.

Building	Provision	Utilisation period
5 Canada Square, London	USD 2 million	30 October 2027
5 Canada Square	USD 3 million	31 December 2027
Global Switch	USD 2 million	30 September 2025

Litigation provision

The CSi group accrues litigation provisions in connection with certain judicial, regulatory and arbitration proceedings then reasonably possible losses, additional losses or ranges of loss are more likely than not and can be reliably estimated. The balance of litigation provisions as at 31 December 2023 was USD 5 million (2022: USD 29 million). General Counsel in consultation with the business reviews CS group judicial, regulatory and arbitration proceedings each month to determine the adequacy of its litigation provisions and may increase or release provisions based on management's judgement and the advice of counsel. The anticipated utilisation of these litigation provisions typically ranges from six to eighteen month period, however certain litigation provisions are anticipated to extend beyond this period. Further provisions or releases of litigation provisions may be necessary in the future as developments in such litigation, claims or proceedings warrant. The CSi group has established provisions in line with the above process for all cases but believes that disclosure of the specific facts of such case would violate confidentiality obligations to which CSi group is subject or to prejudice seriously CSi group's management of the matter. The exact timing of outflow of economic benefits cannot be ascertained at 31 December 2023. Other Legal cases are disclosed in the contingent liabilities and other commitments note.

26 Debt In Issuance

	Group		Bank	
	2023	2022	**2023**	2022
Debt in issuance (USD million)				
Senior debt	8,108	18,306	8,108	18,305
Subordinated debt	–	3	–	3
Total debt in issuance	**8,108**	**18,309**	**8,108**	**18,308**

Decrease in senior debt during 2023 is mainly due to net repayments of EUR and GBP denominated long-term debt of USD 10,199 million to CS AG, London Branch.

Total debt in issuance is principally comprised of debt issuances managed by Treasury which do not contain derivative features (vanilla debt), which are issued as part of the CSi group's structured activities. Further, these instruments are measured at amortised cost.

Group Category of instrument	Counterparty Name	Currency	2023 (In USD million)	2022 (In USD million)	Interest Rate Type
Senior Debt					
	CS AG, London Branch	EUR	1,107 [1]	8,990 [1]	Variable
	CS AG, London Branch	GBP	–	2,317	Variable
	CS AG, London Branch	USD	4,586	4,586	Variable
	DLJ Group	USD	2,405	2,405	Fixed
	DLJ UK Holding	USD	8	8	Fixed
	ARGENTUM CAPITAL S.A. A/C ARGENTUM CAPITAL SA – SERIES 2022-26	USD	2	–	Variable
Total Senior debt			**8,108** [1]	**18,306** [1]	
Subordinated Bonds					
	Credit Suisse First Boston Finance B.V.	USD	–	3	Variable
Total Subordinated debt			**–**	**3**	

[1] For Bank, this number is USD 1,107 million (2022: USD 8,989 million) and the total senior debt is USD 8,108 million (2022: USD 18,305 million).

For information and details on the balances with related parties, refer Note 32 – Related Parties.

Below is the reconciliation of liabilities arising from financing activities.

Debt in issuance (USD million)	Balance as at 1 January	Cash Flows Issuances	Cash Flows Repayments	Non Cash Changes Transactional FX	Balance as at 31 December
2023					
Group	18,309	8,452	(19,039)	386	8,108
Bank	18,308	8,452	(19,038)	386	8,108
2022					
Group	40,224	646	(20,218)	(2,343)	18,309
Bank	40,224	645	(20,218)	(2,343)	18,308

27 Accumulated Other Comprehensive Income

Group and Bank	Cash flow hedges	Gains/ (losses) on designated financial liabilities relating to credit risk	Unrealised Gains/ (losses) on Pension Fund	Accumu-lated other compre-hensive income
Accumulated other comprehensive income (USD million)				
Balance at 1 January 2023	**(9)**	**15**	**(407)**	**(401)**
(Increase)/decrease:				
Unrealised loss on designated financial liabilities relating to credit risk	–	(23)	–	(23)
Related tax on unrealised gain/ (loss) on designated financial liabilities relating to credit risk	–	3	–	3
Cash flow hedges – effective portion of changes in fair value	12	–	–	12
Remeasurement of defined benefit pension assets	–	–	(56)	(56)
Related tax on remeasurement of defined benefit pension assets	–	–	16	16
Balance at 31 December 2023	**3**	**(5)**	**(447)**	**(449)**
Balance at 1 January 2022	**(9)**	**(12)**	**(139)**	**(160)**
(Increase)/decrease:				
Realised gain relating to credit risk on designated financial liabilities extinguished during year reclassed to retained earnings	–	(1)	–	(1)
Unrealised gain on designated financial liabilities relating to credit risk	–	31	–	31
Related tax on unrealised gain/ (loss) on designated financial liabilities relating to credit risk	–	(3)	–	(3)
Cash flow hedges – effective portion of changes in fair value	3	–	–	3
Related tax on cash flow hedges – effective portion of changes in fair value	(3)	–	–	(3)
Remeasurement of defined benefit pension assets	–	–	(358)	(358)
Related tax on remeasurement of defined benefit pension assets	–	–	90	90
Balance at 31 December 2022	**(9)**	**15**	**(407)**	**(401)**

28 Share Capital and Share Premium

Group and Bank	**2023**	2022
Share Capital **Allotted called-up and fully paid (USD million)**		
Total allotted called-up and fully paid capital as at 1 January 2023		
131,158,070,611 Ordinary shares of USD 0.08666 each	11,366	11,366
26 September 2023:		
Capital reduction of Ordinary shares (131,158,070,611 of USD 0.03125 each)	(4,099)	–
Total allotted called-up and fully paid capital as at 31 December 2023		
131,158,070,611 Ordinary shares of USD 0.05541 each	**7,267**	**11,366**
Capital Contribution		
Capital Contribution	887	887

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights.

The Bank is a private unlimited company having share capital.

During the year, in order to create additional distributable reserves, the Board resolved to reduce the share capital by USD 4,099 million from USD 11,366 million to USD 7,267 million by reducing the nominal value of the shares by USD 0.03125 on each issued fully paid-up ordinary share of USD 0.08666 each. This reduced the nominal value of each issued fully paid-up ordinary Share from USD 0.08666 to USD 0.05541.

A dividend of USD 1,100 million was paid during the year on the outstanding shares at USD 0.0084 per share.

During 2022, the Board decided as a result of the Q4 2021 Internal Capital Adequacy Assessment Process ('ICAAP'), approved by the CSi Board in April 2022, capital requirements in CSi increased resulting in the need to issue additional capital. CSi received PRA approval and issued a USD 1,200 million AT1 instrument in Q4 2022.

The capital contribution recorded in CSi relates to transfer of UK pension plan from CSS(E)L to CSi in 2019. There has been no change to capital contribution in 2023.

29 Expected Credit Loss Measurement

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument as well as reconciliations of the gross carrying amounts.

Group and Bank	12 Month ECL Stage 1 (Not credit impaired)		Lifetime ECL Stage 2 (Not credit impaired)		Lifetime ECL (excluding purchased / originated credit impaired) Stage 3 (Credit impaired)		Total	Total
2023	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
Loans and advances (USD million)								
Opening balance	2,717	4	29	1	28	15	2,774	20
Transfer to 12 Month ECL	4	1	(4)	(1)	–	–	–	–
Transfer to lifetime ECL not credit impaired	(68)	–	68	(1)	–	–	–	(1)
Transfer to lifetime ECL credit impaired financial assets	(53)	–	–	–	53	51	–	51
Net remeasurement of loss allowance	–	–	–	31	–	–	–	31
New financial assets originated or purchased	548	1	62	–	2	–	612	1
Financial assets that have been derecognised (including write-offs)	(77)	(2)	(10)	–	(9)	–	(96)	(2)
Changes in Model/ Risk parameters (model inputs) used for ECL calculation	–	–	–	–	–	1	–	1
Other changes	–	–	–	–	–	–	–	–
Foreign exchange	–	–	–	–	–	–	–	–
Closing balance	**3,071**	**4**	**145**	**30**	**74**	**67**	**3,290**	**101**
2022								
Loans and advances (USD million)								
Opening balance	2,682	4	29	–	14	8	2,725	12
Transfer to 12 Month ECL	–	–	–	–	–	–	–	–
Transfer to lifetime ECL not credit impaired	(4)	(1)	10	1	(6)	–	–	–
Transfer to lifetime ECL credit impaired financial assets	(5)	–	(7)	–	12	–	–	–
Net remeasurement of loss allowance	–	–	–	–	–	–	–	–
New financial assets originated or purchased	117	3	–	–	8	7	125	10
Financial assets that have been derecognised (including write-offs)	(73)	(2)	(3)	–	–	–	(76)	(2)
Other changes	–	–	–	–	–	–	–	–
Foreign exchange	–	–	–	–	–	–	–	–
Closing balance	**2,717**	**4**	**29**	**1**	**28**	**15**	**2,774**	**20**

Group and Bank	Not credit impaired				Credit impaired			
	12 Month ECL Stage 1		Lifetime ECL Stage 2		Lifetime ECL (excluding purchased / originated credit impaired) Stage 3		Total	Total
2023	Gross commitment amount	Allowance for ECL	Gross commitment amount	Allowance for ECL	Gross commitment amount	Allowance for ECL	Gross commitment amount	Allowance for ECL
Loan commitments (USD million)								
Opening balance	985	2	186	1	–	–	1,171	3
Transfer to 12 Month ECL	180	1	(180)	(1)	–	–	–	–
Transfer to lifetime ECL not credit impaired	(2)	–	2	–	–	–	–	–
Transfer to Lifetime ECL Credit Impaired Financial Liabilities	–	–	–	–	–	–	–	–
Net remeasurement of Loss Allowance	–	–	–	–	–	–	–	–
New financial liabilities originated or purchased	70	–	–	–	–	–	70	–
Financial liabilities that have been derecognised (including write-offs)	(758)	(2)	(6)	–	–	–	(764)	(2)
Other changes	–	–	–	–	–	–	–	–
Foreign exchange	–	–	–	–	–	–	–	–
Closing balance	**475**	**1**	**2**	**–**	**–**	**–**	**477**	**1**
2022								
Loan commitments (USD million)								
Opening balance	1,192	3	116	–	4	2	1,312	5
Transfer to 12 Month ECL	–	–	–	–	–	–	–	–
Transfer to lifetime ECL not credit impaired	(48)	–	52	2	(4)	(2)	–	–
Transfer to Lifetime ECL Credit Impaired Financial Liabilities	–	–	–	–	–	–	–	–
Net remeasurement of Loss Allowance	–	–	–	–	–	–	–	–
New financial liabilities originated or purchased	37	–	27	1	–	–	64	1
Financial liabilities that have been derecognised (including write-offs)	(196)	(1)	(9)	(2)	–	–	(205)	(3)
Other changes	–	–	–	–	–	–	–	–
Foreign exchange	–	–	–	–	–	–	–	–
Closing balance	**985**	**2**	**186**	**1**	**–**	**–**	**1,171**	**3**

Other changes mainly constitute movements in existing commitments.

	2023	2022
Interest bearing deposits (USD million)		
Opening balance	**1**	–
Net remeasurement of loss allowance	**(1)**	1
Closing balance	**–**	**1**

Group and Bank	**2023**	2022
Other assets- Stage 3 (USD million)		
Opening balance	**4,374**	**4,540**
Net remeasurement of loss allowance	(4,374)	(166)
Foreign exchange	–	–
Closing balance	**–**	**4,374**

Group and Bank	**2023**	2022
Cash and due from banks- Stage 3 (USD million)		
Opening balance	**–**	**–**
Net remeasurement of loss allowance	10 [1]	–
Foreign exchange	–	–
Closing balance	**10**	**–**

[1] The allowance relates to nostro balances with sanctioned counterparties.

No material ECL have been recognised on Securities purchased under resale agreements and securities borrowing transactions and Others assets (stage 1).

The changes in the in ECL estimation techniques and assumptions made during the reporting period did not have a significant impact to the ECL estimate.

The key inputs into the measurement of ECLs (Stage 1 and Stage 2) are the term structures of the following variables:
- Probability of Default ('PD');
- Loss given default ('LGD'); and
- Exposure at default ('EAD').

These parameters derive from internally developed statistical models and historical data that leverage regulatory models. They are adjusted to reflect forward-looking information as described below to derive point-in-time, forward-looking term structures.

PD estimates are estimates at a certain date, which are calculated based on statistical rating models and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally and externally compiled data comprising both quantitative and qualitative factors. If a counterparty or exposure migrates between rating classes, then this leads to a change in the estimate of the associated PD. Lifelong PDs are estimated considering the contractual maturities of exposures and estimates prepayment rates.

LGD is the magnitude of the expected loss if there is a default. The CSi group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, geography, counterparty industry and recovery costs of any collateral that is integral to the financial asset.

EAD represents the expected exposure in the event of a default. The CSi group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is the gross carrying amount at default. For lending commitments and financial guarantees, the EAD considers the amount drawn, as well as potential future amounts that may be drawn or repaid under the contract, which will be estimated based on historical observations. For some financial assets, the CSi group determines EAD by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

Where a relationship to macroeconomic indicators is statistically sound and in line with economic expectations, the parameters are modelled accordingly and, thus, incorporate the CSi group's forward-looking forecasts.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the CSi group measures ECLs considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the CSi group considers a longer period. The maximum contractual period extends to the date at which the CSi group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

Macroeconomic scenarios

The estimation and application of forward-looking information requires a combination of expert judgement and quantitative analysis. Since the acquisition by UBS, this estimation process and related analysis and procedures are embedded in a group-wide process. As part of this group-wide process, CSi has aligned its scenarios, scenario weightings and model inputs to those used by UBS. As of December 31, 2023, CSi's estimation of expected credit losses is based on a discounted probability-weighted estimate that considers future macroeconomic scenarios: a baseline scenario, a mild downside scenario (mild debt crisis) and a severe downside scenario (stagflationary geopolitical crisis). The baseline scenario represents the most likely outcome. The other scenarios represent more pessimistic outcomes. The scenarios are probability-weighted according to CSi's best estimate of their relative likelihood based on historical frequency, an assessment of the current business and credit cycles as well as the macroeconomic factor trends.

As at 31 December 2023 Macroeconomic Factors (MEF)	Function-Corporates/ Financial Institutions	ECL Scenario	Assigned Probabilities %	Latest data [1] December 23 %	End Period Projections 2024 %	2025 %	2026 %	2027 %	2028 %	Impact on ECL from an increase in MEF
Eurozone Real GDP Growth Rate (%YoY)										↓
	Both	Downside	15	-0.8	-1.1	0.5	1.7	1.5	1.1	
	Both	Baseline	60	0.0	0.9	1.1	1.1	1.1	1.1	
	Both	Severe Downside	25	-2.4	-3.8	-0.5	1.1	1.2	1.1	
US Real GDP (%YoY)										↓
	Global Corporates	Downside	15	1.7	-1.0	0.8	1.9	1.9	1.8	
	Global Corporates	Baseline	60	2.0	1.0	2.5	1.8	1.8	1.8	
	Global Corporates	Severe Downside	25	0.4	-3.5	-0.4	1.8	1.9	1.8	
US Nominal GDP (%YoY)										↓
	Fallback IB	Downside	15	3.9	-1.1	1.8	3.9	3.9	3.8	
	Fallback IB	Baseline	60	6.6	2.4	4.2	3.8	3.8	3.8	
	Fallback IB	Severe Downside	25	6.5	3.3	2.3	3.9	3.9	3.8	
iTraxx Crossover 3Y (Basis points)										↑
	Global Corporates	Downside	15	461.4	676.2	619.8	482.0	405.2	328.3	
	Global Corporates	Baseline	60	364.1	388.3	388.3	384.5	353.5	322.6	
	Global Corporates	Severe Downside	25	559.6	1,034.5	1,000.8	860.7	605.7	350.6	
CDX HY (Basis points)										↑
	Global Corporates	Downside	15	540.3	791.9	725.9	562.7	459.1	355.5	
	Global Corporates	Baseline	60	388.3	402.9	405.1	401.8	373.9	346.0	
	Global Corporates	Severe Downside	25	655.3	1,211.9	1,172.4	1,006.5	694.1	381.6	
iTraxx Senior Financial 5Y (Basis points)										↑
	Financial Institutions	Downside	15	130.4	167.6	147.8	120.6	101.5	82.4	
	Financial Institutions	Baseline	60	81.3	87.5	89.2	89.0	84.7	80.5	
	Financial Institutions	Severe Downside	25	144.8	246.3	210.5	197.8	142.3	86.9	

[1] Latest estimates have been used for the MEFs used for 4Q23 ECL valuation

As at 31 December 2022 EMEA Macroeconomic Factors (MEF)	Function-Corporates/ Financial Institutions	ECL Scenario	Assigned Probabilities %	Latest data [1] December 22 %	End Period Projections 2023 %	2024 %	2025 %	2026 %	2027 %	Impact on ECL from an increase in MEF
Eurozone Real GDP Growth Rate (%YoY)										↓
	Both	Downside	40	0.7	-2.1	0.4	1.3	1.4	1.4	
	Both	Baseline	50	0.8	0.7	1.6	1.6	1.4	1.4	
	Both	Upside	10	1.1	1.4	1.7	1.6	1.4	1.4	
G10 Real GDP Growth Rate (%YoY)										↓
	Corporates	Downside	40	2.0	-1.5	0.5	1.1	1.4	1.4	
	Corporates	Baseline	50	2.4	0.4	1.5	1.7	1.5	1.4	
	Corporates	Upside	10	3.3	0.9	1.9	2.0	1.6	1.4	
Eurostoxx 50 Market Volatility Index (V2X Qmax, levels)										↑
	Financial Institutions	Downside	40	40.0	45.8	32.5	27.9	27.3	26.7	
	Financial Institutions	Baseline	50	35.0	29.0	28.4	27.9	27.3	26.7	
	Financial Institutions	Upside	10	33.6	23.5	24.5	27.9	27.3	26.7	

[1] Latest estimates have been used for the MEFs used for 4Q22 ECL valuation

As at 31 December 2022 NORTH AMERICA Macroeconomic Factors (MEF)	Function-Corporates/ Financial Institutions	ECL Scenario	Assigned Probabili-ties %	Latest data [1] December 22 %	End Period Projections 2023 %	2024 %	2025 %	2026 %	2027 %	Impact on ECL from an increase in MEF
US Unemployment Rate (%)										↑
	Both	Downside	40	3.9	5.6	4.8	4.6	4.3	4.1	
	Both	Baseline	50	3.5	3.7	4.4	4.2	4.1	4.0	
	Both	Upside	10	3.4	2.9	3.6	4.0	4.1	4.0	
US Real GDP Growth Rate (%YoY)										↓
	Corporates	Downside	40	-0.1	-2.0	1.1	1.1	1.6	1.5	
	Corporates	Baseline	50	0.3	0.8	2.1	1.6	1.6	1.5	
	Corporates	Upside	10	0.5	1.0	2.6	1.9	1.7	1.5	
World Industrial Production (%YoY)										↓
	Corporates	Downside	40	1.2	-6.4	0.9	1.4	1.7	1.8	
	Corporates	Baseline	50	2.5	1.6	1.8	1.8	1.8	1.8	
	Corporates	Upside	10	4.2	3.6	4.0	2.8	1.9	1.8	
Dow Jones Total Stock Market Index (levels)										↓
	Financial Institutions	Downside	40	37,000	28,087	36,610	43,378	44,880	46,383	
	Financial Institutions	Baseline	50	41,226	40,380	41,878	43,378	44,880	46,383	
	Financial Institutions	Upside	10	41,383	44,090	43,469	43,378	44,880	46,383	
US Market Volatility Index (VIX Qmax, levels)										↑
	Financial Institutions	Downside	40	40.0	44.5	31.3	26.5	25.8	25.0	
	Financial Institutions	Baseline	50	35.0	28.0	27.3	26.5	25.8	25.0	
	Financial Institutions	Upside	10	33.6	23.5	23.8	26.5	25.8	25.0	

[1] Latest estimates have been used for the MEFs used for 4Q22 ECL valuation

Current-period estimate of expected credit losses

The key MEFs used in each of the macroeconomic scenarios for the calculation of the expected credit losses include, but are not limited to, GDP growth rates. These MEFs are used in the portfolio- and region-specific ECL models and have been selected based on statistical criteria and expert judgement to explain expected credit losses. The above table includes CSi's forecast of selected MEFs estimated as of December 31, 2023. The comparative information includes the forecast of MEFs selected and estimated as of December 31, 2022.

To measure a significant increase in credit risk, depending on the type of financial instruments, the CSi group uses both quantitative and qualitative criteria. For quantitative triggers, the CSi group makes a comparison based on the PD for the remaining lifetime of the financial instrument. For each reporting date within the lifetime of the financial instrument, the PD for the remaining lifetime is calculated twice, once at initial recognition of the exposure and once at the reporting date itself. At the initial recognition, a time series of PDs is calculated that reflects the lifetime PD between each future reporting date and the maturity of the loan. At each reporting date, the corresponding value in this time series is used for comparison. The second lifetime PD that is used for the comparison is calculated at the reporting date itself, based on potentially updated information such as rerating and changed macro-economic forecasts. If the lifetime PD calculated at the reporting date is higher than what was expected at initial recognition of the loan, then the credit risk increased. This increase is considered significant if the ratio between lifetime PD calculated at reporting and expected lifetime PD calculated at initial recognition exceeds the defined thresholds. For qualitative triggers, the CSi group uses a number of factors, including watch list movements.

For financial instruments originated prior to the effective date of IFRS 9 or prior implementation of the PD model that is used at reporting, the origination PD does not include any further adjustments to reflect expectations of future macroeconomic conditions since these are not available without the use of hindsight. The quantitative comparison is based on a number of grade notches deterioration to identify significant increase in credit risk.

In terms of the quantitative trigger for new originated financial instruments, the CSi group compared:

- the remaining lifetime PD at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated on initial recognition of the exposure.

If the difference between the two is a multiple according to the internal threshold, there is a significant increase in credit risk.

30 Retirement Benefit Obligations

The Bank operates a defined benefit pension plan ('UK DB Plan') in the UK, which is part of the Credit Suisse Group (UK) Pension Fund ('UK Pension Fund'). The UK DB Plan is a funded, final salary pension plan. The Plan is closed to future defined benefit accrual however past service benefits for active members are still linked to pensionable salary. The UK Pension Fund is set up as a single trust, which includes an active defined contribution section ('UK DC Plus plan').

The assets of the UK Pension Fund are held independently of the Bank's assets in separate trustee administered funds. Responsibility for governance and running of the UK Pension fund, including investment decisions (after consultation with the Bank) and contribution schedules (which requires the agreement of the Bank) lies with the board of trustees of the UK Pension Fund.

Approximately 2% of the UK DB Plan's obligations are attributable to current employees, 65% to former employees yet to retire and 33% to current pensioners and dependents of former members currently in receipt of benefits. The weighted average duration of the UK DB Plan is 16 years.

The Bank does not contribute to any other pension or post-retirement defined benefit plans.

Accounting for Defined Benefit Plans

The Bank is the legal sponsor of the UK DB Plan and has no contractual agreement or stated policy for charging the net defined benefit cost to the other participating entities. Therefore, as the legal sponsor, the Bank accounts for the entire plan using defined benefit accounting based on a full actuarial valuation completed by independent actuaries once a year using the projected unit credit method and updated for each Consolidated Statement of Financial Position date.

The following disclosures contain the entire balances for UK DB Plan sponsored by the Bank.

Defined Benefit Costs

All expenses arising from retirement benefit obligations are recorded in the Bank's Consolidated Statement of Income under 'Compensation and benefits'. The following tables show the defined benefit (credits)/costs for the UK DB Plan for 2023 and 2022.

	UK DB Plan	
Group and Bank	**2023**	2022
Defined benefit pension plans (USD million)		
Operating Cost		
Current service costs on benefit obligation	2	1
Past service costs (including curtailments)	–	4
Administrative expense	2	2
Financing Cost		
Net Interest credits	(29)	(16)
Defined benefit costs/(credits)	**(25)**	**(9)**

Defined Benefit Obligation and Fair Value of Plan Assets

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

	UK DB Plan	
Group and Bank	**2023**	2022
Defined benefit pension plans (USD million)		
Defined benefit obligation – 1 January	**1,008**	**1,904**
Current service cost	2	1
Interest cost	50	30
Actuarial gains on assumptions	(25)	(734)
arising out of changes in demographic assumptions	(12)	(1)
arising out of changes in financial assumptions	(13)	(733)
Actuarial (gains)/losses – experience	25	40
Benefit payments	(30)	(33)
Past service costs (including curtailments)	–	4
Exchange rate gains/(losses)	57	(204)
Defined benefit obligation – 31 December	**1,087**	**1,008**
Fair value of plan assets – 1 January	**1,575**	**2,928**
Interest on plan assets	79	46
Actuarial losses on plan assets	(56)	(1,052)
Actual return on plan assets	**23**	**(1,006)**
Employer contributions	(11)	–
Administrative expense	(2)	(2)
Benefit payments	(30)	(33)
Exchange rate gains/(losses)	88	(312)
Fair value of plan assets – 31 December	**1,643**	**1,575**
Total funded status – 31 December		
Plan assets	1,643	1,575
Defined benefit obligation related to funded plans	(1,087)	(1,008)
Funded status for funded plans	**556**	**567**
Funded status recognised – 31 December	**556**	**567**

As of 31 December 2023, the Bank recognised net pension asset of USD 556 million (2022: USD 567 million) in its Consolidated Statement of Financial Position for the UK DB Plan.

The trustees of the UK DB plan do not have the unilateral right to commence wind-up of the scheme. Thus, the Bank assumes that the scheme continues in existence until the last benefit payments are made to members, at which point any residual assets are returned to the employer in line with the rules of the scheme. On this basis, the Bank recognises the net surplus in the UK DB plan in the Bank's financial statements.

For the year ending 31 December 2023, a remeasurement loss of USD 56 million was recognised by the Bank in OCI for the UK DB Plan mainly due to losses on the asset portfolio. For the year ending 31 December 2022, a remeasurement loss of USD 358 million was recognised by the Bank in OCI for the UK DB Plan mainly due to USD 1,052 million losses on the asset portfolio which were partially offset by USD 694 million gains on benefit obligation due to changes in financial and demographic assumptions, primarily the discount rate and inflation.

Benefit payments include USD 4 million (2022: USD 8 million) of transfers where deferred members have initiated on an individual basis to transfer their pension to another pension scheme.

Funding requirements

UK legislation requires that pension schemes are funded prudently. The latest funding valuation of the UK DB Plan was carried out by a qualified actuary as at 31 December 2020 and showed a surplus of USD 550 million. The next funding valuation will be measured as at 31 December 2023, and it is expected to be finalised by 31 March 2025.

Assumptions

The assumptions used in the measurement of the benefit obligation and defined benefit cost for the UK DB Plan as at 31 December 2023 and 2022 were as follows:

Group and Bank	**2023**	2022
Benefit obligation (%)		
Discount rate	4.80%	4.78%
Retail Price Inflation	3.02%	3.22%
Consumer Price Inflation	2.40%	2.43%
Pension increases [1]	2.81%	2.98%
Salary increases	3.65%	3.68%
Defined benefit cost (%)		
Discount rate – Service cost	5.13%	1.82%
Discount rate – Interest cost	5.18%	1.75%
Salary increases	3.68%	3.81%

[1] Pensions earned pre 6 April 1997 which are subject to pension increases on a discretionary basis are considered to be Nil.

A full yield curve valuation was carried out to determine the Defined Benefit Obligation ('DBO'). The above assumptions are the equivalent flat-rate assumptions that would result in the same DBO being calculated.

For discounting expected future cash flows, Credit Suisse uses the "spot rate approach" for the valuation of the UK DB Plan, whereby individual spot rates on the yield curve are applied to each year's cash flow in measuring the plan's benefit obligation as well as future service costs.

Mortality Assumptions

The assumptions for life expectancy for the 2023 UK DB benefit obligation pursuant to IAS 19 are based on the "SAPS 3 light" base table with improvements in mortality in line with the 2022 CMI model with S=7.0,A=0.5 and a scaling factor of 102% (109% for contingent lives of current female members). Underpins to future mortality improvement have also been incorporated, the annual long term rate of improvement being 1.25% p.a.

On this basis the post-retirement mortality assumptions are as follows:

	2023	2022
Life expectancy at age 60 for current pensioners aged 60 (years)		
Males	27.8	28.3
Females	29.6	30.0
Life expectancy at age 60 for future pensioners currently aged 40 (years)		
Males	29.3	29.8
Females	31.0	31.4

Sensitivity Analysis

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

Defined Benefit obligation	Defined Benefit Obligation (USD million)	Increase %	Defined Benefit Obligation (USD million)	Decrease %
2023				
One-percentage point change				
- 1%/ +1% Discount rate	1,277	17	937	(14)
+1% / -1% Inflation rate	1,186	9	999	(8)
+1% / -1% Salary increases rate	1,088	–	1,087	–
+1 / -1 year to life expectancy at 60	1,117	3	1,057	(3)
2022				
One-percentage point change				
- 1%/ +1% Discount rate	1,197	19	860	(15)
+1% / -1% Inflation rate	1,107	10	920	(9)
+1% / -1% Salary increases rate	1,010	–	1,007	–
+1 / -1 year to life expectancy at 60	1,035	3	981	(3)

The sensitivity analysis has been derived from the full valuation run that have been carried out using the data used for calculating the 31 December 2023 defined benefit obligation. The sensitivity analysis focuses on changes to the obligation. For the sensitivities to discount rate and inflation rates the impact on the UK funded status will most likely be lower to the impact on the benefit obligation, as a result of the assets being partially matched to the obligations.

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

Plan Assets and Investment Strategy

The trustees in administration of the UK DB Plan aim to minimise risk subject to adopting an investment strategy that has a reasonable expectation of achieving a certain level of return by investing in a range of asset classes of appropriate liquidity and security which will generate income and capital growth to meet, the cost of benefits. Risk tolerance is established through careful consideration of plan liabilities, plan funding status and financial market condition.

The UK DB Plan has a hedging target of slightly higher than 107% of interest rate and inflation risk arising from the Technical Provisions measure of the liabilities. Guidelines have been put in place for the hedging portfolio to limit the risk between it and the basis on which the Technical Provisions measure of the liabilities is calculated.

Other assets such as corporate bonds are used to enhance long term returns while improving portfolio diversification.

Investment risk is monitored and measured on an ongoing basis with quarterly investment and funding reports together with periodic asset/liability analysis and reviews of the inflation and interest rate hedge.

Plan assets measured at fair value

	Quoted	Un-quoted	**Total**	% of total fair value of scheme assets
Plan assets measured at fair value (USD million)				
2023				
Cash and cash equivalents	–	262	262	15.9%
Debt Securities	1,393	–	1,393	84.8%
of which governments	1,159	–	1,159	70.5%
of which corporates	234	–	234	14.2%
Derivatives	–	(12)	(12)	(0.7)%
Total plan assets UK Plans	**1,393**	**250**	**1,643**	**100.0%**
2022				
Cash and cash equivalents	–	110	110	7.0%
Debt Securities	1,529	–	1,529	97.1%
of which governments	1,307	–	1,307	83.0%
of which corporates	222	–	222	14.1%
Derivatives	–	(64)	(64)	(4.1)%
Total plan assets UK Plans	**1,529**	**46**	**1,575**	**100.0%**

At 31 December 2023 and 2022, the pension fund plan assets held no material amounts of the UBS Group debt and equity securities.

Risks Associated with UK DB Plan

The UK DB Plan exposes the Bank to a number of risks, the most significant of which are:

Asset volatility

The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will reduce the surplus. The fund has minimal growth assets, therefore asset volatility is mainly in respect of the hedging assets.

Changes in bond yields

A decrease in corporate bond yields will increase the value placed on the UK DB Plan's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the bond holdings. The plan hedges interest rate risk, so whilst it might be expected that the hedge increases in value if bond yields decrease, the plan is exposed due to the fact that the hedge does not mitigate decreases in credit spreads used to generate the discount rate for accounting purposes.

Inflation Risk

A significant proportion of the UK DB Plan's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation).

An increase in inflation will also decrease the surplus to the extent that the inflation hedges do not match the effect of inflation increases on the benefit obligations – the current hedging is designed to minimise this risk relative to the funded level of the technical provisions basis.

Life expectancy

The majority of the UK DB Plan's obligations are to provide benefits for the life of the member, therefore increases in life expectancy will result in an increase in the liabilities.

Expected Contributions

No contributions are expected to be paid to the UK DB plan in 2024. The Trustees of the UK Pension Fund have agreed with the Bank to meet the cost of the active member's contributions into the UK DC Plus plan from the pension assets of the UK DB plan, with effect from 1 February 2023. This agreement is due to end in July 2024 and would be subject to renegotiation. The annual expected contributions paid from the UK DB plan to the UK DC Plus plan is USD 11 million.

Defined Contribution Pension Plans

The Bank also contributes to various defined contribution pensions primarily in the UK. The contributions in these plans during 2023 were USD 34 million (2022: USD 39 million).

31 Employee Share-based Compensation and Other Compensation Benefits

Share-based compensation benefits

Prior to the acquisition of Credit Suisse Group AG by UBS Group AG, the Company granted shares in its ultimate parent to certain employees. Following the acquisition, any outstanding shares were converted to UBS Group AG shares at the ratio of 1 UBS share for every 22.48 Credit Suisse Group AG shares held.
The expense for share-based payments is determined by treating each tranche as a separate grant of share awards and is accrued over the vesting period for each tranche, unless the employee is eligible for early retirement or retirement before the end of the vesting period, in which case recognition of the expense would be accelerated over the shorter period.

For share awards granted following the date of acquisition, the grantor is UBS Group. The Company is invoiced over the requisite service period for the grant price of awards relating to employees of the Company. No further payments are required to be made by the Company at the time of settlement to employees.

The majority of share awards granted include the right to receive dividend equivalents on vested shares.

Employee Share-based Compensation and Other Compensation Benefits

Payment of deferred compensation to employees is determined by the nature of the business, role, location and performance of the employee. Unless there is a contractual obligation, granting deferred compensation is solely at the discretion of the Compensation Committee and senior management. Special deferred compensation granted as part of a contractual obligation is typically used to compensate new senior employees for forfeited awards from previous employers upon joining the Company. It is the Company's policy not to make multi-year guarantees.
Compensation expense for share-based and other awards that were granted as deferred compensation is recognised in accordance with the specific terms and conditions of each respective award and is primarily recognised over the future requisite service and vesting period, which is determined by the plan, retirement eligibility of employees and certain other terms. All deferred compensation plans are subject to restricted covenants, which generally include non-compete and non-solicit provisions. Compensation expense for share-based and other awards that were granted as deferred compensation also includes the current estimated outcome of applicable performance criteria, estimated future forfeitures and mark-to-market adjustments for certain awards that are still outstanding.

Total compensation expense/(income) for cash-settled share-based compensation plans recognised during 2023 and 2022 was USD 38 million and USD (116 million) respectively. The total stock award liability recorded as at 31 December 2023 was USD 87 million (2022: USD 55 million). The fair value used to calculate the stock award liability was the closing UBS Group AG share price as at 31 December 2023 CHF 26.10 (CSG 2022: CHF 2.764). The average weighted fair value of awards granted in 2023 was CHF 18.43 after adjusting for the conversion of outstanding CSG shares to UBS shares post-acquisition (CSG 2022: CHF 7.30). The intrinsic value of vested share-based awards outstanding as at year end was USD 16 million (2022: USD 33 million).

Share Awards

Share awards, granted prior to acquisition, generally vest over three years with one third of the share awards vesting on each of the three anniversaries of the grant date (ratable vesting), with the exception of awards granted to individuals classified as material risk takers ('MRTs'), risk manager MRTs or senior managers or equivalents under the EU or UK Capital Requirements Directive V related provisions. Share awards granted to MRTs vest over four years with one quarter of the award vesting on each of the four anniversaries of the grant date. Share awards granted to risk manager MRTs vest over five years with one fifth of the award vesting on each of the five anniversaries of the grant date.

Share awards granted to senior managers vest over seven years, with one fifth of the award vesting on each of the third to seventh anniversaries of the grant date. Share awards are expensed over the service period of the awards. The value of the share awards is solely dependent on the UBS Group AG share price at the time of delivery.

The share awards include other awards, such as blocked shares, and special awards, which may be granted to new employees. These awards entitle the holder to receive one UBS Group AG share and are generally subject to continued employment with the Company, contain restrictive covenants and cancellation provisions and generally vest between zero and five years.

Merger retention awards granted on the acquisition date are expensed over their applicable vesting periods. These share awards generally vest over 12 months, with the exception of awards granted to individuals classified as MRTs or employees with awards over a certain value, which vest between two to seven years. With UBS Group AG as the grantor, the grant value of these awards are invoiced over their requisite service periods. No further payments are required to be made by the Company at the time of settlement to employees.

The majority of share awards granted include the right to receive dividend equivalents on vested shares.

Movements in the number of share outstanding were as follows:

Group and Bank	**2023**	2022
Number of units (millions)		
As at 1 January	15.49	14.07
Granted	24.59	8.93
Shares transferred in/out	(0.15)	0.16
Delivered	(4.48)	(6.71)
Forfeited	(1.26)	(0.96)
Conversion to UBS Shares	(33.09)	–
As at 31 December	**1.10**	**15.49**

Performance Share Awards ('PSA')

Prior to 2023, certain employees received a portion of their deferred variable compensation in the form of performance share awards. Performance share awards are similar to share awards, except that the full balance of outstanding performance share awards, including those awarded in prior years, are subject to performance-based malus provisions.
The conditions for the outstanding performance share awards granted for prior years were revised and are subject to a downward adjustment in the event UBS Group AG has a negative reported return on common equity tier 1 ('CET1').

Performance share awards will no longer be used as a form of deferred compensation award from 2022 performance year onwards.

The majority of performance share awards granted include the right to receive dividend equivalents on vested shares.

Group and Bank	**2023**	2022
Number of units (millions)		
As at 1 January	8.72	13.48
Granted	(0.44) [1]	(0.46) [1]
Shares transferred in/out	0.02	0.24
Delivered	(2.86)	(3.43)
Forfeited	(0.68)	(1.11)
Conversion to UBS shares	(4.58)	–
As at 31 December	**0.18**	**8.72**

1 Includes downward adjustment applied to outstanding performance share awards.

Strategic Delivery Plan ('SDP')

Strategic Delivery Plan ('SDP') was a one-off share-based award granted in February 2022. The SDP awards are subject to service conditions and revised performance-based metrics over the course of 2022-2024. SDP awards are scheduled to vest on the third anniversary of the grant date, with the exception of awards granted to individuals classified as material risk takers ('MRTs'), risk manager MRTs or senior managers or equivalents under the EU Capital Requirements Directive V and UK Investment Firms Prudential Regime, where a longer vesting period applies.
Prior to settlement, the principal amount of the SDP awards will be written down to zero and forfeited if the UBS Group's reported CET1 ratio falls below 7%.

The majority of SDP awards granted include the right to receive dividend equivalents on vested shares.

Group and Bank	**2023**	2022
SDP Stock Awards (millions)		
As at 1 January	6.04	–
Granted	(0.37)	6.68
Share transferred in/out	0.02	0.02
Delivered	–	–
Forfeited	(0.29)	(0.66)
Conversion to UBS share	(5.18)	–
As at 31 December	**0.22**	**6.04**

Transformation Phantom Share awards ('TA')

In February 2023, CSG granted Transformation Awards to certain employees identified as being critical to the delivery of the transformation strategy.
Transformation share awards vest on the third anniversary of grant and are subject to a share price condition and performance conditions. The share price condition and performance conditions were revised. No payment will be made unless the UBS Group AG share price is at CHF 85.87 or higher on December 31, 2025. If the share price condition is achieved, the amount

payable is based on the Underlying UBS Group RoCET1 for calendar year 2025, with 100% of the transformation share award due if an Underlying UBS Group RoCET1 of 8% is achieved.

Movements in the number of TA outstanding were as follows:

Group and Bank	**2023**	2022
Transformation Phantom Share awards (millions)		
As at 1 January	–	–
Granted	5.55	–
Share transferred in/out	–	–
Delivered	–	–
Forfeited	(0.02)	–
Conversion to UBS share	(5.31)	–
As at 31 December	**0.22**	**–**

Contingent Capital Awards

Contingent Capital Awards ('CCA') are no longer used as a form of deferred compensation award for the 2022 performance year onwards.

In 2023, all outstanding CCAs were written down for both vested and unvested awards.

Total compensation (income)/expense recognised for CCAs during the year ended 31 December 2023 was USD (49.1 million) (2022: USD (0.8 million)). This included the cancellation of the prior year CCA following the decision by the Swiss Federal Council.

Deferred fixed cash awards

Deferred fixed cash compensation was granted during 2023, 2022 and 2021 to certain employees. This compensation has been expensed over one to three year vesting period from the grant date.

Total compensation expense recognised for deferred fixed cash awards during the year ended 31 December 2023 was USD 12 million (2022: USD Nil).

Upfront Cash Awards

In February 2023, certain employees were granted upfront cash awards as part of the cash component of their 2022 variable compensation. During 2022 and 2021, certain employees were also granted upfront cash awards. These awards are subject to repayment (clawback) by the employee in the event of voluntary resignation, termination for cause or in connection with other specified events or conditions within three years of the award grant. The amount subject to repayment is reduced in equal monthly installments during the three-year period following the grant date. The expense recognition will occur over the three-year vesting period, subject to service conditions.

Total compensation expense recognised during the year ended 31 December 2023 was USD 22 million (2022: USD 46.7 million).

Deferred cash awards

Deferred cash awards include special awards, merger retention cash awards (vested in 60 days after grant), transformation cash awards, Deferred Contingent Cash Plan ('DCCP'), Fund Ownership Plan ('FOP') cash awards and employee investment plans. Compensation expense was primarily driven by their vesting schedule as well as mark to market adjustments, where applicable

Total compensation expense recognised for these other deferred cash awards during the year ended 31 December 2023 was USD 29 million (2022: USD 3 million).

32 Related Parties

The CSi group is controlled by UBS Group AG, its ultimate parent and also the largest group of undertakings to consolidate these financial statements. The registered office of UBS Group AG is at Bahnhofstrasse 45, 8001 Zurich, Switzerland. The CSi group's parent company, which holds a majority of the voting rights in the undertaking, is CS AG, which is incorporated in Switzerland. UBS Group AG now holds 100% of capital and votes in CS AG, which is incorporated in Switzerland. The registered address of CS AG is Paradeplatz 8, 8070 Zurich, Switzerland.

The CSi group has significant related party balances with subsidiaries and affiliates of UBS Group AG and CS AG, with substantially all balances with CS group entities. These transactions largely comprise of derivative trades, as the Bank is the principal risk taker for derivatives within CS AG, as well as funding trades via use of loans or due to banks, reverse repurchase or repurchase agreements. In addition, the ordinary shares are held by UBS Group AG and subsidiaries of UBS Group AG (i.e., CS AG). The Bank is also charged for operating costs that mainly relate to employee-related services and other business expenses. Further, these transactions also include transfer pricing income/charges with group entities of CS AG that provide services in respect of the global derivatives business which is centrally booked in the Bank. 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.

CS AG, CSi group's immediate parent, is the smallest group of undertakings to prepare consolidated financial statements.

a) Related party assets and liabilities

Group	31 December 2023 Parent [1]	31 December 2023 Fellow group companies	31 December 2023 Total	31 December 2022 Parent [2]	31 December 2022 Fellow group companies	31 December 2022 Total
Assets (USD million)						
Cash and due from banks	2,905	45	2,950	2,898	22	2,920
Interest-bearing deposits with banks	8,319	–	8,319	12,086	–	12,086
Securities purchased under resale agreements and securities borrowing transactions	601	695	1,296	8,447	1,985	10,432
Trading financial assets mandatorily at fair value through profit or loss	19,373	4,334	23,707	25,530	4,909	30,439
Non-trading financial assets mandatorily at fair value through profit or loss	2,426	1,106	3,532	5,524	4,017	9,541
Loans and advances	665	2,504	3,169	167	2,504	2,671
Other assets	218	1,776	1,994	745	1,598	2,343
Total assets	**34,507**	**10,460**	**44,967**	**55,397**	**15,035**	**70,432**
Liabilities and Equity (USD million)						
Due to banks	–	1	1	8	–	8
Securities sold under repurchase agreements and securities lending transactions	42	311	353	1,686	1,160	2,846
Trading financial liabilities mandatorily at fair value through profit or loss	16,768	4,485	21,253	20,534	5,722	26,256
Financial liabilities designated at fair value through profit or loss	7,043	1,801	8,844	9,997	3,352	13,349
Borrowings	12,622	–	12,622	6,025	–	6,025
Debt in issuance	5,693	2,413	8,106	15,892	2,416	18,308
Other liabilities	2,094	617	2,711	6,293	607	6,900
Share capital	7,267	–	7,267	11,366	–	11,366
Other Equity Instrument	1,200	–	1,200	1,200	–	1,200
Total liabilities and equity	**52,729**	**9,628**	**62,357**	**73,001**	**13,257**	**86,258**

[1] The term parent refers to the ultimate parent, UBS Group AG (for 2023) above table includes other liabilities balances with UBS Group AG of Nil (2022: Nil).

[2] The term parent refers to the immediate parent, Credit Suisse AG and also the ultimate parent CSG. Above table includes other liabilities balances with CSG of USD NIL (2022: USD 135 million)

Bank	31 December 2023				31 December 2022			
	Parent [1]	Fellow group companies	Subsidiaries	Total	Parent [2]	Fellow group companies	Subsidiaries	Total
Assets (USD million)								
Cash and due from banks	2,905	45	–	2,950	2,898	22	–	2,920
Interest-bearing deposits with banks	8,319	–	–	8,319	12,086	–	–	12,086
Securities purchased under resale agreements and securities borrowing transactions	601	695	–	1,296	8,446	1,985	–	10,431
Trading financial assets mandatorily at fair value through profit or loss	19,373	4,334	(33)	23,674	25,530	4,909	120	30,559
Non-trading financial assets mandatorily at fair value through profit or loss	2,229	1,106	4	3,339	5,356	4,017	8	9,381
Loans and advances	665	2,504	–	3,169	167	2,504	–	2,671
Other assets	223	1,771	–	1,994	746	1,598	–	2,344
Total assets	**34,315**	**10,455**	**(29)**	**44,741**	**55,229**	**15,035**	**128**	**70,392**
Liabilities and Equity (USD million)								
Due to banks	–	1	–	1	8	–	–	8
Securities sold under repurchase agreements and securities lending transactions	43	311	–	354	1,687	1,160	–	2,847
Trading financial liabilities at fair value through profit or loss	16,767	4,485	159	21,411	20,533	5,722	(262)	25,993
Financial liabilities designated at fair value through profit or loss	7,043	1,801	(1)	8,843	9,997	3,352	–	13,349
Borrowings	12,622	–	–	12,622	6,025	–	–	6,025
Debt in issuance	5,693	2,414	–	8,107	15,892	2,417	–	18,309
Other liabilities	2,099	616	–	2,715	6,293	606	–	6,899
Share capital	7,267	–	–	7,267	11,366	–	–	11,366
Other Equity Instrument	1,200	–	–	1,200	1,200	–	–	1,200
Total liabilities and equity	**52,734**	**9,628**	**158**	**62,520**	**73,001**	**13,257**	**(262)**	**85,996**

[1] The term parent refers to the ultimate parent, UBS Group AG (for 2023) above table includes other liabilities balances with UBS Group AG of Nil (2022: Nil).

[2] The term parent refers to the immediate parent, Credit Suisse AG and also the ultimate parent CSG. Above table includes other liabilities balances with CSG of USD NIL (2022:USD 135 million)

Related party off-balance sheet transactions

Group and Bank (USD million)	31 December 2023			31 December 2022		
	Parent	Fellow group companies	Total	Parent	Fellow group companies	Total
Guarantees and Commitments						
Irrevocable loan commitments	–	173	173	–	173	173
Gross Irrevocable Loan commitments	**–**	**173**	**173**	**–**	**173**	**173**
Irrevocable Loan commitments – sub-participation	–	–	–	–	–	–
Net Irrevocable Loan commitments	**–**	**173**	**173**	**–**	**173**	**173**

b) Related party revenues and expenses

Group (USD million)	Parent [2]	Fellow group companies	Total	Parent [3]	Fellow group companies	Total
			2023			2022
Interest income	920	709	1,629	519	438	957
Interest expense	(1,599)	(357)	(1,956)	(936)	(210)	(1,146)
Net interest expense	**(679)**	**352**	**(327)**	**(417)**	**228**	**(189)**
Commissions and fees	22	(35)	(13)	35	(47)	(12)
Transfer pricing arrangements	12	41	53	36	107	143
Other revenue	(2)	(32)	(34)	18	–	18
Total non-interest revenues	**32**	**(26)**	**6**	**89**	**60**	**149**
Net operating income	**(647)**	**326**	**(321)**	**(328)**	**288**	**(40)**
Total operating expenses [1]	**(585)**	**(467)**	**(1,052)**	**(547)**	**(688)**	**(1,235)**

[1] Net overheads allocated to other CS group entities of USD 180 million (2022: USD 220 million) are not included in the Total operating expenses.
[2] Above table includes commission and fees with UBS Group AG of USD Nil (2022: Nil) and operating expenses balances with UBS Group AG of USD 7 million (2022: Nil)
[3] Above table includes commission and fees with CSG of USD NIL (2022: USD 60 million) and operating expenses balances with CSG of USD NIL (2022: USD 2 million)

c) Remuneration

Remuneration of Directors

(USD ‘000)	**2023**	2022
Emoluments	4,435	5,677
Long term incentive schemes:		
Amounts Paid under Deferred Cash Awards	654	402
Amounts Delivered under Share Based Awards	544	963
Total	**5,633**	**7,042**
Compensation for loss of office	950	95
Bank’s contributions to defined contribution	56	12
Total	**6,639**	**7,149**

Emoluments include amounts paid to or receivable by the Directors. Only vested Cash Retention Awards are included in emoluments. Long term incentive schemes consist of deferred cash awards and share based awards and are only given to Executive Directors. The Non-Executive Directors only receive a fixed fee. Deferred cash awards are included in the period when the amounts vest and are paid, and share based awards are included in the period when the amounts vest and are delivered.

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

The aggregate of emoluments and deferred cash awards paid to or receivable by the highest paid director was USD 2,453,000 (2022: USD 2,373,000). There were no contributions made for defined contribution pension plan in 2023 (2022: USD Nil). There were no contributions made for defined benefit lump sum (2022: USD Nil).

The amounts included in the Companies Act disclosures are on a different basis than the recognition requirements of IFRS 2 and IAS 19 and the disclosure requirements of IAS 24. The aggregate amount of remuneration accrued in the Bank’s accounts for directors in accordance with IFRS requirements for 2023 was USD 5,382,000 (2022: USD 25,000).

d) Number of Directors and Benefits

(Number of Directors)	**2023**	2022
Retirement benefits are accruing to the following number of Directors under:		
Defined contribution schemes	3	2
No scheme	9	8
Directors in respect of whom services were received or receivable under long term incentive scheme	5	4

e) Remuneration of Key Management Personnel

(USD’ 000)	**2023**	2022
Remuneration of Key Management Personnel		
Emoluments	11,717	18,274
Long term incentive schemes	1,874	(11,491)
Total	**13,591**	**6,783**
Compensation for loss of office	398	393
Bank’s contributions to defined contribution plan	200	158
Total	**14,189**	**7,334**

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

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

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the CSi group, directly or indirectly, including any director of the CSi group.

Key management personnel include Directors and the members of the CSi Executive Committee.

Shares awarded to Key Management Personnel

	2023 [1]	2022 [1]
Number of shares	115,589	3,090,376

[1] 2023 number of shares are UBS shares and 2022 number of shares were CS shares.

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

For information and details on the subsequent events on share based compensation liabilities, refer Note 42 – Subsequent Events

f) Loans and Advances to Directors and Key Management Personnel

Loans outstanding to or due from Directors or key management personnel of the CSi group as at 31 December 2023 were USD Nil (2022: USD Nil), of which loans to Directors were USD Nil (2022: USD Nil).

33 Derivatives and Hedging Activities

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

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

On the date the derivative contract is entered into, the Bank designates the derivative as belonging to one of the following categories:

- a trading activity;
- a risk management transaction that does not qualify as a hedge under accounting standards (referred to as an economic hedge); or
- a hedge of the variability of cash flows to be received or paid related to a recognised asset or liability or a forecasted transaction.

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

	31 December 2023				31 December 2022			
	Trading		Hedging		Trading		Hedging	
Group	Gross Derivative Assets	Gross Derivative Liabilities	Gross Derivative Assets	Gross Derivative Liabilities	Gross Derivative Assets	Gross Derivative Liabilities	Gross Derivative Assets	Gross Derivative Liabilities
Trading and hedging derivatives instruments (USD million)								
Interest rate products	33,876	33,284	–	–	43,494	43,022	–	–
Foreign exchange products	13,457	15,156	3	–	21,904	20,634	7	17
Equity/indexed-related products	9,073	8,891	–	–	28,703	29,258	–	–
Credit products	1,851	2,107	–	–	4,777	4,608	–	–
Other products	76	64	–	–	294	320	–	–
Total derivative instruments	**58,333**	**59,502**	**3**	**–**	**99,172**	**97,842**	**7**	**17**

	2023		2022	
Group	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
Derivative Assets and Liabilities (USD million)				
Derivative Assets and Liabilities (trading and hedging) before netting	58,336	59,502	99,179	97,859
Derivative Assets and Liabilities (trading and hedging) after netting	57,340	58,562	90,074	88,490

Bank	2023 Derivative Assets	2023 Derivative Liabilities	2022 Derivative Assets	2022 Derivative Liabilities
Derivative Assets and Liabilities (USD million)				
Derivative Assets and Liabilities (trading and hedging) before netting	58,336	59,502	99,300	98,123
Derivative Assets and Liabilities (trading and hedging) after netting	57,340	58,562	90,195	88,754

The above tables remain the same for Bank with an exception on the following lines for 31 December 2022:

For Interest rate products, gross derivative assets is USD 43,498 million and gross derivative liabilities is USD 42,966 million.

For Equity/Index related products, gross derivative assets is USD 28,703 million and gross derivative liabilities is USD 29,256 million.

For Credit products, gross derivative assets is USD 4,894 million and gross derivative liabilities is USD 4,930 million.

For information and details on the balances with related parties, refer Note 32 – Related Parties.

Trading Activities

The Bank is active in most of the principal trading markets and transacts in many popular trading and hedging products. As noted above, this includes the use of swaps, futures, options and structured products (custom transactions using combinations of derivatives) in connection with its sales and trading activities. Trading activities include market making and customer based trading. The majority of the Bank's derivatives held as at 31 December 2023 were used for trading activities.

Economic Hedges

Economic hedges arise when the UBS Group AG group enters into derivative contracts for its own risk management purposes, but the contracts entered into do not qualify for hedge accounting under IFRS. These economic hedges include the following types:

- interest rate derivatives to manage net interest rate risk on certain banking business assets and liabilities;
- foreign exchange derivatives to manage foreign exchange risk on certain banking business revenue and expense items, as well as on banking business assets and liabilities;
- credit derivatives to manage credit risk on certain loan portfolios; and
- economic hedges are accounted for and presented in the same way as trading derivatives, since hedge accounting is not applied.

Cash Flow Hedges

The UBS Group AG designates cash flow hedges as part of its strategy to mitigate its risk to variability of foreign currency denominated professional services and salaries and payroll taxes by using foreign exchange forwards. The strategy is to enter into a strip of foreign exchange forward trades to hedge the risk associated with these expenses to recognise the gain or loss on these hedges in the profit and loss line of the hedged item. The strip of foreign exchange forward trades mature on the last business day of the respective month.

The objective of the strategy is to lock in the USD equivalent of certain GBP professional services and salaries and payroll taxes at the rates prevailing at the time of executing the hedge trade(s). By investing in foreign exchange forward contracts, the UBS Group AG has secured the GBP/USD exchange rate, at which rate the expenses will be recorded at in the financial statements.

The nature of the risk being hedged is the impact of forward foreign exchange rate movements on the moment of GBP expense recognition in the financial statements. Hence, the forward points within the foreign exchange forward trades are included in the hedge relationship. The GBP expenses are remeasured into USD at the time when recognised in the financial statements. The GBP denominated payments are referred to as the hedged item. The remeasurement of GBP expenses into USD is performed using the foreign exchange rate set on the last business day of that month. Hence, there is no timing mismatch between the hedging instrument and the hedged item, as the maturity date of a foreign exchange forward trade is always a last business day of a month.

The following table sets forth details of cash flow hedging instruments:

Group and Bank As at 31 December 2023 (USD million)	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument		Line item in the statement of financial position where the hedging instrument is recorded	Changes in fair value used for calculating hedge ineffectiveness during the period
		Assets	Liabilities		
Cash flow hedges (USD million)					
Foreign exchange risk					
Forward contracts	69	3	–	Non-trading financial assets mandatorily at fair value through profit or loss	12

Group and Bank As at 31 December 2022 (USD million)	Nominal amount of the hedging instrument	Assets	Liabilities	Line item in the statement of financial position where the hedging instrument is recorded	Changes in fair value used for calculating hedge ineffectiveness during the period
Cash flow hedges (USD million)					
Foreign exchange risk					
Forward contracts	465	7	(17)	Non-trading financial assets mandatorily at fair value through profit or loss/ Financial liabilities designated at fair value through profit or loss	1

The following table sets forth the timing of future cash flows of hedging instruments:

Group and Bank As at 31 December 2023 (USD million)	< 6 months	< 1 year
Cash Flow Hedges		
Foreign exchange price risk		
Forward contracts	69	–
Average exchange rate – GBP/USD	1.23	–

Group and Bank As at 31 December 2022 (USD million)	< 6 months	< 1 year
Cash Flow Hedges		
Foreign exchange price risk		
Forward contracts	254	211
Average exchange rate – GBP/USD	1.29	1.17

The following table sets forth the details of hedged item:

Group and Bank Cash flow hedges as at 31 December 2023 (USD million)	Change in value of the hedged item	Cash flow hedge reserve
Foreign exchange price risk		
Professional services, salaries and payroll taxes	–	3

Group and Bank Cash flow hedges as at 31 December 2022 (USD million)	Change in value of the hedged item	Cash flow hedge reserve
Foreign exchange price risk		
Professional services, salaries and payroll taxes	–	(9)

Hedge effectiveness assessment

The UBS Group AG assesses the effectiveness of hedging relationships both prospectively and retrospectively. The prospective assessment is made both at the inception of a hedging relationship and on an ongoing basis and requires the UBS Group AG to justify its expectation that the relationship will be highly effective over future periods. The retrospective assessment is also performed on an ongoing basis and requires the UBS Group AG to determine whether or not the hedging relationship has actually been effective. If the UBS Group AG concludes, through a retrospective evaluation, that hedge accounting is appropriate for the current period, then it measures the amount of hedge ineffectiveness to be recognised in earnings.

Cash flow hedges (USD million)	**2023** Foreign exchange price risk Forward contract	2022 Foreign exchange price risk Forward contract
Hedging gain/(loss) recognised in OCI	16	(62)
Amount reclassified to profit or loss because hedged item has affected profit or loss	4	(63)
Line item that includes the reclassification adjustments	Total Operating expenses: a. General, administrative and trading expenses b. Compensation and benefits	Total Operating expenses: a. General, administrative and trading expenses b. Compensation and benefits

Cash flow hedge reserve (USD million)	**2023** Cash flow hedging reserve	2022 Cash flow hedging reserve
Opening balance at 1 January	**(9)**	**(10)**
Cash flow hedges		
Effective portion of changes in fair value:		
Foreign Exchange Currency risk	16	(62)
Net amount reclassified to profit or loss:		
Foreign Exchange Currency risk	(4)	63
Closing balance at 31 December	**3**	**(9)**

Disclosures relating to contingent credit risk

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

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

The impact of downgrades in the UBS Group AG's debt in issuance ratings are considered in the stress assumptions used to determine the liquidity and funding profile of the Bank. The Bank holds a liquidity pool made up of 'High Quality Liquid Assets' ('HQLA') to meet any additional collateral calls as a result of a downgrade. The assessment takes into consideration a two-notch downgrade in credit rating of UBS Group AG.

34 Contingent Liabilities, Guarantees and Commitments

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

	Maturity						
Group and Bank	<1 year	1-3 years	3-5 years	>5 years	Total gross amount	Secured by collateral	Net of collateral
31 December 2023							
Guarantees (USD million)							
Credit guarantees and similar instruments	118	25	–	–	143	3	140
Forward reverse repurchase agreements	183	–	–	–	183	175	7
Total guarantees	**301**	**25**	**–**	**–**	**326**	**178**	**147**
Other commitments (USD million)							
Loan commitments	189	680	151	114	1,134	372	763
Other commitments – commitments to purchase cash securities <1 year	222	5	–	–	227	–	228
Total other commitments	**411**	**685**	**151**	**114**	**1,361**	**372**	**991**
31 December 2022							
Guarantees (USD million)							
Credit guarantees and similar instruments	67	83	–	–	150	–	150
Forward reverse repurchase agreements	990	–	–	–	990	990	–
Total guarantees	**1,057**	**83**	**–**	**–**	**1,140**	**990**	**150**
Other commitments (USD million)							
Loan commitments	807	794	836	77	2,514	716	1,798
Other commitments – commitments to purchase cash securities <1 year	3,850	–	–	–	3,850	–	3,850
Total other commitments	**4,657**	**794**	**836**	**77**	**6,364**	**716**	**5,648**

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

Performance guarantees and similar instruments are arrangements that require contingent payments to be made when certain performance-related targets or covenants are not met. Such covenants may include a customer's obligation to deliver certain products and services or to perform under a construction contract. Performance-related guarantees are frequently executed as part of project finance transactions.

Loan commitments include unused credit facilities that cannot be revoked at any time without prior notice.

Commitments to purchase cash securities represents the value of debt and equity cash security contracts which requires CSi group to make payments to customers, banks, brokers and dealers which have not settled as at the reporting date.

Contingent Liabilities and Other Commitments

CSi is the subject of a number of litigation matters. Provision for loss are made where the IFRS requirements for recognition of a provision are satisfied i.e. i) loss is probable (>50% likelihood of loss); and ii) losses can be reliably estimated.

CSi has a litigation provision of USD 5 million as at year end 31 December 2023. Below are the potentially more significant litigation matters.

CSi and other Credit Suisse entities have been subject to investigations by regulatory and enforcement authorities, as well as civil litigation, regarding certain Credit Suisse entities' arrangement of loan financing to Mozambique state enterprises, Proindicus

S.A. and Empresa Mocambiacana de Atum S.A. ('EMATUM'), a distribution to private investors of 'loan participation notes' (LPN) related to the EMATUM financing in September 2013, and certain Credit Suisse entities' subsequent role in arranging the exchange of those LPNs for Eurobonds issued by the Republic of Mozambique. In 2019, three former Credit Suisse employees pleaded guilty in the EDNY to accepting improper personal benefits in connection with financing transactions carried out with two Mozambique state enterprises.

In October 2021, Credit Suisse reached settlements with the Department of Justice ('DOJ'), the US Securities Exchange Commission ('SEC'), the UK Financial Conduct Authority ('FCA') and FINMA to resolve inquiries by these agencies. In the resolution with the FCA, CSi, CSS(E)L, and Credit Suisse AG (CSAG), London Branch agreed that, in respect of these transactions with Mozambique, their UK operations had failed to conduct business with due skill, care and diligence and to take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems. CSi, CSS(E)L, and CSAG paid a penalty of approximately USD 200 million and further to an agreement with the FCA, forgave USD 200 million of debt owed to Credit Suisse by Mozambique.

In February 2019, CSi and CSAG (with CSS(E)L being added later), three former employees, and several other unrelated entities were sued in the English High Court by the Republic of Mozambique. Credit Suisse entities, including CSi, subsequently filed cross claims against several entities controlled by Privinvest Holding SAL (Privinvest) that acted as the project contractor, Iskander Safa, the owner of Privinvest, and several Mozambique officials. The Republic of Mozambique sought (i) a declaration that the sovereign guarantee issued in connection with the ProIndicus loan syndication arranged and funded, in part, by a Credit Suisse subsidiary is void and (ii) damages alleged to have arisen in connection with the transactions involving ProIndicus and EMATUM, and a transaction in which Credit Suisse had no involvement with Mozambique Asset Management S.A. In addition, several of the banks that participated in the ProIndicus loan syndicate brought claims against Credit Suisse entities seeking a declaration that Credit Suisse is liable to compensate them for alleged losses suffered as a result of any invalidity of the sovereign guarantee or damages stemming from the alleged loss suffered due to their reliance on representations made by Credit Suisse to the syndicate lenders.

In January 2021, Privinvest entities filed a cross claim against the Credit Suisse entities (as well as the three former Credit Suisse employees and various Mozambican officials) seeking an indemnity and/or contribution in the event that the contractor is found liable to the Republic of Mozambique.

In February 2022, Privinvest and Iskandar Safa brought a defamation claim in a Lebanese court against CSSEL and Credit Suisse Group AG. The lawsuit alleges damage to the claimants' professional reputation in Lebanon due to statements that were allegedly made by Credit Suisse in documents relating to the October 2021 settlements with global regulators. In November 2022, a Privinvest employee who was the lead negotiator on behalf of Privinvest entities in relation to the Mozambique transactions, also brought a defamation claim in a Lebanese court against Credit Suisse Group AG and CSS(E)L.

In September 2023, Credit Suisse, the Republic of Mozambique, and certain of the lenders in the ProIndicus syndicate entered into a settlement agreement. In November 2023, UBS Group AG (as successor to Credit Suisse Group AG), Credit Suisse, Privinvest and Iskander Safa entered into an agreement to settle all claims among them in the English High Court and in Lebanon.

In relation to the Supply Chain Funds matter, Credit Suisse, including CSi, has received requests for documents and information in connection with inquiries, investigations, enforcement and other actions by FINMA, the FCA and other regulatory and governmental agencies. The Luxembourg Commission de Surveillance du Secteur Financier is reviewing the matter through a third party. Credit Suisse is cooperating with these authorities. In February 2023, FINMA announced the conclusion of its enforcement proceedings against Credit Suisse in connection with the SCFF matter. In its order, FINMA reported that Credit Suisse had seriously breached applicable Swiss supervisory laws in this context with regard to risk management and appropriate operational structures. While FINMA recognised that Credit Suisse has already taken extensive organisational measures based on its own investigation into the SCFF matter, particularly to strengthen its governance and control processes, and FINMA is supportive of these measures, the regulator has ordered certain additional remedial measures. In May 2023, FINMA opened an enforcement proceeding against Credit Suisse in order to confirm compliance with supervisory requirements in response to inquiries from FINMA's enforcement division in this matter.

Certain civil actions have been filed by fund investors and other parties against Credit Suisse and/or certain officers and directors in various jurisdictions, which make allegations including mis-selling and breaches of duties of care, diligence and other fiduciary duties. Certain investors and other private parties have also filed criminal complaints against Credit Suisse and other parties in connection with this matter.

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

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

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

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

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

35 Interests in Other Entities

CSi has interests in a number of entities where it has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of these entities are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The following table sets forth the full list of related undertakings in subsidiaries of the CSi group owns, directly or indirectly.

Composition of the CSi group

Entity Name	Domicile	Currency	**Percentage of ownership held 2023**	Percentage of ownership held 2022
31 December 2023				
AI3 (USD) Segregated Portfolio	Cayman Islands	USD	100	100
Albalatin LLC	Qatar	USD	100	–
Andrea Cell 1000 EUR [1]	Jersey	EUR	100	100
Andrea Cell 1000 USD [1]	Jersey	USD	100	100
Andrea Investments (Jersey) PCC (MASTER VEHICLE) [1]	Jersey	GBP	100	100
Andrea Investments (Jersey) PCC: 1000 [1]	Jersey	USD	100	100
Argentum Capital Series 2015-32	Luxembourg	USD	100	100
Argentum Capital Series 2016-36	Luxembourg	USD	100	–
Argentum Capital Series 2015-53, 2016-25, 2016-33, 2016-50, 2016-63, 2017-54, 2017-64, 2019-75, 2022-11	Luxembourg	USD	–	100
Argentum Series 2018-22	Luxembourg	USD	–	100
Ascent Finance Limited 2020-25	Cayman Islands	USD	100	100
Ascent Finance Limited 2021-9015	Cayman Islands	USD	100	–
Ascent Finance Limited Series 2021-1800, 2021-1801, 2021-1802, 2022-1801, 2022-1802	Cayman Islands	USD	–	100
Boats Investments (Jersey) Ltd Series 630, 641, 647, 663 [1]	Jersey	USD	100	100
Boats Investments (Jersey) Ltd Series 628, 631, 633, 639, 642, 648, 655, 656, 658, 659, 661, 662, 664 [1]	Jersey	USD	–	100
Clearwater Seller Limited [2]	United Kingdom	USD	100	100
Credit Suisse First Boston Trustees Limited	Ireland, Republic of	USD	100	100
Custom Markets QIAIF plc	Ireland, Republic of	USD	100	100
Global Bond Fund	Ireland, Republic of	USD	100	100
GIFMS Capital Company LLC	United States	USD	–	100
GIFS Capital Company LLC Silo 2 Technical purpose	United States	USD	100	–
Interleuvenlaan 15 Real Estate Ltd	Gibraltar	EUR	100	100
M&M Iris SPC	Cayman Islands	USD	–	100
Morstan Investments B.V.	Netherlands	USD	100	100
New Jersey S.A.	Luxembourg	EUR	100	100
Platinum Securities Cayman SPC Limited	Cayman Islands	USD	100	100
Platinum Securities Netherlands B.V.	Netherlands	EUR	–	100
Silver Hake Limited	Gibraltar	EUR	100	100
VAULT Investments plc – Series 060 [3]	Ireland, Republic of	EUR	–	100
Westwood S.A	Portugal	EUR	100	100
YI Active Spezial ESPA Fund. [3]	Austria	EUR	–	100

[1] For these entities, the financial year ends on 30 September each year.
[2] For these entities, the financial year ends on 31 March each year.
[3] For these entities, the financial year ends on 30 June each year.

	Security	Immediate Parent	Ultimate Parent	Country	Registered Office
31 December 2023 Subsidiaries					
AI3 Segregated Portfolio	USD 100 Participating shares	Credit Suisse International	UBS Group AG	Cayman Islands	Walkers SPV Limited Walker House, Mary Street PO Box 908GT George Town, Grand Cayman, Cayman Islands
Albalatin LLC	No shares	TMF Group LLC	TMF Group EMEA B.V	Qatar	Office No. 1422 14th Floor, Al Fardan Office Towers No. 12 Doha – Qatar
Andrea Investments (Jersey) PCC – Cell Series 1000 EUR	EUR Preference shares	Andrea Investments (Jersey) PCC	Borowska Trust	Jersey	22 Grenville Street, St Helier, Channel Islands JE4 8PX, Jersey
Andrea Investments (Jersey) PCC – Cell Series 1000 USD	USD Preference shares	Andrea Investments (Jersey) PCC	Borowska Trust	Jersey	22 Grenville Street, St Helier, Channel Islands JE4 8PX, Jersey
Andrea Investments (Jersey) PCC	No shares	Borowska Trust	Borowska Trust	Jersey	22 Grenville Street, St Helier, Channel Islands JE4 8PX,Jersey
Andrea Investments (Jersey) PCC – Cell Series 1000 PC	No shares	Andrea Investments (Jersey) PCC	Borowska Trust	Jersey	22 Grenville Street, St Helier, Channel Islands JE4 8PX, Jersey
Argentum Capital Series 2015-32, 2015-53, 2016-25, 2017-64, 2019-75, 2022-11, 2016-33, 2016-50,2016-63, 2017-54, 2018-22, 2016-36	No shares	Argentum Capital S.A.	Argentum Capital S.A.	Luxembourg	51, avenue John F. Kennedy, Luxembourg L-1855, Luxembourg
Ascent Finance Limited 2021-1800, 2021-1801	No shares	Credit Suisse International	UBS Group AG	Cayman Islands	One Nexus Way,Camana Bay, Grand Cayman – Cayman Islands
Ascent Finance Limited Series 2021-1802, 2022-1801, 2022-1802, 2020-25	No shares	Ascent Fiance Limited	Ascent Fiance Limited	Cayman Islands	One Nexus Way,Camana Bay, Grand Cayman – Cayman Islands
Boats Investments (Jersey) Ltd Series 630, 641, 647, 663, 628, 631, 633, 639, 642, 648, 655, 656, 658, 659, 661, 662, 664	No shares	Boats Investments (Jersey) Limited (Master Vehicle)	Boats Investments (Jersey) Limited (Master Vehicle)	Jersey	22 Grenville Street, St Helier JE2 4UF, Jersey
Clearwater Seller Limited	No shares	Credit Suisse International	UBS Group AG	United Kingdom	35 Great St. Helen's,London EC3A 6AP, United Kingdom
Credit Suisse First Boston Trustees Limited	Ordinary Shares	Credit Suisse International	UBS Group AG	United Kingdom	One Cabot Square London E14 4QJ – United Kingdom
CQS Total Return Credit Fund [1]	No voting shares	Credit Suisse International	UBS Group AG	Republic of Ireland	5 George's Dock, IFSC , Dublin – Ireland, Republic of Ireland
Custom Markets QIF PLC	No shares	Credit Suisse International	UBS Group AG	Republic of Ireland	MFD Secretaries Limited, 2nd Floor Beaux Lane House, Dublin 2, Republic of Ireland
Global Bond Fund	Investment Fund Share	Credit Suisse International	UBS Group AG	Republic of Ireland	2nd Floor, Block E, Iveagh Court, Harcourt Road, Dublin 2, Republic of Ireland
GIFMS Capital Company LLC	No shares	Guggenheim Treasury Services, LLC	Guggenheim Partners (via Liberty Hampshire Holdings, LLC)	United States of America	227 West Monroe Suite 4900 Chicago, Illinois 60606 – USA
GIFS Capital Company LLC Silo 2 Technical purpose	No shares	Guggenheim Treasury Services, LLC	Guggenheim Partners (via Liberty Hampshire Holdings, LLC)	United States of America	227 West Monroe Suite 4900 Chicago, Illinois 60606 – USA
Interleuvenlaan 15 Real Estate Ltd	No shares	Credit Suisse International	UBS Group AG	Gibraltar	124 Irish Town, Gibraltar, Gibraltar
M & M Irs SPC	No shares	Credit Suisse International	UBS Group AG	Cayman Islands	Queensgate House, South Church Street, George Town, Grand Cayman KY1-1102, Cayman Islands
Morstan Investments B.V.	No shares	Credit Suisse International	UBS Group AG	Jersey	Prins Hendriklaan 26, Amsterdam 1075 BD,Netherlands
New Jersey S.A.	No shares	Credit Suisse International	UBS Group AG	Luxembourg	51, avenue John F. Kennedy , Luxembourg L-1855, Luxembourg
Platinum Securities Cayman SPC Limited	No shares	Credit Suisse International	UBS Group AG	Cayman Islands	c/o Maples Corporate Services Limited, Limited Islands P.O. Box 309, Ugland House,George Town, Grand Cayman KY1-1104 – Cayman Islands
Platinum Securities Netherlands B.V.	No shares	Platinum Securities Netherlands B.V.	Platinum Securities Netherlands B.V.	Netherlands	Prins Bernhardplein 200, Amsterdam 1097 JB,Netherlands
Silver Hake Limited	No shares	Credit Suisse International	UBS Group AG	Gibraltar	Suite 7b & 8b, Finsbury Trust, 50 Town Range, PO Box 472, Gibraltar
VAULT Investments plc – Series 060	No shares	Credit Suisse International	UBS Group AG	Republic of Ireland	1st Grant Road, Lower Mount Street, Series 060 Ireland Dublin, Republic of Ireland
Westwood S.A	No shares	Credit Suisse International	UBS Group AG	Portugal	Edificio Atrium Saldanha Praca Duque de Saldanha, Lisbon 1050 094, Portugal
Xanthos Holding – [1] Segregated Portfolio	Non-Participating USD 1 shares	Credit Suisse International	UBS Group AG	Cayman Islands	Walkers SPV Limited Walker House, Mary Street PO Box 908GT George Town, Grand Cayman, Cayman Islands
YI Active Spezial ESPA Fund.	Non-voting shares	Credit Suisse International	UBS Group AG	Austria	Am Belvedere 1, Vienna 1100, Austria

[1] All subsidiaries in above table are consolidated except Xanthos Holding – Segregated Portfolio and CQS Total Return Credit Fund.

In accordance with Section 409 of the Companies Act 2006 a list of CSi's subsidiaries and associates, the country of incorporation and the effective percentage of equity owned at 31 December 2023 is disclosed above.

Changes in ownership that did result in loss of control

(USD million)	2023	2022
Cash Consideration	1	–
Carrying value of net assets	(1)	–
Gain/(Loss) on disposal of interests recorded	–	**–**

Restrictions

The CSi group and its subsidiaries have certain restrictions which may restrict the ability of the CSi group to access or use the assets and settle the liabilities of the CSi group. These restrictions may be statutory, contractual or regulatory in nature.

The Bank must at all times monitor and demonstrate compliance with the relevant regulatory capital requirements set out in the EU Capital Requirements Regulation ('CRR') and additionally as laid down by the PRA. The Bank has put into place processes and controls to monitor and manage its capital adequacy. For more information regarding the Bank's capital adequacy and how the capital resources are managed and monitored please refer to Note 41 – Capital Adequacy.

The Bank is required to maintain minimum levels of capital in the form of equity shares and reserves to meet PRA requirements.

Restricted assets also include those assets protected under client segregation rules. Please refer to Note 21 – Other Assets and Other Liabilities for further information.

The CSi group pledges assets mainly for repurchase agreements and other securities financing. Certain pledged assets may be encumbered, meaning the counterparty has the right to resell or repledge the pledged asset. Please refer to Note 17 – Trading Financial Assets and Liabilities Mandatorily at Fair Value Through Profit or Loss for more information on encumbered assets.

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

Unconsolidated structured entities

The CSi group has interests in structured entities which are not consolidated. An interest is either a contractual or non-contractual involvement that exposes the CSi group to variability in returns from the performance of another entity. An interest in another entity can be evidenced by, but is not limited to, the holding of equity or debt instruments as well as other forms of involvement such as the provision of funding, liquidity, credit enhancement and guarantees.

The CSi group does not have an interest in another entity solely because of a typical customer supplier relationship such as fees other than management and performance fees that are passively earned and are typically one-off in nature.

Type of structured entity

Collateralised Debt Obligations
The CSi group engages in CDO transactions to meet client and investor needs, earn fees and sell financial assets. The CSi group may act as underwriter, placement agent or asset manager and may warehouse assets prior to the closing of a transaction. As part of its structured finance business, the CSi group purchases loans and other debt obligations from and on behalf of clients for the purpose of securitisation. The loans and other debt obligations are sold to structured entities, which in turn issue CDOs to fund the purchase of assets such as investment grade and high yield corporate debt instruments.

The maximum exposure to loss consists of the fair value of instruments issued by such structures that are held by the CSi group.

Financial Intermediation
The CSi group has significant involvement with structured entities in its role as a financial intermediary on behalf of clients. Financial intermediation consists of securitisations, funds, loans and other vehicles.

Securitisations
Securitisations are primarily CMBS, RMBS and Asset Backed Securities ('ABS') vehicles. The CSi group acts as an underwriter, market maker, liquidity provider, derivative counterparty and/or provider of credit enhancements to structured entities related to certain securitisation transactions.

The maximum exposure to loss is the carrying value of the loan securities and derivative positions that are variable returns if any, plus the exposure arising from any credit enhancements the CSi group provided. The CSi group's maximum exposure to loss does not include any effects from financial instruments used to economically hedge the risks of the structured entities.

Funds
Funds include investment structures such as mutual funds, funds of funds, private equity funds and fund-linked products, where the investors' interest is typically in the form of debt rather than equity, thereby making them structured entities. The CSi group may have various relationships with such structured entities in the form of structurer, investment advisor, investment manager, administrator, custodian, underwriter, placement agent, market maker and/or as prime broker. These activities include the use of structured entities in structuring fund-linked products, hedge

funds of funds or private equity investments to provide clients with investment opportunities in alternative investments. In such transactions, a structured entity holds underlying investments and issues securities that provide the investors with a return based on the performance of those investments.

The maximum exposure to loss consists of the fair value of instruments issued by such structures that are held by the CSi group. The investors typically retain the risk of loss on such transactions, but for certain fund types, the CSi group may provide principal protection on the securities to limit the investors' exposure to downside market risk. The CSi group's maximum exposure to loss does not include any effects from financial instruments used to economically hedge the risk of the structured entities.

Loans

Loans are single-financing vehicles where the CSi group provides financing for specified assets or business ventures and the respective owner of the assets or manager of the businesses provides the equity in the vehicle. These tailored lending arrangements are established to purchase, lease or otherwise finance and manage clients' assets.

The maximum exposure to loss is the carrying value of the CSi group's loan exposure, which is subject to the same credit risk management procedures as loans issued directly to clients. The clients' creditworthiness is carefully reviewed, strict loan-to-value ratios are set and, in addition, clients provide equity, additional collateral or guarantees, all of which significantly reduce the CSi group's exposure. The CSi group considers the likelihood of incurring a loss equal to the maximum exposure to be remote because of the CSi group's risk mitigation efforts which includes over-collateralisation and effective monitoring to ensure that a sufficient loan-to-value ratio is maintained.

The following table provides the carrying amounts and classifications of the assets and liabilities of interests recorded in the CSi group's Consolidated Statement of Financial Position, the maximum exposure to loss and the total assets of the unconsolidated structured entities.

Interests in unconsolidated structured entities

	Type of structured entity					
Line item in consolidated statement of financial position (USD million)	CDO	Securitisations	Funds	Loans	Other Financial intermediation	**Total**
31 December 2023						
Trading financial assets mandatorily at fair value through profit or loss						
Equity securities	–	–	17	–	–	17
Derivative instruments	20	99	6	–	201	326
Non-trading financial assets mandatorily at fair value through profit or loss						
Loans	–	–	–	1	–	1
Other Assets						
Other Assets	–	–	1	–	–	1
Total assets	**20**	**99**	**24**	**1**	**201**	**345**
Trading financial liabilities mandatorily at fair value through profit or loss						
Derivative instruments	–	28	7	–	–	35
Financial liabilities designated at fair value through profit or loss						
Structured Notes	–	–	–	–	88	88
Total liabilities	**–**	**28**	**7**	**–**	**88**	**123**
Maximum exposure to loss	**20**	**99**	**24**	**1**	**201**	**345**
Unconsolidated structured entity assets	**93**	**1,989**	**1,866,284**	**57**	**1,330**	**1,869,753**

Line item in consolidated statement of financial position (USD million)	CDO	Securiti-sations	Funds	Loans	Other Financial intermediation	Total
	Type of structured entity					
31 December 2022						
Trading financial assets mandatorily at fair value through profit or loss						
Debt securities	–	–	–	–	–	0
Equity securities	–	–	38	–	–	38
Derivative instruments	22	124	11	–	480	637
Non-trading financial assets mandatorily at fair value through profit or loss						
Loans	–	–	–	2	–	2
Securities purchased under repurchase agreements and securities borrowing transactions	26	–	–	–	77	103
Total assets	**48**	**124**	**49**	**2**	**557**	**780**
Trading financial liabilities mandatorily at fair value through profit or loss						
Equity securities	–	–	–	–	11	11
Derivative instruments	–	49	3	–	–	52
Financial liabilities designated at fair value through profit or loss						
Debt in issuance	–	–	–	–	187	187
Securities sold under repurchase agreements and securities lending transactions	–	3	–	–	–	3
Total liabilities	**–**	**52**	**3**	**–**	**198**	**253**
Maximum exposure to loss	**48**	**124**	**49**	**2**	**557**	**780**
Unconsolidated structured entity assets	**373**	**2,203**	**2,034,025**	**54**	**5,909**	**2,042,564**

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

Income and losses from unconsolidated structured entities

Structured entity type (USD million)	Derivative (Loss)/Gain	Other Fair Value (Loss)/Gain	(Loss)/Gain on Sale of Assets	Interest (Expense)/ Income	(Other Losses)/ Other Income	(Other Expenses)/ Commission and Fees	Total
	(Losses)/Income						
31 December 2023							
Securitisations	7	–	–	–	–	1	8
Funds	(3)	48	(16)	–	3	–	32
Other	12	2	–	(2)	–	–	12
Total	**16**	**50**	**(16)**	**(2)**	**3**	**1**	**52**
31 December 2022							
Securitisations	(94)	–	–	–	6	5	(83)
Funds	–	(79)	(64)	–	5	–	(138)
Other	(119)	(1)	–	2	–	–	(118)
Total	**(213)**	**(80)**	**(64)**	**2**	**11**	**5**	**(339)**

The previous table shows the income earned from unconsolidated structured entities during the reporting period. Income from an unconsolidated structured entity includes but is not limited to recurring and non-recurring fees, interest and commission received, gains or losses from the transfer of assets and liabilities and changes in the fair value of instruments, including derivatives.

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

The following table shows information about the unconsolidated structured entities sponsored by the CSi group where no interest is held by the CSi group.

Sponsored unconsolidated structured entities

Structured entity type (USD million)	Derivative (Loss)/Gain	(Loss)/Gain on Sale of Assets	(Other Losses)/ Other Income	(Other Expenses)/ Commission and Fees	Interest (Expense)/ Income	Total	Carrying Value of Assets transferred
	(Losses)/Income						
31 December 2023							
Securitisations	(1)	(1)	(1)	–	(6)	(9)	121
Funds	–	–	(38)	–	–	(38)	–
Other	2	–	–	–	–	2	–
Total	**1**	**(1)**	**(39)**	**–**	**(6)**	**(45)**	**121**
31 December 2022							
Securitisations	109	(16)	8	–	–	101	2,600
Funds	(5)	–	–	–	–	(5)	98
CDO	2	–	–	–	–	2	–
Loans	–	–	1	–	–	1	–
Other	23	(7)	11	–	–	27	–
Total	**129**	**(23)**	**20**	**–**		**126**	**2,698**

The previous table shows the income earned from sponsored unconsolidated structured entities during the reporting period and the carrying amount of any assets transferred to those structured entities during the reporting period. Income from an unconsolidated structured entity includes but is not limited to gains or losses from the transfer of assets and liabilities and changes in the fair value of derivative instruments.

For some funds, the CSi group is contractually obliged to fund certain minimal operating expenses.

CSi group has not provided financial or other support to unconsolidated structured entities that it was not contractually required to provide.

CSi group does not have the intention to provide financial or other support to unconsolidated structured entities that it is not contractually required to provide.

36 Financial Instruments

The following disclosure of the CSi group's financial instruments below includes the following sections:
- Analysis of financial instruments by categories;
- Fair value measurement;
- Fair value of financial instruments not carried at fair value.

Analysis of financial instruments by categories

Financial instruments are measured on an ongoing basis either at fair value or at amortised cost. The following table sets out the carrying value and fair value of the CSi group's financial instruments.

Financial assets and liabilities by categories

As at 31 December 2023				Carrying value	**Total fair value**
Group	**Total carrying value**	Mandatorily at FVTPL	Designated at FVTPL	Amortised cost	
Financial assets (USD million)					
Cash and due from banks	3,627	–	–	3,627	3,627
Interest-bearing deposits with banks	8,319	–	–	8,319	8,319
Securities purchased under resale agreements and securities borrowing transactions	1,304	–	–	1,304	1,304
Trading financial assets mandatorily at fair value through profit or loss	63,309	63,309	–	–	63,309
Non-trading financial assets mandatorily at fair value through profit or loss	24,588	24,588	–	–	24,588
Loans and advances	3,187	–	–	3,187	3,254
Other assets	16,977	–	–	16,977	16,977
Total financial assets	**121,311**	**87,897**	**–**	**33,414**	**121,378**
Financial liabilities (USD million)					
Due to banks	31	–	–	31	31
Securities sold under repurchase agreements and securities lending transactions	358	–	–	358	358
Trading financial liabilities mandatorily at fair value through profit or loss	60,519	60,519	–	–	60,519
Financial liabilities designated at fair value through profit or loss	16,050	–	16,050	–	16,050
Borrowings	12,622	–	–	12,622	12,622
Other liabilities	8,604	–	–	8,604	8,604
Debt in issuance	8,108	–	–	8,108	8,125
Total financial liabilities	**106,292**	**60,519**	**16,050**	**29,723**	**106,309**

Financial assets and liabilities by categories

As at 31 December 2023				Carrying value	Total fair value
Bank	Total carrying value	Mandatorily at FVTPL	Designated at fair value	Amortised cost	
Financial assets (USD million)					
Cash and due from banks	3,616	–	–	3,616	3,616
Interest-bearing deposits with banks	8,319	–	–	8,319	8,319
Securities purchased under resale agreements and securities borrowing transactions	1,304	–	–	1,304	1,304
Trading financial assets mandatorily at fair value through profit or loss	63,354	63,354	–	–	63,354
Non-trading financial assets mandatorily at fair value through profit or loss	24,395	24,395	–	–	24,395
Loans and advances	3,187	–	–	3,187	3,254
Other assets	16,977	–	–	16,977	16,977
Total financial assets	**121,152**	**87,749**	**–**	**33,403**	**121,219**
Financial liabilities (USD million)					
Due to banks	31	–	–	31	31
Securities sold under repurchase agreements and securities lending transactions	358	–	–	358	358
Trading financial liabilities mandatorily at fair value through profit or loss	60,519	60,519	–	–	60,519
Financial liabilities designated at fair value through profit or loss	15,891	–	15,891	–	15,891
Borrowings	12,622	–	–	12,622	12,622
Other liabilities	8,604	–	–	8,604	8,604
Debt in issuance	8,108	–	–	8,108	8,125
Total financial liabilities	**106,133**	**60,519**	**15,891**	**29,723**	**106,150**

Financial assets and liabilities by categories

As at 31 December 2022				Carrying value	Total fair value
Group	Total carrying value	Mandatorily at FVTPL	Designated at fair value	Amortised cost	
Financial assets (USD million)					
Cash and due from banks	4,149	–	–	4,149	4,149
Interest-bearing deposits with banks	12,085	–	–	12,085	12,085
Securities purchased under resale agreements and securities borrowing transactions	10,527	–	–	10,527	10,527
Trading financial assets mandatorily at fair value through profit or loss	107,973	107,973	–	–	107,973
Non-trading financial assets mandatorily at fair value through profit or loss	22,831	22,831	–	–	22,831
Loans and advances	2,752	–	–	2,752	2,717
Other assets	21,178	–	–	21,178	21,178
Total financial assets	**181,495**	**130,804**	**–**	**50,691**	**181,460**
Financial liabilities (USD million)					
Due to banks	266	–	–	266	266
Securities sold under repurchase agreements and securities lending transactions	2,924	–	–	2,924	2,924
Trading financial liabilities mandatorily at fair value through profit or loss	93,397	93,397	–	–	93,397
Financial liabilities designated at fair value through profit or loss	27,169	–	27,169	–	27,169
Borrowings	6,025	–	–	6,025	6,025
Other liabilities	16,379	–	–	16,379	16,379
Debt in issuance	18,309	–	–	18,309	18,079
Total financial liabilities	**164,469**	**93,397**	**27,169**	**43,903**	**164,239**

Financial assets and liabilities by categories

As at 31 December 2022				Carrying value	Total fair value
Bank	Total carrying value	Mandatorily at FVTPL	Designated at fair value	Amortised cost	
Financial assets (USD million)					
Cash and due from banks	4,133	–	–	4,133	4,133
Interest-bearing deposits with banks	12,085	–	–	12,085	12,085
Securities purchased under resale agreements and securities borrowing transactions	10,527	–	–	10,527	10,527
Trading financial assets mandatorily at fair value through profit or loss	107,987	107,987	–	–	107,987
Non-trading financial assets mandatorily at fair value through profit or loss	22,258	22,258	–	–	22,258
Loans and advances	2,752	–	–	2,752	2,717
Other assets	21,178	–	–	21,178	21,178
Total financial assets	**180,920**	**130,245**	**–**	**50,675**	**180,885**
Financial liabilities (USD million)					
Due to banks	266	–	–	266	266
Securities sold under repurchase agreements and securities lending transactions	2,924	–	–	2,924	2,924
Trading financial liabilities mandatorily at fair value through profit or loss	93,661	93,661	–	–	93,661
Financial liabilities designated at fair value through profit or loss	26,332	–	26,332	–	26,332
Borrowings	6,025	–	–	6,025	6,025
Other liabilities	16,379	–	–	16,379	16,379
Debt in issuance	18,308	–	–	18,308	18,079
Total financial liabilities	**163,895**	**93,661**	**26,332**	**43,902**	**163,666**

Certain financial instruments are carried at amortised cost on the balance sheet and their fair value is disclosed in the 'Total fair value' column in the above tables. In determining their fair values certain assumptions have been made, namely where the financial asset and financial liability is short dated, the fair value is approximated to carrying value due to the relatively short period of time between their origination and expected realisation, as well as the minimal credit risk inherent in these instruments. These instruments include: cash and due from banks, Interest-bearing deposits with banks, Securities purchased under resale agreements and securities borrowing transactions, cash collateral receivables and payables, other receivables and payables arising in the ordinary course of business (included in Other Assets and Other Liabilities), Due to banks, Securities sold under repurchase agreements and securities lending transactions and Borrowings. The Loans and advances and Debt in issuance instruments are long dated with greater than one year original maturity and have met the IFRS 9 – Solely Payments of Principal and Interest ('SPPI') test, therefore, are reported at amortised cost on the balance sheet and their calculated fair value is disclosed in the above tables.

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 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 judgement, 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 CDO securities, private equity investments, certain loans and credit products, including leveraged finance, certain syndicated loans and certain high yield bonds. The fair value measurement disclosures exclude derivative transactions that are daily settled.

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 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 to valuation models/techniques, 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 to valuation models/techniques, 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. The assessment of significance is based upon the fair value of the instrument as a whole, taking into account quantitative and qualitative factors at the product, risk factor and instrument level.

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

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

As at 31 December 2023 (Group)	Level 1	Level 2	Level 3	Impact of netting [1]	**Total at fair value**
Assets (USD million)					
Debt securities	60	1,681	100	–	1,841
Equity securities	3,110	718	140	–	3,968
Derivatives	1,342	56,088	903	(996)	57,337
of which interest rate products	8	33,685	183	(17)	33,859
of which foreign exchange products	–	13,280	177	–	13,457
of which equity/index-related products	1,330	7,403	340	(979)	8,094
of which credit derivatives	–	1,648	203	–	1,851
of which other derivative products	4	72	–	–	76
Other	–	160	3	–	163
Trading financial assets mandatorily at fair value through profit or loss	**4,512**	**58,647**	**1,146**	**(996)**	**63,309**
Securities purchased under resale agreements and securities borrowing transactions	–	25,236	–	(1,326)	23,910
Loans	–	283	43	(56)	270
Other non-trading financial assets mandatorily at fair value through profit or loss	2	401	5	–	408
Non-trading financial assets mandatorily at fair value through profit or loss	**2**	**25,920**	**48**	**(1,382)**	**24,588**
Total assets at fair value	**4,514**	**84,567**	**1,194**	**(2,378)**	**87,897**

[1] Derivative contracts/ Securities purchased under resale agreements and securities borrowing transactions are reported on a gross basis by Level. The impact of netting represents an adjustment related to counterparty netting.

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

As at 31 December 2023 (Group)	Level 1	Level 2	Level 3	Impact of netting [1]	**Total at fair value**
Liabilities (USD million)					
Debt securities	115	69	–	–	184
Equity securities	1,741	611	5	(584)	1,773
Derivatives	1,135	57,720	647	(940)	58,562
of which interest rate products	1	33,197	86	(2)	33,282
of which foreign exchange products	–	15,151	5	–	15,156
of which equity/index-related products	1,129	7,404	358	(938)	7,953
of which credit derivatives	–	1,909	198	–	2,107
of which other derivative products	5	59	–	–	64
Other	–	–	–	–	–
Trading financial liabilities mandatorily at fair value through profit or loss	**2,991**	**58,400**	**652**	**(1,524)**	**60,519**
Securities sold under resale agreements and securities borrowing transactions	–	8,835	–	(835)	8,000
Borrowings	–	2,484	3	–	2,487
Debt in issuance	–	4,331	255	–	4,586
Other financial liabilities designated at fair value through profit or loss	–	973	4	–	977
Financial liabilities designated at fair value through profit or loss	**–**	**16,623**	**262**	**(835)**	**16,050**
Total liabilities at fair value	**2,991**	**75,023**	**914**	**(2,359)**	**76,569**
Net assets/(liabilities) at fair value	**1,523**	**9,544**	**280**	**(19)**	**11,328**

[1] Derivative contracts/Securities sold under resale agreements and securities borrowing transactions are reported on a gross basis by Level. The impact of netting represents an adjustment related to counterparty netting.

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

As at 31 December 2023 (Bank)	Level 1	Level 2	Level 3	Impact of netting [1]	Total at fair value
Assets (USD million)					
Debt securities	60	1,744	82	–	1,886
Equity securities	3,110	718	140	–	3,968
Derivatives	1,342	56,088	903	(996)	57,337
of which interest rate products	8	33,685	183	(17)	33,859
of which foreign exchange products	–	13,280	177	–	13,457
of which equity/index-related products	1,330	7,403	340	(979)	8,094
of which credit derivatives	–	1,648	203	–	1,851
of which other derivative products	4	72	–	–	76
Other	–	160	3	–	163
Trading financial assets mandatorily at fair value through profit or loss	**4,512**	**58,710**	**1,128**	**(996)**	**63,354**
Securities purchased under resale agreements and securities borrowing transactions	–	25,236	–	(1,326)	23,910
Loans	–	287	43	(56)	274
Other non-trading financial assets mandatorily at fair value through profit or loss	2	204	5	–	211
Non-trading financial assets mandatorily at fair value through profit or loss	**2**	**25,727**	**48**	**(1,382)**	**24,395**
Total assets at fair value	**4,514**	**84,437**	**1,176**	**(2,378)**	**87,749**

[1] Derivative contracts/ Securities purchased under resale agreements and securities borrowing transactions are reported on a gross basis by Level. The impact of netting represents an adjustment related to counterparty netting.

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

As at 31 December 2023 (Bank)	Level 1	Level 2	Level 3	Impact of netting [1]	Total at fair value
Liabilities (USD million)					
Debt securities	115	69	–	–	184
Equity securities	1,741	611	5	(584)	1,773
Derivatives	1,135	57,720	647	(940)	58,562
of which interest rate products	1	33,197	86	(2)	33,282
of which foreign exchange products	–	15,151	5	–	15,156
of which equity/index-related products	1,129	7,404	358	(938)	7,953
of which credit derivatives	–	1,909	198	–	2,107
of which other derivative products	5	59	–	–	64
Other	–	–	–	–	–
Trading financial liabilities mandatorily at fair value through profit or loss	**2,991**	**58,400**	**652**	**(1,524)**	**60,519**
Securities sold under resale agreements and securities borrowing transactions	–	8,835	–	(835)	8,000
Borrowings	–	2,484	3	–	2,487
Debt in issuance	–	4,199	228	–	4,427
Other financial liabilities designated at fair value through profit or loss	–	973	4	–	977
Financial liabilities designated at fair value through profit or loss	**–**	**16,491**	**235**	**(835)**	**15,891**
Total liabilities at fair value	**2,991**	**74,891**	**887**	**(2,359)**	**76,410**
Net assets/liabilities at fair value	**1,523**	**9,546**	**289**	**(19)**	**11,339**

[1] Derivative contracts/Securities sold under resale agreements and securities borrowing transactions are reported on a gross basis by Level. The impact of netting represents an adjustment related to counterparty netting.

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

As at 31 December 2022 (Group)	Level 1	Level 2	Level 3	Impact of netting [1]	Total at fair value
Assets (USD million)					
Debt securities	2,862	4,846	645	–	8,353
Equity securities	8,266	597	374	–	9,237
Derivatives	5,680	92,388	1,104	(9,105)	90,067
of which interest rate products	8	43,270	216	(1,662)	41,832
of which foreign exchange products	19	21,741	144	–	21,904
of which equity/index-related products	5,650	22,481	572	(7,443)	21,260
of which credit derivatives	–	4,605	172	–	4,777
of which other derivative products	3	291	–	–	294
Other	–	246	70	–	316
Trading financial assets mandatorily at fair value through profit or loss	**16,808**	**98,077**	**2,193**	**(9,105)**	**107,973**
Securities purchased under resale agreements and securities borrowing transactions	–	27,885	–	(6,792)	21,093
Loans	–	1,143	28	(66)	1,105
Other non-trading financial assets mandatorily at fair value through profit or loss	104	526	3	–	633
Non-trading financial assets mandatorily at fair value through profit or loss	**104**	**29,554**	**31**	**(6,858)**	**22,831**
Total assets at fair value	**16,912**	**127,631**	**2,224**	**(15,963)**	**130,804**

[1] Derivative contracts/ Securities purchased under resale agreements and securities borrowing transactions are reported on a gross basis by Level. The impact of netting represents an adjustment related to counterparty netting.

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

As at 31 December 2022 (Group)	Level 1	Level 2	Level 3	Impact of netting [1]	Total at fair value
Liabilities (USD million)					
Debt securities	771	1,249	20	–	2,040
Equity securities	2,859	676	8	(662)	2,881
Derivatives	5,248	91,132	1,462	(9,369)	88,473
of which interest rate products	–	42,865	157	(1,775)	41,247
of which foreign exchange products	19	20,610	5	–	20,634
of which equity/index-related products	5,221	22,965	1,072	(7,594)	21,664
of which credit derivatives	–	4,380	228	–	4,608
of which other derivative products	8	312	–	–	320
Other	3	–	–	–	3
Trading financial liabilities mandatorily at fair value through profit or loss	**8,881**	**93,057**	**1,490**	**(10,031)**	**93,397**
Securities sold under resale agreements and securities borrowing transactions	–	21,469	–	(6,279)	15,190
Borrowings	–	1,766	242	–	2,008
Debt in issuance	–	6,426	1,962	–	8,388
Other financial liabilities designated at fair value through profit or loss	117	1,459	7	–	1,583
Financial liabilities designated at fair value through profit or loss	**117**	**31,120**	**2,211**	**(6,279)**	**27,169**
Total liabilities at fair value	**8,998**	**124,177**	**3,701**	**(16,310)**	**120,566**
Net assets/liabilities at fair value	**7,914**	**3,454**	**(1,477)**	**347**	**10,238**

[1] Derivative contracts/Securities sold under resale agreements and securities borrowing transactions are reported on a gross basis by Level. The impact of netting represents an adjustment related to counterparty netting.

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

As at 31 December 2022 (Bank)	Level 1	Level 2	Level 3	Impact of netting [1]	Total at fair value
Assets (USD million)					
Debt securities	2,862	4,806	580	–	8,248
Equity securities	8,266	596	373	–	9,235
Derivatives	5,681	92,508	1,104	(9,105)	90,188
of which interest rate products	8	43,274	216	(1,662)	41,836
of which foreign exchange products	19	21,741	144	–	21,904
of which equity/index-related products	5,651	22,480	572	(7,443)	21,260
of which credit derivatives	–	4,722	172	–	4,894
of which other derivative products	3	291	–	–	294
Other	–	246	70	–	316
Trading financial assets mandatorily at fair value through profit or loss	**16,809**	**98,156**	**2,127**	**(9,105)**	**107,987**
Securities purchased under resale agreements and securities borrowing transactions	–	27,885	–	(6,792)	21,093
Loans	–	738	28	(66)	700
Other non-trading financial assets mandatorily at fair value through profit or loss	104	358	3	–	465
Non-trading financial assets mandatorily at fair value through profit or loss	**104**	**28,981**	**31**	**(6,858)**	**22,258**
Total assets at fair value	**16,913**	**127,137**	**2,158**	**(15,963)**	**130,245**

[1] Derivative contracts/Securities sold under resale agreements and securities borrowing transactions are reported on a gross basis by Level. The impact of netting represents an adjustment related to counterparty netting.

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

As at 31 December 2022 (Bank)	Level 1	Level 2	Level 3	Impact of netting [1]	Total at fair value
Liabilities (USD million)					
Debt securities	771	1,249	20	–	2,040
Equity securities	2,859	676	8	(662)	2,881
Derivatives	5,248	91,396	1,462	(9,369)	88,737
of which interest rate products	–	42,809	157	(1,775)	41,191
of which foreign exchange products	19	20,610	5	–	20,634
of which equity/index-related products	5,221	22,963	1,072	(7,594)	21,662
of which credit derivatives	–	4,702	228	–	4,930
of which other derivative products	8	312	–	–	320
Other	3	–	–	–	3
Trading financial liabilities mandatorily at fair value through profit or loss	**8,881**	**93,321**	**1,490**	**(10,031)**	**93,661**
Securities sold under resale agreements and securities borrowing transactions	–	21,470	–	(6,279)	15,191
Borrowings	–	1,208	242	–	1,450
Debt in issuance	–	6,210	1,898	–	8,108
Other financial liabilities designated at fair value through profit or loss	117	1,459	7	–	1,583
Financial liabilities designated at fair value through profit or loss	**117**	**30,347**	**2,147**	**(6,279)**	**26,332**
Total liabilities at fair value	**8,998**	**123,668**	**3,637**	**(16,310)**	**119,993**
Net assets/liabilities at fair value	**7,915**	**3,469**	**(1,479)**	**347**	**10,252**

[1] Derivative contracts/Securities sold under resale agreements and securities borrowing transactions are reported on a gross basis by Level. The impact of netting represents an adjustment related to counterparty netting.

Transfers between Level 1 and Level 2

	2023		2022	
USD million	Transfers out of Level 1 to Level 2	Transfers to Level 1 out of Level 2	Transfers out of Level 1 to Level 2	Transfers to Level 1 out of Level 2
Assets				
Trading financial assets mandatorily at fair value through profit or loss	67	1,982	148	6,462
Total transfers in assets at fair value	**67**	**1,982**	**148**	**6,462**
Liabilities				
Trading financial liabilities mandatorily at fair value through profit or loss	16	2,217	36	7,792
Total transfers in liabilities at fair value	**16**	**2,217**	**36**	**7,792**

The transfers from Level 1 to Level 2 are mainly driven by debt and 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 the instrument becomes 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

Group	Balance as at 1 January 2023	Transfers in	Transfers out	Purchases	Sales	Issuances [2]	Settlements [2]	Trading revenues: On transfers in/out [1]	Trading revenues: On all other	Balance as at 31 December 2023
Assets at fair value (USD million)										
Debt securities	645	82	(70)	660	(1,048)	–	–	(22)	(147)	100
Equity securities	374	25	(39)	8	(200)	–	–	(2)	(26)	140
Derivatives	**1,104**	**513**	**(521)**	**–**	**–**	**483**	**(645)**	**81**	**(112)**	**903**
of which interest rate products	216	33	(35)	–	–	41	(68)	(1)	(3)	183
of which foreign exchange products	144	17	(11)	–	–	26	(45)	3	43	177
of which equity/index-related products	572	264	(373)	–	–	349	(402)	78	(148)	340
of which credit derivatives	172	199	(102)	–	–	67	(130)	1	(4)	203
of which other derivative products	–	–	–	–	–	–	–	–	–	–
Other	70	3	(54)	1	(10)	–	(12)	1	4	3
Trading financial assets mandatorily at fair value through profit or loss	**2,193**	**623**	**(684)**	**669**	**(1,258)**	**483**	**(657)**	**58**	**(281)**	**1,146**
Loans	28	27	–	–	(3)	–	(17)	–	8	43
Other non-trading financial assets mandatorily at fair value through profit or loss	3	6	–	–	(4)	–	(7)	7	–	5
Non-trading financial assets mandatorily at fair value through profit or loss	**31**	**33**	**–**	**–**	**(7)**	**–**	**(24)**	**7**	**8**	**48**
Total assets at fair value	**2,224**	**656**	**(684)**	**669**	**(1,265)**	**483**	**(681)**	**65**	**(273)**	**1,194**

[1] For all transfers to Level 3 or out of Level 3, the CSi group determines and discloses as Level 3 events, all gains or losses through the last day of the reporting period.
[2] Issuance of derivatives is where cash is paid on a derivative contract. Settlement of derivatives is where cash is received on a derivative contract.

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

Group	Balance as at 1 January 2023	Transfers in	Transfers out	Purchases	Sales	Issuances [2]	Settlements [2]	Trading revenues On transfers in/out [1]	Trading revenues On all other	Balance as at 31 December 2023
Liabilities at fair value (USD million)										
Debt securities	20	–	–	–	–	–	–	–	(20)	–
Equity securities	8	–	–	–	(51)	–	–	–	48	5
Derivatives	**1,462**	**439**	**(660)**	**–**	**–**	**475**	**(1,260)**	**212**	**(21)**	**647**
of which interest rate products	157	26	(18)	–	–	26	(125)	12	8	86
of which foreign exchange products	5	10	(13)	–	–	5	(6)	1	3	5
of which equity/index-related products	1,072	244	(559)	–	–	408	(946)	197	(58)	358
of which credit derivatives	228	159	(70)	–	–	36	(183)	2	26	198
of which other derivative products	–	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–	–
Trading financial liabilities mandatorily at fair value through profit or loss	**1,490**	**439**	**(660)**	**–**	**(51)**	**475**	**(1,260)**	**212**	**7**	**652**
Borrowings	242	15	(37)	–	–	47	(212)	(95)	43	3
Debt in issuance	1,962	124	(221)	–	–	55	(1,695)	13	17	255
Other financial liabilities designated at fair value through profit or loss	7	–	(1)	–	(1)	–	–	(1)	–	4
Financial liabilities designated at fair value through profit or loss	**2,211**	**139**	**(259)**	**–**	**(1)**	**102**	**(1,907)**	**(83)**	**60**	**262**
Total liabilities at fair value	**3,701**	**578**	**(919)**	**–**	**(52)**	**577**	**(3,167)**	**129**	**67**	**914**
Net assets/liabilities at fair value	**(1,477)**	**78**	**235**	**669**	**(1,213)**	**(94)**	**2,486**	**(64)**	**(340)**	**280**

[1] For all transfers to Level 3 or out of Level 3, the CSi group determines and discloses as Level 3 events, all gains or losses through the last day of the reporting period.
[2] Issuance of derivatives is where cash is received on a derivative contract. Settlement of derivatives is where cash is paid on a derivative contract.

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

Bank	Balance as at 1 January 2023	Transfers in	Transfers out	Purchases	Sales	Issuances [2]	Settlements [2]	Trading revenues On transfers in/out [1]	Trading revenues On all other	Balance as at 31 December 2023
Assets at fair value (USD million)										
Debt securities	580	82	(70)	656	(1,047)	–	–	(22)	(97)	82
Equity securities	373	25	(38)	8	(200)	–	–	(2)	(26)	140
Derivatives	**1,104**	**513**	**(522)**	**–**	**–**	**483**	**(644)**	**81**	**(112)**	**903**
of which interest rate products	216	33	(35)	–	–	41	(68)	(1)	(3)	183
of which foreign exchange products	144	17	(12)	–	–	26	(44)	3	43	177
of which equity/index-related products	572	264	(373)	–	–	349	(402)	78	(148)	340
of which credit derivatives	172	199	(102)	–	–	67	(130)	1	(4)	203
of which other derivative products	–	–	–	–	–	–	–	–	–	–
Other	70	3	(54)	1	(10)	–	(12)	1	4	3
Trading financial assets mandatorily at fair value through profit or loss	**2,127**	**623**	**(684)**	**665**	**(1,257)**	**483**	**(656)**	**58**	**(231)**	**1,128**
Loans	28	27	–	–	(3)	–	(17)	–	8	43
Other non-trading financial assets mandatorily at fair value through profit or loss	3	6	–	–	(4)	–	(7)	7	–	5
Non-trading financial assets mandatorily at fair value through profit or loss	**31**	**33**	**–**	**–**	**(7)**	**–**	**(24)**	**7**	**8**	**48**
Total assets at fair value	**2,158**	**656**	**(684)**	**665**	**(1,264)**	**483**	**(680)**	**65**	**(223)**	**1,176**

[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.
[2] Issuance of derivatives is where cash is paid on a derivative contract. Settlement of derivatives is where cash is received on a derivative contract.

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

Bank	Balance as at 1 January 2023	Transfers in	Transfers out	Purchases	Sales	Issuances [2]	Settlements [2]	Trading revenues On transfers in/out [1]	Trading revenues On all other	Balance as at 31 December 2023
Liabilities at fair value (USD million)										
Debt securities	20	–	–	–	–	–	–	–	(20)	–
Equity securities	8	–	–	–	(51)	–	–	–	48	5
Derivatives	**1,462**	**439**	**(660)**	**–**	**–**	**475**	**(1,260)**	**212**	**(21)**	**647**
of which interest rate products	157	26	(18)	–	–	26	(125)	12	8	86
of which foreign exchange products	5	10	(13)	–	–	5	(6)	1	3	5
of which equity/index-related products	1,072	244	(559)	–	–	408	(946)	197	(58)	358
of which credit derivatives	228	159	(70)	–	–	36	(183)	2	26	198
of which other derivative products	–	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–	–
Trading financial liabilities mandatorily at fair value through profit or loss	**1,490**	**439**	**(660)**	**–**	**(51)**	**475**	**(1,260)**	**212**	**7**	**652**
Borrowings	242	15	(37)	–	–	47	(212)	(95)	43	3
Debt in issuance	1,898	124	(221)	–	–	52	(1,685)	12	48	228
Other financial liabilities designated at fair value through profit or loss	7	–	(1)	–	(1)	–	–	(1)	–	4
Financial liabilities designated at fair value through profit or loss	**2,147**	**139**	**(259)**	**–**	**(1)**	**99**	**(1,897)**	**(84)**	**91**	**235**
Total liabilities at fair value	**3,637**	**578**	**(919)**	**–**	**(52)**	**574**	**(3,157)**	**128**	**98**	**887**
Net assets/liabilities at fair value	**(1,479)**	**78**	**235**	**665**	**(1,212)**	**(91)**	**2,477**	**(63)**	**(321)**	**289**

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.
2 Issuance of derivatives is where cash is received on a derivative contract. Settlement of derivatives is where cash is paid on a derivative contract.

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

Group	Balance as at 1 January 2022	Transfers in	Transfers out	Purchases	Sales	Issuances [2]	Settlements [2]	Trading revenues On transfers in/out [1]	Trading revenues On all other	Balance as at 31 December 2022
Assets at fair value (USD million)										
Debt securities	1,183	318	(464)	3,980	(3,917)	–	–	(94)	(361)	**645**
Equity securities	613	80	(4)	79	(303)	–	–	–	(91)	**374**
Derivatives	994	583	(1,653)	–	–	1,047	(938)	637	434	**1,104**
of which interest rate products	67	33	(30)	–	–	27	(27)	1	145	216
of which foreign exchange products	129	9	(85)	–	–	42	(37)	27	59	144
of which equity/index-related products	476	398	(1,258)	–	–	888	(731)	575	224	572
of which credit derivatives	322	143	(271)	–	–	90	(143)	26	5	172
of which other derivative products	–	–	(9)	–	–	–	–	8	1	–
Other	70	–	–	58	–	–	(129)	–	71	**70**
Trading financial assets mandatorily at fair value through profit or loss	**2,860**	**981**	**(2,121)**	**4,117**	**(4,220)**	**1,047**	**(1,067)**	**543**	**53**	**2,193**
Loans	8	6	(14)	71	(10)	96	(124)	–	(5)	**28**
Other non-trading financial assets mandatorily at fair value through profit or loss	10	46	(56)	7	(2)	–	–	44	(46)	**3**
Non-trading financial assets mandatorily at fair value through profit or loss	**18**	**52**	**(70)**	**78**	**(12)**	**96**	**(124)**	**44**	**(51)**	**31**
Total assets at fair value	**2,878**	**1,033**	**(2,191)**	**4,195**	**(4,232)**	**1,143**	**(1,191)**	**587**	**2**	**2,224**

1 For all transfers to Level 3 or out of Level 3, the CSi group determines and discloses as Level 3 events, all gains or losses through the last day of the reporting period.
2 Issuance of derivatives is where cash is paid on a derivative contract. Settlement of derivatives is where cash is received on a derivative contract.

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

Group	Balance as at 1 January 2022	Transfers in	Transfers out	Purchases	Sales	Issuances [2]	Settlements [2]	Trading revenues On transfers in/out [1]	Trading revenues On all other	Balance as at 31 December 2022
Liabilities at fair value (USD million)										
Debt securities	5	83	(17)	37	(7)	–	–	3	(84)	20
Equity securities	–	26	(4)	–	(11)	–	–	–	(3)	8
Derivatives	1,901	617	(998)	–	–	679	(731)	264	(270)	1,462
of which interest rate products	24	51	(96)	–	–	30	(17)	25	140	157
of which foreign exchange products	64	5	(82)	–	–	14	(24)	28	–	5
of which equity/index-related products	1,469	347	(570)	–	–	564	(504)	184	(418)	1,072
of which credit derivatives	344	214	(241)	–	–	71	(186)	19	7	228
of which other derivative products	–	–	(9)	–	–	–	–	8	1	–
Other	–	–	–	–	–	–	–	–	–	–
Trading financial liabilities mandatorily at fair value through profit or loss	**1,906**	**726**	**(1,019)**	**37**	**(18)**	**679**	**(731)**	**267**	**(357)**	**1,490**
Borrowings	433	31	(128)	–	–	181	(238)	–	(37)	**242**
Debt in issuance	2,355	355	(775)	–	–	533	(371)	(89)	(46)	**1,962**
Other financial liabilities designated at fair value through profit or loss	22	131	(138)	9	(46)	–	–	85	(56)	**7**
Financial liabilities designated at fair value through profit or loss	**2,810**	**517**	**(1,041)**	**9**	**(46)**	**714**	**(609)**	**(4)**	**(139)**	**2,211**
Total liabilities at fair value	**4,716**	**1,243**	**(2,060)**	**46**	**(64)**	**1,393**	**(1,340)**	**263**	**(496)**	**3,701**
Net assets/liabilities at fair value	**(1,838)**	**(210)**	**(131)**	**4,149**	**(4,168)**	**(250)**	**149**	**324**	**498**	**(1,477)**

[1] For all transfers to Level 3 or out of Level 3, the CSi group determines and discloses as Level 3 events, all gains or losses through the last day of the reporting period.
[2] Issuance of derivatives is where cash is received on a derivative contract. Settlement of derivatives is where cash is paid on a derivative contract.

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

Bank	Balance as at 1 January 2022	Transfers in	Transfers out	Purchases	Sales	Issuances [2]	Settlements [2]	Trading revenues On transfers in/out [1]	Trading revenues On all other	Balance as at 31 December 2022
Assets at fair value (USD million)										
Debt securities	1,183	318	(464)	3,946	(3,916)	–	–	(94)	(393)	**580**
Equity securities	598	80	(4)	79	(303)	–	–	–	(77)	**373**
Derivatives	994	583	(1,653)	–	–	1,047	(938)	637	434	**1,104**
of which interest rate products	67	33	(30)	–	–	27	(27)	1	145	216
of which foreign exchange products	129	9	(85)	–	–	42	(37)	27	59	144
of which equity/index-related products	476	398	(1,258)	–	–	888	(731)	575	224	572
of which credit derivatives	322	143	(271)	–	–	90	(143)	26	5	172
of which other derivative products	–	–	(9)	–	–	–	–	8	1	–
Other	70	–	–	58	–	–	(129)	–	71	**70**
Trading financial assets mandatorily at fair value through profit or loss	**2,845**	**981**	**(2,121)**	**4,083**	**(4,219)**	**1,047**	**(1,067)**	**543**	**35**	**2,127**
Loans	29	6	(14)	71	(31)	96	(124)	–	(5)	**28**
Other non-trading financial assets mandatorily at fair value through profit or loss	10	46	(56)	7	(1)	–	–	44	(47)	**3**
Non-trading financial assets mandatorily at fair value through profit or loss	**39**	**52**	**(70)**	**78**	**(32)**	**96**	**(124)**	**44**	**(52)**	**31**
Total assets at fair value	**2,884**	**1,033**	**(2,191)**	**4,161**	**(4,251)**	**1,143**	**(1,191)**	**587**	**(17)**	**2,158**

[1] For all transfers to Level 3 or out of Level 3, the CSi group determines and discloses as Level 3 events, all gains or losses through the last day of the reporting period.
[2] Issuance of derivatives is where cash is paid on a derivative contract. Settlement of derivatives is where cash is received on a derivative contract.

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

Bank	Balance as at 1 January 2022	Transfers in	Transfers out	Purchases	Sales	Issuances [2]	Settlements [2]	Trading revenues On transfers in/out [1]	Trading revenues On all other	Balance as at 31 December 2022
Liabilities at fair value (USD million)										
Debt securities	**5**	**83**	**(17)**	**37**	**(7)**	**–**	**–**	**3**	**(84)**	**20**
Equity securities	–	26	(4)	–	(11)	–	–	–	(3)	8
Derivatives	1,901	617	(998)	–	–	679	(731)	264	(270)	**1,462**
of which interest rate products	24	51	(96)	–	–	30	(17)	25	140	157
of which foreign exchange products	64	5	(82)	–	–	14	(24)	28	–	5
of which equity/index-related products	1,469	347	(570)	–	–	564	(504)	184	(418)	1,072
of which credit derivatives	344	214	(241)	–	–	71	(186)	19	7	228
of which other derivative products	–	–	(9)	–	–	–	–	8	1	–
Other	–	–	–	–	–	–	–	–	–	–
Trading financial liabilities mandatorily at fair value through profit or loss	**1,906**	**726**	**(1,019)**	**37**	**(18)**	**679**	**(731)**	**267**	**(357)**	**1,490**
Borrowings	433	31	(127)	–	–	181	(238)	(31)	(7)	**242**
Debt in issuance	2,350	355	(775)	–	–	472	(367)	(90)	(47)	**1,898**
Other financial liabilities designated at fair value through profit or loss	22	131	(138)	9	(46)	–	–	85	(56)	**7**
Financial liabilities designated at fair value through profit or loss	**2,805**	**517**	**(1,040)**	**9**	**(46)**	**653**	**(605)**	**(36)**	**(110)**	**2,147**
Total liabilities at fair value	**4,711**	**1,243**	**(2,059)**	**46**	**(64)**	**1,332**	**(1,336)**	**231**	**(467)**	**3,637**
Net assets/liabilities at fair value	**(1,827)**	**(210)**	**(132)**	**4,115**	**(4,187)**	**(189)**	**145**	**356**	**450**	**(1,479)**

[1] For all transfers to Level 3 or out of Level 3, the CSi group determines and discloses as Level 3 events, all gains or losses through the last day of the reporting period.
[2] Issuance of derivatives is where cash is received on a derivative contract. Settlement of derivatives is where cash is paid on a derivative contract.

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

Group and Bank	**2023**	2022
Trading revenues (USD million)		
Net realised/unrealised (losses)/gains included in net revenues	(404) [1]	822 [1]
Whereof:		
Trading financial assets mandatorily at fair value through profit or loss	138	572
Non-trading financial assets mandatorily at fair value through profit or loss	4	(1)
Trading financial liabilities mandatorily at fair value through profit or loss	(187)	(100)
Financial liabilities designated at fair value through profit or loss	31	3
Total changes in unrealised (losses)/gains relating to assets and liabilities still held as of the reporting date	**(14)**	**474**

[1] Bank loss of USD 384 million (2022: USD 806 million gain)

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

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

Transfers in and out of Level 3

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

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

Qualitative disclosures of valuation techniques

The 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 Group Finance 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 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. VARMC includes a formal CSi voting sub-committee comprising the CEO CSi, CFO CSi and CRO CSi, who ratify decisions relevant to the entity. Oversight of the valuation control framework is through specific and regular reporting on valuation directly to the CSi 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 judgement is used to estimate a fair value range.

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

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

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 CSi group with the right to liquidate the collateral held.

The CSi group enters into transactions involving securities borrowed and securities loaned transactions as part of the CSi group's matched-book activities to accommodate clients, finance the CSi group's trading inventory, obtain securities for settlement and earn interest spreads.

Debt securities

Foreign governments and corporates

Government debt securities typically have quoted prices in active markets and are categorised as level 1 instruments. For debt securities for which market prices are not available, valuations are based on yields reflecting credit rating, historical performance, delinquencies, loss severity, the maturity of the security, recent transactions in the market or other modelling techniques, which may involve judgement. Those securities where the 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 modelling techniques utilising observable inputs, such as current interest rate curves and observable CDS spreads. Significant unobservable inputs may include market comparable 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.

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 and discount 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 market place, while more complex derivatives may use unobservable inputs that rely on specific proprietary modelling assumptions. Where observable inputs (prices from exchanges, dealers, brokers or market consensus data providers) are not available, attempts are made to infer values from observable prices through model calibration (spot and forward rates, mean reversion, benchmark interest rate curves and volatility inputs for commonly traded option products). For inputs that cannot be derived from other sources, estimates from historical data may be made. OTC derivatives where the majority of the value is derived from market observable inputs are categorised as level 2 instruments, while those where the majority of the value is derived from unobservable inputs are categorised as level 3 of the fair value hierarchy.

CSi valuation of derivatives includes an adjustment for the cost of funding uncollateralised OTC derivatives.

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 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 modelling techniques. Where applicable, exchange-traded prices are also used for futures and option prices. For more complex products inputs include, but are not limited to, prepayment rate, correlation, volatility skew and credit spread and event probability.

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 market comparable price, correlation, volatility, skew and buyback probability. Generally, volatility, forward skew, correlation and gap risk 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, discount rate, default rate, market comparable price 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 receivables which are valued using market comparable price and discounted cash flow. The significant unobservable inputs of the trading loans and receivables are credit spread and price.

Other financial assets designated at fair value through profit or loss
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 market comparable price and mortality rate.

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 and short-term borrowings include buyback probability, gap risk, correlation, volatility, credit spread and market comparable price. Generally, volatility, credit curve, forward skew, 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 buyback probability, contingent probability, correlation, price, volatility, mean reversion, mortality and discount rate in general, an increase in the significant unobservable input would increase the fair value. For level 3 assets with a significant unobservable input of prepayment rate, recovery 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.

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 may move independently, generally an increase or decrease in one significant unobservable input may have no impact on the other significant unobservable inputs.

Quantitative information about level 3 assets and liabilities at fair value

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

As at 31 December 2023 Group (USD million except as indicated)	Fair Value	Valuation technique	Unobservable input	Lower value	Upper value	Weighted average
Assets at fair value						
Debt securities	**100**					
of which	21	Option model	Correlation, in %	(50)	100	69
	4		Credit spread, in bp	30	148	132
	8		Fund Gap Risk, in %	–	–	–
	3		Price in %	30	100	40
	23		Volatility, in %	2	142	26
of which	17	Discounted cash flow	Credit spread in bp	4	370	318
of which	17	Market comparable	Price in %	1	62	11
Equity securities	**140**					
of which	30	Price	Price, in actuals	–	119	35
	110		Unadjusted NAV	–	54,565	1,655
Derivatives	**903**					
of which interest rate products	183					
of which	9	Option model	Correlation in %	25	100	65
	145		Mean reversion, in %	(21)	25	15
	–		Prepayment rate in %	15	21	18
	17		Volatility, in %	–	142	21
of which foreign exchange products	177					
of which	3	Option model	Correlation, in %	55	55	55
	160		Mean reversion, in %	(55)	20	(5)
of which	13	Discounted Cash Flow	Credit spread, in bp	6	62	42
of which equity/index-related products	340					
of which	128	Option model	Correlation, in %	(50)	100	69
	6		Fund Gap Risk, in %	–	–	–
	–		Mean reversion, in %	7	25	16
	197		Volatility, in %	2	142	26
of which	8	Price	Price, in actuals	–	119	35
of which credit derivatives	203					
of which	63	Discounted cash flow	Credit spread, in bp	3	2,002	199
	55		Discount Rate, in %	10	10	10
	20		Recovery rate, in %	–	–	–
of which	57	Price	Price, in %	76	102	100
Other	**8**					
of which trading						
of which	3	Market comparable	Price, in %	–	43	42
of which other						
of which	2	Discounted cash flow	Credit spread in bp	–	35	27
Loans	**43**					
of which	15	Price	Price in %	76	76	76
of which	25	Discounted cash flow	Credit spread, in bp	1,217	1,217	1,217

As at 31 December 2023 (USD million except as indicated)	Fair Value	Valuation technique	Unobservable input	Lower value	Upper value	Weighted average
Liabilities at fair value						
Equity securities	**5**					
of which	5	Price	Price, in actuals	–	119	35
Derivatives	**647**					
of which interest rate products	86					
of which	2	Option model	Correlation, in %	(25)	100	62
	4		Mean reversion, in %	–	25	17
	4		Prepayment rate, in %	15	21	18
	74		Volatility, in %	–	142	7
of which foreign exchange products	5					
of which	1	Option model	Correlation, in %	55	55	55
	1		Mean reversion, in %	(21)	20	–
of which equity/index-related products	358					
of which	42	Option model	Correlation, in %	(50)	100	69
	294		Volatility, in %	2	142	26
of which	22	Price	Price, in actuals	–	119	35
of which credit derivatives	198					
of which	68	Discounted cash flow	Credit spread, in bp	3	2,002	293
	55		Discount Rate, in %	10	10	10
	20		Recovery rate, in %	–	–	–
of which	51	Price	Price, in %	102	102	102
Debt in issuance	**255**					
of which structured notes over two years	128					
of which	8	Option model	Correlation, in %	(50)	100	69
	110		Unadjusted NAV	–	54,565	1,655
	10		Volatility, in %	2	142	26
of which other debt instruments over two years	31					
of which	31	Option model	Unadjusted NAV	–	54,565	1,655
of which structured notes between one and two years	21					
of which	2	Option model	Correlation, in %	(50)	100	69
	18		Unadjusted NAV	–	54,565	1,655
of which other debt instruments between one and two years	48					
of which	48	Option Model	Unadjusted NAV	–	54,565	1,655
of which non-recourse liabilities	27					
of which	26	Market Comparable	Price, in %	1	40	10
Borrowings	**3**					
of which	3	Option model	Correlation, in %	(50)	100	69
Other Financial liabilities designated at fair value	**4**					
of which other						
of which loan commitment at fair value	–	Discounted cash flow	Price, in %	–	–	–
	4	Market Comparable	Price, in %	–	1	–

As at 31 December 2022 Group (USD million except as indicated)	Fair Value	Valuation technique	Unobservable input	Lower value	Upper value	Weighted average
Assets at fair value						
Debt securities	**645**					
of which	46	Option model	Correlation, in %	(50)	100	75
	4		Buyback probability, in %	50	100	76
	100		Credit spread, in bp	27	358	326
	5		Fund Gap Risk, in %	–	1	–
	24		Mean reversion, in %	25	25	25
	366		Volatility, in %	5	148	24
of which	16	Discounted cash flow	Credit spread in bp	10	750	347
of which	57	Market comparable	Price in %	–	99	50
	17		Price, in actuals	1	218	29
of which	4	Price	Price in %	30	100	60
Equity securities	**374**					
of which	59	Price	Price, in actuals	–	1,197	16
	320		Unadjusted NAV	1	54,565	1,432
Derivatives	**1,104**					
of which interest rate products	216					
of which	8	Option model	Correlation in %	9	78	52
	175		Mean reversion, in %	(21)	25	21
	5		Contingent probability, in %	95	95	95
	8		Prepayment rate in %	6	19	10
	13		Volatility, in %	(3)	148	4
of which	1	Discounted Cash Flow	Volatility, in %	95	110	103
of which foreign exchange products	144					
of which	4	Option model	Correlation, in %	(50)	100	55
	129		Mean reversion, in %	(55)	20	(5)
of which	6	Discounted Cash Flow	Credit spread, in bp	17	209	168
of which equity/index-related products	572					
of which	1	Option model	Buyback probability, in %	50	100	76
	245		Correlation, in %	(50)	100	75
	10		Fund Gap Risk, in %	–	1	–
	–		Gap risk, in %	–	2	–
	–		Mean reversion, in %	25	25	25
	304		Volatility, in %	5	148	24
	2		Dividend Yield, in %	–	13	5
of which	9	Price	Price, in actuals	–	1,197	28
of which credit derivatives	172					
of which	96	Discounted cash flow	Credit spread, in bp	3	2,078	242
	63		Discount Rate, in %	6	13	11
	–		Recovery rate, in %	25	25	25
of which	4	Price	Price, in %	102	102	102
of which commodity, emission and energy products	–					
of which	–	Option Model	Volatility, in %	5	148	24
of which precious metals products						
of which	1	Option Model	Correlation, in %	(50)	100	75
of which other derivative product	–					
of which	(1)	Discounted cash flow	Discount Rate, in %	–	–	–
Other	**70**					
of which trading	1	Discounted cash flow	Tax Swap rate (Percentage of VAT receivable PV)	30	30	30
	69	Market comparable	Price, in %	–	97	90
of which other	–	Market Comparable	Price, in %	–	10	10
	2	Discounted cash flow	Credit spread in bp	–	35	27
Loans	**28**					
of which	24	Price	Price in %	74	74	74

As at 31 December 2022 Group (USD million except as indicated)	Fair Value	Valuation technique	Unobservable input	Lower value	Upper value	Weighted average
Liabilities at fair value						
Debt	**20**					
of which	20	Price	Price, in %	30	100	41
Equity securities	**8**					
of which	8	Price	Price, in actuals	–	1,197	28
Derivatives	**1,462**					
of which interest rate products	157					
of which	–	Option model	Correlation, in %	9	20	13
	(27)		Mean reversion, in %	(21)	25	4
	(5)		Prepayment rate, in %	7	19	8
	(5)		Contingent probability, in %	95	95	95
	(89)		Volatility, in %	(3)	1	–
of which	(20)	Discounted cash flow	Discount Rate, in %	–	–	–
	(1)		Volatility, in %	95	110	103
of which foreign exchange products	5					
of which	(2)	Discounted cash flow	Credit spread, in bp	77	468	123
	(1)	Option model	Correlation, in %	55	55	55
	–		Mean reversion, in %	(55)	20	(3)
of which equity/index-related products	1,072					
of which	–	Option model	Buyback probability, in %	50	100	76
	(38)		Correlation, in %	(50)	100	68
	–		Fund Gap Risk, in %	–	1	–
	(997)		Volatility, in %	5	148	24
	(3)		Dividend Yield, in %	–	13	5
of which	(33)	Price	Price, in actuals	–	1,197	28
of which	(1)	Market Comparable	Price, in actuals	(1)	(1)	(1)
of which credit derivatives	228					
of which	(134)	Discounted cash flow	Credit spread, in bp	3	2,149	332
	(63)		Discount Rate, in %	6	17	11
	(20)		Recovery rate, in %	–	–	–
of which	(2)	Price	Price, in %	74	102	102
of which	(7)	Option model	Credit spread, in bp	47	1,528	194
Debt in issuance	**1,962**					
of which structured notes over two years	1,727					
of which	1,490	Discounted cash flow	Credit spread, in bp	250	250	250
of which	110	Option model	Buyback probability, in %	50	100	76
	23		Correlation, in %	(50)	100	74
	10		Fund Gap Risk, in %	–	1	–
	78		Unadjusted NAV	1	54,565	1,432
	16		Volatility, in %	5	148	17
of which other debt instruments over two years	73					
of which	72	Option model	Buyback probability, in %	50	100	76
of which	1	Market Comparable	Price, in actuals	218	218	218
of which structured notes between one and two years	71					
of which	6	Option model	Buyback probability, in %	50	100	76
	63		Correlation, in %	(50)	100	75
	2		Gap risk, in %	–	2	–
	1		Volatility, in %	5	148	24
	–		Volatility, in %			
of which other debt instruments between one and two years	27					
of which	27	Option Model	Unadjusted NAV	1	54,565	1,432
of which non-recourse liabilities	64					
of which	64	Market Comparable	Price, in %	(1)	26	9
Borrowings	**242**					
of which	165	Option model	Buyback probability, in %	50	100	76
	78		Correlation, in %	(50)	100	75
	–		Volatility, in %	5	148	24
Other Financial liabilities designated at fair value	**7**					
of which failed sales	–					
of which	–	Market Comparable	Price, in %	–	1	1
of which other	7					
of which loan commitment at fair value	–	Option Model	Contingent probability, in %	95	95	95
	3	Market comparable	Price in %	–	93	43

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.

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. 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 volatility skew

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

Price

Bond equivalent price is a primary significant unobservable input for bonds and loans. Where market prices are not available for an instrument, benchmarking may be utilised to identify comparable issues (same industry and similar product mixes) while adjustments are considered for differences in deal terms and performance.

Buyback probability

Buyback probability is the probability assigned to structured notes being unwound prior to their legal maturity.

Funding Gap Risk and Gap Risk

Gap risk is a significant unobservable input for structures that exhibit market risk to jumps in a reference asset, generally related to certain financing or principal protection trade features.

Mean Reversion

Mean reversion is the primary significant unobservable input for callable Constant Maturity Swap ('CMS') spread exotics and represents the idea that prices and returns eventually move back towards the historical average.

Funding Spread

Funding spread is the primary significant unobservable input for SPV funding facilities. Synthetic funding curves which represent the assets pledged as collateral are used to value structured financing transactions. The curves provide an estimate of where secured funding can be sourced and are expressed as a basis point spread in relation to the referenced benchmark rate.

Contingent Probability

Contingent probability is the primary significant unobservable input for contingent foreign exchange forward trades where the delivery or exercise and the premium payment are contingent on an event such as completion of an M&A deal or regulatory approval for a product.

Equity Dividend Yield

An equity forward price is a material component for measuring the fair value of a contract using forward, swap or option pricing models. The forward is generally constructed from expected future dividend payments and their timing, as well as the relevant funding rate for the given asset. Dividend yields are generally quoted as annualised percentages.

Tax Swap Rate
The Tax Swap Rate parameter is the interest rate applicable to tax refunds from the Italian tax office, determined annually by the Italian tax authorities and payable to the claimant when refund is made.

Unadjusted NAV
NAV values are used to price fund units and as an input into fund derivatives. They are considered unobservable when based on NAV statements or estimates received directly from the fund, as opposed to published on a broad market platform, or with a lag to the reporting date.

Sensitivity of fair values to reasonably possible alternative assumptions

The fair value of certain financial instruments recognised in the consolidated financial statements is dependent in part or fully upon unobservable parameters which may include market inputs, prices or other data.

The following table summarises the sensitivity of these financial instruments to reasonable changes in the assumptions underlying these parameters:

	As at 31 December 2023		As at 31 December 2022	
Group and Bank	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
Impact on net income/(loss) (USD million)				
Derivative assets and liabilities	159	(150)	248	(246)
Debt and equity securities	3	(3)	3	(3)
Loans	11	(4)	11	(5)
Other	17	(15)	–	–
Total	**190**	**(172)**	**262**	**(254)**

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, foreign exchange, 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 judgement. 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 judgement 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. 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 price, gap risk and secondary market reserves. Price sensitivity is generally estimated based on a +/- bump in the price of the underlying security. 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.

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 or loss implied from the valuation technique at the inception of the transaction is deferred over the period until the fair value becomes observable or over the life of the trade, whichever is shorter. At the inception of the transaction, a profit or loss is recognised if the fair value of the financial instrument is based on a valuation technique that uses significantly observable inputs or if the fair value is obtained from a quoted market price in an active market.

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:

	2023	2022
Deferred trade date profit (USD million)		
Balance at the beginning of period	472	519
Increase due to new trades	48	160
Reduction due to passage of time	(58)	(91)
Reduction due to redemption, sales, transfers or improved observability	(233)	(116)
Balance at the end of period	**229**	**472**

Fair Value of financial instruments not recognised at fair value by level of fair value hierarchy

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

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

As at 31 December 2023 Group (USD million)	Level 1	Level 2	Level 3	**Fair value**
Financial assets				
Cash and due from banks	754	2,873	–	3,627
Interest-bearing deposits with banks	–	8,319	–	8,319
Securities purchased under resale agreements and securities borrowing transactions	–	1,304	–	1,304
Loans and advances	–	499	2,755	3,254
Other assets	–	16,977	–	16,977
Total fair value of financial assets	**754**	**29,972**	**2,755**	**33,481**
Financial liabilities				
Due to banks	31	–	–	31
Securities sold under repurchase agreements and securities lending transactions	–	358	–	358
Borrowings	–	12,622	–	12,622
Debt in issuance	–	5,728	2,397	8,125
Other financial liabilities	–	8,604	–	8,604
Total fair value of financial liabilities	**31**	**27,312**	**2,397**	**29,740**

As at 31 December 2023 Bank (USD million)				
Financial assets				
Cash and due from banks	743	2,873	–	3,616
Interest-bearing deposits with banks	–	8,319	–	8,319
Securities purchased under resale agreements and securities borrowing transactions	–	1,304	–	1,304
Loans and advances	–	499	2,755	3,254
Other assets	–	16,977	–	16,977
Total fair value of financial assets	**743**	**29,972**	**2,755**	**33,470**
Financial liabilities				
Due to banks	31	–	–	31
Securities sold under repurchase agreements and securities lending transactions	–	358	–	358
Borrowings	–	12,622	–	12,622
Debt in issuance	–	5,728	2,397	8,125
Other financial liabilities	–	8,604	–	8,604
Total fair value of financial liabilities	**31**	**27,312**	**2,397**	**29,740**

As at 31 December 2022 Group (USD million)	Level 1	Level 2	Level 3	**Fair value**
Financial assets				
Cash and due from banks	4,143	6	–	4,149
Interest-bearing deposits with banks	–	12,085	–	12,085
Securities purchased under resale agreements and securities borrowing transactions	–	10,527	–	10,527
Loans and advances	–	183	2,534	2,717
Other assets	–	21,178	–	21,178
Total fair value of financial assets	**4,143**	**43,979**	**2,534**	**50,656**
Financial liabilities				
Due to banks	266	–	–	266
Securities sold under repurchase agreements and securities lending transactions	–	2,924	–	2,924
Borrowings	–	6,025	–	6,025
Debt in issuance	–	18,079	–	18,079
Other financial liabilities	–	16,379	–	16,379
Total fair value of financial liabilities	**266**	**43,407**	**–**	**43,673**

As at 31 December 2022 Bank (USD million)	Level 1	Level 2	Level 3	**Fair value**
Financial assets				
Cash and due from banks	4,127	6	–	4,133
Interest-bearing deposits with banks	–	12,085	–	12,085
Securities purchased under resale agreements and securities borrowing transactions	–	10,527	–	10,527
Loans and advances	–	183	2,534	2,717
Other assets	–	21,178	–	21,178
Total fair value of financial assets	**4,127**	**43,979**	**2,534**	**50,640**
Financial liabilities				
Due to banks	266	–	–	266
Securities sold under repurchase agreements and securities lending transactions	–	2,924	–	2,924
Borrowings	–	6,025	–	6,025
Debt in issuance	–	18,079	–	18,079
Other financial liabilities	–	16,379	–	16,379
Total fair value of financial liabilities	**266**	**43,407**	**–**	**43,673**

37 Assets Pledged or Assigned

The following table sets forth details of assets pledged or assigned:

Group and Bank	**2023**	2022
Assets pledged or assigned (USD million)		
Trading financial assets at fair value through profit or loss [1]	3,742	10,616
Collateral received (USD million)		
Fair value of collateral received with the right to resell or repledge [2]	32,676	61,221
Of which sold or repledged [3]	15,844	47,467

1 Includes USD 779 million (2022 : USD 1,197 million) assets recognised on the balance sheet but are encumbered due to failed sale financing transactions.
2 Includes USD 283 million (2022 : USD 102 million) of collateral assets received from failed purchased financing transactions.
3 Includes USD 163 million (2022: USD 100 million) collateral assets not already recognised on the balance sheet relating to failed sale financing transactions.

Assets pledged or assigned represents the balance sheet position of trading assets mandatorily at fair value through profit or loss which have been pledged as collateral under securities sold under repurchase agreements, securities lending transactions and derivatives transactions. Refer to Note 17 – Trading Financial Assets and Liabilities Mandatorily at Fair Value through Profit or Loss for the amount of securities transferred which are encumbered. Certain assignments of assets that are recognised on the balance sheet, may represent legal form sales but CSi group maintains continuing involvement with the assigned assets through a related financial instrument.

As at 31 December 2023 and 2022 collateral was received in connection with failed purchased financing transactions, resale agreements, securities borrowings and loans, derivative transactions and margined broker loans. As at these dates, a substantial portion of the collateral received by the CSi group had been sold or repledged in connection with repurchase agreements, securities sold not yet purchased, securities lent, pledges to clearing organisations, segregation requirements under securities laws and regulations, derivative transactions and bank loans. Certain securities received and subsequently resold by CSi group may represent legal form sales but CSi group maintains continuing involvement with the resold assets through a related financial instrument.

These transactions were generally conducted under terms that are usual and customary for standard securitised lending activities and the other transactions described. The CSi group, as the secured party, has the right to sell or repledge such collateral, subject to the CSi group returning equivalent securities upon completion of the transaction.

The CSi group enters into agreements with counterparties where collateral or security interests in positions, which the CSi group holds, has been provided. This includes situations where the CSi group has registered charges to certain counterparties over the CSi group's assets in connection with its normal operating activities.

38 Derecognition

In the normal course of business, the CSi group enters into transactions where it transfers previously recognised financial assets, such as debt securities, equity securities and other financial instruments. The CSi group's accounting policy regarding derecognition of such assets under IFRS 9 is described in Note 2 – Significant Accounting Policies.

Transferred Financial Assets that are derecognised with continuing involvement

Where the transfer of a financial asset meets the derecognition criteria under IFRS 9, the CSi group may have continuing involvement in a financial asset that has been derecognised. The continuing involvement can take several forms, including but not limited to derivative instruments and debt instruments issued by structured entities to which the asset has been transferred. In addition, the CSi group does not have a continuing involvement in a transferred financial asset if, as part of the transfer, the CSi group neither retains any of the contractual rights or obligations inherent in the transferred financial asset nor acquires any new contractual rights or obligations relating to the transferred financial asset. The CSi group does not have continuing involvement in a transferred financial asset if it has neither an interest in the future performance of the transferred financial asset nor a responsibility under any circumstances to make payments in respect of the transferred financial asset in the future. The CSi group's exposure resulting from continuing involvement in a transferred asset is generally limited to where the CSi group retains any form of rights or obligations relating to the transferred asset.

The following table below provides information for the transfer of financial assets that qualify for sale accounting and subsequent derecognition, in which the CSi group still has continuing involvement as at 31 December 2023, irrespective of the date when the transfer occurred. The maximum exposure to loss from continuing involvement represents the maximum exposure before taking into account the amount of any collateral held against the continuing involvement.

Information on transferred assets by type of continuing involvement

	Carrying amount of continuing involvement in statement of financial position		Fair value of continuing involvement		Maximum exposure to loss	Loss from transfer	(Expense)/Income from continuing involvement	
Type of continuing involvement Group and Bank (USD million)	Trading financial assets at fair value through profit or loss	Trading financial liabilities at fair value through profit or loss	Assets	Liabilities			For the year ended 31 December	Cumulative to 31 December
2023								
Derivatives								
Swaps	86	(33)	86	(33)	67	28	(3)	(32)
Total	**86**	**(33)**	**86**	**(33)**	**67**	**28**	**(3)**	**(32)**
2022								
Derivatives								
Options	–	(1)	–	(1)	–	–	(1)	(1)
Swaps	93	(38)	93	(38)	56	27	(53)	(18)
Total	**93**	**(39)**	**93**	**(39)**	**56**	**27**	**(54)**	**(19)**

The majority of the CSi group's continuing involvement in derecognised transferred financial assets is in the form of derivative transactions. To reduce its credit risk to derivatives, the CSi group enters into legally enforceable netting agreements with its derivative counterparties. Collateral on these derivative contracts is usually posted on a net counterparty basis.

The following table shows a maturity analysis of undiscounted cash outflows that the CSi group may be required to pay to repurchase the asset or any other amounts payable (such as dividends and interest payable) to the counterparty and table includes situations where the CSi group has an option to repurchase the asset. In such instances, where the timing of the cash flows is not specified, the total undiscounted amount has been included in the earliest maturity bucket. Cash outflows to the counterparty may be triggered by credit events.

Maturity analysis of undiscounted cash flows to repurchase transferred assets by type of continuing involvement

Type of continuing involvement **Group and Bank (USD million)**	Total	On demand
2023		
Derivatives		
Swaps	(23)	(23)
2022		
Derivatives		
Swaps	(30)	(30)

Instruments that are considered to be continuing involvement are included in Note 17 – Trading Financial Assets and Liabilities at Mandatorily Fair Value through Profit or Loss and Note 26 –Debt in Issuance.

Transferred Financial Assets that are not derecognised in their entirety

Certain transactions may include provisions that prevent derecognition of the transferred financial asset and the transfers are accounted for as secured financing transactions. Repurchase agreements, securities lending agreements and total return swaps, in which the CSi group retains substantially all of the associated credit, market, interest rate and foreign exchange risks and rewards associated with the assets, represent the most common examples of such transactions. Where the transfer of an asset does not meet derecognition, it remains on the CSi groups balance sheet with a corresponding liability established to represent an obligation to the counterparty. As part of the CSi group's repurchase agreements and securities lending transactions, there is an obligation to return equivalent securities at the end of the transaction.

The following table provides details of financial assets which have been sold or otherwise transferred, but which do not qualify for derecognition, together with their associated liabilities.

Carrying amount of transferred assets not derecognised and associated liabilities

	2023		2022	
Group and Bank (USD million)	Carrying amount of assets	Carrying amount of associated liabilities	Carrying amount of assets	Carrying amount of associated liabilities
Financial assets not derecognised due to the following transactions				
Repurchase & Securities lending agreements	3,742	3,742	9,419	9,419
Total Return Swaps	792	802	817	846
Callable asset swap	130	146	340	380
Options	26	20	–	–
Other	–	–	148	133

The CSi group also participates in securities lending agreements where the counterparty provides securities as collateral or fees. The carrying amount of the assets not derecognised in such transactions is equal to USD 2,669 million (2022: USD 6,745 million).

Where the CSi group sells the contractual rights to the cash flows of the securities included above, it does not have the ability to use the transferred assets during the term of the arrangement.

The counterparties to the associated liabilities have full recourse to CSi. Assets not derecognised are included in Note 17 – Trading Financial Assets and Liabilities at Mandatorily Fair Value through Profit or Loss and the corresponding liabilities are included in Note 16 – Securities Borrowed, Lent and Purchased/Sold under Resale/Repurchase Agreements and Note 18 – Non-trading Financial Assets Mandatorily at Fair Value Through Profit or Loss and Note 19 – Financial Liabilities Designated at Fair Value Through Profit or Loss.

Of the above, other financial assets not derecognised includes failed sale items including fair value elected items which are shown under Non-Trading Financial Assets Mandatorily at Fair Value Through Profit and Loss in the Consolidated Statement of Financial Position.

39 Financial Risk Management

Risks Detail

i) Market Risk

Overview

Market risk is the risk of loss arising from fair-valued financial instruments in response to adverse changes in interest rates, credit spreads, foreign currency exchange rates, equity and commodity prices, and other relevant parameters, such as market volatilities and correlations. A typical transaction or position in financial instruments may be exposed to a number of different market risk factors.

The Bank has policies and processes in place to ensure that market risk is captured, accurately modelled and reported, and effectively managed. Trading and non-trading portfolios are managed at various organisational levels, from the specific positions up to the overall risk positions at the Bank level. The Bank uses market risk measurement and management methods in line with regulatory and industry standards. These include general tools capable of calculating comparable risk metrics across the Bank's many activities and focused tools that can specifically model the unique characteristics of certain instruments or portfolios. The tools are used for internal market risk management, internal market risk reporting and external disclosure purposes. The principal portfolio measurement tools are Value-at-Risk ('VaR'), Incremental Risk Charge ('IRC'), scenario analysis and sensitivity analysis, which complement each other in measuring the market risk at the Bank. The Bank regularly reviews the risk management techniques and policies to ensure they remain appropriate.

Measurements of traded market risk

VaR, IRC, stress testing and sensitivity analysis are employed to measure traded market risk and are fundamental elements of the Bank's risk control framework. Their results are used in risk appetite discussions and strategic business planning and support the Bank's internal capital adequacy assessment. VaR, IRC, scenario and sensitivity calculations are conducted on a regular basis and the results, trend information and supporting analysis are reported to the Board, senior management and shared and discussed with the business lines.

VaR and other capital metrics

VaR is a risk measure that quantifies the potential loss on a given portfolio of financial instruments over a certain holding period that is expected not to be exceeded at a certain confidence level. Positions are aggregated by risk factors rather than by product. For example, interest rate risk VaR captures potential losses driven by fluctuations of interest rates affecting a wide variety of interest rate products (such as interest rate swaps and swaptions) as well as other products (such as foreign exchange derivatives and equity derivatives) for which interest rate risk is not the primary market risk driver. The use of VaR allows the comparison of risk across different businesses. It also provides a means of aggregating and netting a variety of positions within a portfolio to reflect historical correlations between different assets, allowing for a portfolio diversification benefit. VaR is an important tool in risk management and is used for measuring quantifiable risks from our activities exposed to market risk on a daily basis. In addition, VaR is one of the main risk measures for limit monitoring, financial reporting, calculation of regulatory capital and regulatory backtesting.

The Bank's VaR model is based on historic data moves that derive plausible future trading losses. VaR is calculated for all financial instruments. The model is responsive to changes in market conditions through the use of exponential weighting that applies a greater weight to more recent events. The model avoids any explicit assumptions on the correlation between risk factors leveraging the historical correlation observed.

For regulatory capital purposes, the Bank operates under the Basel III market risk framework which includes the following components for the calculation of regulatory capital: regulatory VaR, stressed VaR, IRC, Risk not in VaR ('RNIV'), stressed RNIV and a regulatory prescribed standardised approach for securitisations. The regulatory VaR for capital purposes uses a two-year historical dataset, a ten-day holding period and a 99% confidence level. Stressed VaR replicates the regulatory VaR calculation on the Bank's current portfolio over a continuous one-year observation period that reflects a period of significant financial stress for the Bank. Selecting a Stressed VaR window from a historical dataset starting in 2006, allows for the Stressed VaR to be calibrated from a longer history of potential loss events and helps reduce the pro-cyclicality of the minimum capital requirements for market risk. IRC is a regulatory capital charge for issuer default and migration risk on positions in the trading books that may not be captured adequately under a ten-day holding period. RNIV captures a variety of risks, such as certain basis risks, higher order risks and cross risks between asset classes, not adequately captured by the VaR model for example due to lack of sufficient or accurate risk, or lack of good quality, contemporaneous historical market data required for VaR using historical simulation.

Backtesting VaR uses a two-year historical dataset, a one-day holding period and a 99% confidence level. Backtesting VaR is not a component used for the calculation of regulatory capital but may have an impact through the regulatory capital multiplier if the number of backtesting exceptions exceeds regulatory thresholds.

Additionally, Risk Management VaR is calculated for trading and banking book positions using a two-year historical dataset, a ten-day holding period and a 98% confidence level. Risk Management VaR is not a component used for the calculation of regulatory capital and used for internal risk management.

Scenario analysis

Stress testing complements other risk measures by quantifying the potential losses arising from moves across financial markets in response to plausible external events. The majority of scenario analysis calculations performed is specifically tailored towards the risk profile of particular businesses and limits may be established for some of them. In addition, to identify areas of risk concentration and potential vulnerability to stress events at the Bank's level, a set of scenarios is consistently applied across all businesses to assess the impact of significant, simultaneous movements across a broad range of markets and asset classes. Additionally, scenarios targeted at a specific market, product or risk type are used to better understand the risk profiles and concentrations, to monitor and control the exposure.

Scenarios can be defined with reference to historic events or based on forward-looking, hypothetical events that could impact the Bank's positions, capital, or profitability. The scenarios used within the Bank are reviewed at the relevant risk committees. The scenarios used within the Bank continuously evolve to reflect changes in market conditions and any change in business strategy.

Sensitivity analysis

The sensitivity analysis for the trading activities includes a wide range of measures such as sensitivities, both net and gross, and sensitivity impacts under scenarios, amongst others. This family of measures allow to quantify the potential profit or loss resulting from specified, generally small, hypothetical shocks to market factors.

Similar to stress testing, the majority of sensitivity analysis calculations performed is specifically tailored towards the risk profile of particular businesses and limits may be established for some of them. Sensitivity analysis may also be used to identify, monitor and control areas of risk concentration at the Bank's level across a broad range of markets, products and asset classes.

Trading portfolios

Risk measurement and management

Market risk arises in the Bank's trading portfolios primarily through its trading activities.

For the purposes of this disclosure, the aggregated market risks associated with the Bank's trading book portfolios along with foreign exchange and commodity risks in the banking book are measured using VaR. This classification of assets and liabilities as trading is based on the trading intent and for the purpose of analysing the Bank's market risk exposure, not for financial statement reporting purposes.

The Bank is active in the principal global trading markets, using a wide range of trading and hedging products, including derivatives and structured products (some of which are customised transactions often using combinations of financial instruments and executed to meet specific client or internal needs). As a result of the Bank's broad participation in products and markets, trading strategies are correspondingly diverse and exposures are generally spread across a range of risk factors and locations.

Development of trading portfolio risks

The following table shows the trading related market risk exposure along with foreign exchange and commodity risks in the banking book for the Bank, as measured by Regulatory VaR. This VaR model used by the Bank is based on historical simulation approach over a two-year historical dataset VaR estimates are computed separately for each risk type and for the whole trading book 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.
We regularly review our VaR model to ensure that it remains appropriate given evolving market conditions and the composition of our trading portfolio. While there were no material changes to our VaR methodology in 2023, we have introduced an enhanced approach to measure Regulatory VaR for individual risk types, further to the changes introduced in 2020. The enhanced approach is applied to each risk type using a collection of risk factors included within the respective risk type only, ignoring cross-risk effects. This change in the measurement approach for individual risk types affected particularly standalone Regulatory VaR for equity risk and foreign exchange risk, with no impact on total Regulatory VaR.

Ten-day, 99% VaR – trading portfolios

End of period	Interest rate and credit spread [4]	Foreign exchange [1,4]	Commodity [1,4]	Equity [4]	Diversification benefit [2]	Total
2023 (USD million)						
Average	32	3	4	23	(34)	28
Minimum	20	–	1	12	– [3]	13
Maximum	61	11	12	48	– [3]	55
End of period	20	5	2	12	(22)	16
2022 (USD million)						
Average	48	138	7	102	(240)	55
Minimum	26	42	4	53	– [3]	31
Maximum	66	209	29	173	– [3]	75
End of period	29	169	6	112	(283)	32

1 Along with the trading related market risk exposure, foreign exchange and commodity risks in the banking book is included in the VaR computation.
2 VaR is calculated separately for each risk type and for the whole portfolio using the historical simulation methodology.
Diversification benefit reflects the net difference between the sum of the 99% percentile VaR for each risk type compared to the whole portfolio.
3 As the minimum and maximum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification benefit.
4 Asset class VaR for 2023 is updated to be calculated using risk based approach. This change in approach is driving large reductions in Foreign exchange and Equity VaR

VaR results

The Bank's ten-day, 99% Regulatory VaR as of 31 December 2023 decreased by 49% to USD 16 million, compared to 31 December 2022 (USD 32 million).
The decrease in VaR is primarily driven by de-risking across business in Non-Core and Legacy division.

Banking portfolios

Risk measurement and management

The market risks associated with non-trading portfolios are measured, monitored and limited using several tools, including sensitivity analysis, scenario analysis and VaR. For the purpose of this disclosure, the aggregated market risks associated with the Bank's non-trading portfolios are measured using sensitivity analysis. In addition, scenario analysis measures the amount of potential change in economic value resulting from specified hypothetical shocks to market factors. It is not a measure of the potential impact on reported earnings in the current period, since the non-trading activities generally are not marked to market through earnings. Foreign exchange translation risk is not included in this analysis.

Development of non-trading portfolio risks

Interest rate sensitivity analysis measures the impact of a one-basis-point parallel move in yield curves on the fair value of interest rate-sensitive non-trading book positions. As of the 31 December 2023 it was USD 0.04 million compared to USD 0.07 million as of 31 December 2022. Non-trading interest rate risk is assessed using other measures including the potential value change resulting from significant but possible moves in yield curves applying a floor to negative rates as prescribed in PRA's Internal Capital Adequacy Assessment '(ICAAP') rules. As of 31 December 2023 the fair value impacts were:

- A fair value loss of USD 2 million (2022: gain of USD 2 million) for a +200bps move.
- A fair value loss of USD 13 million (2022: loss of USD 14 million) for a -200bps move.

Note: CSi has aligned the Interest Rate Risk in the Banking Book ('IRRBB') Delta Economic Value of Equity ('EVE') calculation to the ICAAP: by applying a floor to negative interest rates. Aggregated Delta EVE for each interest rate shock scenario is calculated by adding together any positive or negative Delta EVE in each currency and positive changes are weighted by a factor of 50%. This methodology is consistent with PRA guidelines.

The decrease in interest rate risk is mainly driven by unwinding of USD interest rate swap hedges in Longevity Markets.

Macro-Economic Environment

In the major economies annual inflation rates stayed far above central bank target levels for most of 2022 but started to decrease at the end of 2022. In early 2023, energy prices eased and the improved functioning of supply chains reduced the upward pressure on prices of goods. However, price pressures have transitioned to the services sector while low unemployment rates have pushed wages up. The Federal Reserve ('The Fed') and other major central banks have slowed the pace of monetary policy tightening in late 2022 and early 2023 but have continued to stress that policy interest rates may be further increased. Further significant increases in interest rates carry the risk of triggering a recession. Credit Suisse periodically conducts deepdive assessments and uses stress scenarios and a range of other risk management techniques to assess the resilience and potential vulnerabilities in its exposures and concentrations should the global economy be impacted by sustained high inflation or deteriorate into recession in the first half of 2023.

Strategy execution / Transformational Risk

Execution risks around the entity strategy and integration with UBS Group is a key risk for CSi during 2024 in which the bulk of integration activities are being scheduled. Areas of focus include systems, data and technology integration, operational risks, as well as cultural alignment. People risk remains significant due to the uncertainty around the organisational future of CSi personnel during and post UBS integration. Main risks include staff attrition and distraction, key person risk, recruitment and retention of critical personnel, and disengagement of personnel.

Russia's invasion of Ukraine

In response to Russia's invasion of Ukraine in late February 2022, the US, EU, UK, Switzerland and other countries across the world imposed severe sanctions against Russia's financial system and on Russian government officials and Russian business leaders.

Sanctions imposed since February 2022 included cutting access of certain Russian banks to the SWIFT financial messaging service, freezing foreign exchange reserves of and placing restrictions on transactions with the Russian central bank, prohibitions on new investments in Russia, sanctions on Russian financial institutions, sanctions on major state-owned enterprises, sanctions on certain Russian government officials and their family members, sanctions on business elites, capital markets-related restrictions, deposit-related limitations, implementation of a cap on the price of Russian crude oil and petroleum products, and prohibition on the provision of certain professional services to Russia.

The Russian government has also imposed certain countermeasures, which include restrictions relating to foreign currency accounts and financial securities transactions. These measures followed earlier sanctions that had already been imposed by the US, EU and UK in 2021 in response to alleged Russian activities related to Syria, cybersecurity, electoral interference and other matters, including the prohibition of US banks from participating in the primary market for any Russian sovereign bonds or any lending to the Russian sovereign, as well as other restrictions imposed following Russia's annexation of Crimea in 2014 relating to new debt or equity of certain Russian banks and energy companies. CSi are continuously assessing the impact of sanctions already imposed, Russian government countermeasures and potential future escalations, on our exposures and client relationships.

ii) Liquidity Risk

Liquidity and Funding ('L&F') risk is an inherent consequence of being in business. CSi defines the principles and associated responsibilities to make sure CSi prudently manages L&F risk at CS, part of the UBS group.

Liquidity risk is the risk that a bank is unable to meet business-as-usual or stress cash/collateral flows and Funding risk is being unable to borrow funds to support the firm's current business and desired strategy.

CS group-wide management of liquidity risk
The liquidity risk governance model follows the three lines of defense ('3LoD') model, with the UBS Group Board of Directors and local Boards (where applicable) set the L&F risk appetite. The UBS Group Asset Liability Committee ('ALCO') and local ALCOs oversee L&F risk management.
1st Line of Defense ('LoD'): Business divisions and Treasury.
2nd LoD: Risk Control teams.

The roles and responsibilities of the relevant functions involved in liquidity risk management are clearly outlined. CS CRO Treasury (previously Treasury, Liquidity Risk Management ('LRM')) and Liquidity Measurement and Reporting ('LMR') operate within a comprehensive global governance model that provides management at all levels with the necessary framework to measure, monitor and manage liquidity risk.

Treasury is responsible, as the first line of defense, and the business divisions, for managing the CSi group's overall liquidity risk through the Liquidity Risk Management Strategy. The mandate of Treasury is to provide funding, liquidity, and capital at favourable conditions to the CSi group, and to manage the CSi group's liquidity portfolio. As part of their mandate, Treasury manage day-to-day liquidity, oversee all secured and unsecured funding activities, and manage the money market funding desks.

CS CRO Treasury, as part of the CRO organisation, is responsible for the oversight of Treasury and the business divisions in managing the CSi group's liquidity risks as a second line of defense. As a reflection of its risk constraint mandate, CS CRO Treasury is responsible for ensuring that liquidity risk management complies with the overall risk appetite. As an independent oversight function, CS CRO Treasury oversees and challenges the activities of the first line of defense, i.e. Treasury, LMR as well as the business divisions for their responsibilities in the context of liquidity risk measurement, funding forecasting, Funds Transfer Pricing ('FTP'), risk mitigating actions, crisis management and reporting. It defines and ensures adherence to CS CRO Treasury risk processes, risk limits and risk appetite; monitors the risk constraints and their potential breaches including escalation if necessary; and performs stress testing and scenario analysis. In addition, Funding concentration metrics are overseen by CS CRO Treasury. Treasury monitors funding concentration metrics to manage the funding risk. Funding concentration risk is the over-reliance on a type of instrument or product, tenor, currency, counterparty and/or financial market to raise funding and meet the CSi group obligations. It is the CSi group's funding strategy to ensure that it has access to a diversified range of funding sources by customer base, financial market and geography to cover short-term and medium to long term requirements, without any significant reliance on a particular funding source, counterparty, tenor or product. A Funding Concentration Report monitors funding concentrations around funding tenor (maturity concentration), funding counterparty (investor concentration), funding structure (product concentration) and industry (market segment concentration). Treasury and CS Treasury CRO monitor the firm's L&F position and ultimately the compliance with regulatory requirements and risk appetite through L&F metrics.

LMR produces both liquidity Management Information ('MI') and regulatory reporting, which supports Treasury in their decision-making processes. The liquidity MI reports being produced by LMR, including commentary, are distributed on a regular basis to CS Treasury Functional and Regional Management, CS CRO Treasury , as well as to regulators where required.

Business Divisions are responsible for understanding their liquidity risk position, highlighting and communicating material instances of liquidity risk to Treasury and CS CRO Treasury in the context of ongoing business and prior to engaging in changed and accepting new business. All functions involved in the liquidity risk management governance and risk management framework have regional presence outside head offices to ensure liquidity risk management governance is established locally and satisfies local liquidity requirements, local rules and regulations.

Legal entity management of liquidity risk
The legal entity liquidity risk management framework is aligned with the group-wide approach but also incorporates local regulatory compliance requirements. CSi Board ('BoD') is responsible for approving the CSi entity-level liquidity risk appetite. The Head of CS Treasury Risk UK defines, reviews and proposes the liquidity risk appetite and recommends appropriate risk metrics, based on the respective business plans of CSi. The recommended risk appetite and calibration are presented initially to the CSi Risk Management Committee ('RMC') and subsequently submitted to the CSi BoD for approval. The strategic risk objectives, including the liquidity risk appetite metrics and limits, are reviewed at a minimum on an annual basis.

CSi CS Treasury Risk UK, as part of the CS CRO Treasury organisation, is responsible for the oversight of Treasury and the business divisions in managing CSi's liquidity risks as a second line of defense. As a reflection of its risk control mandate, CSi Treasury Risk UK defines related risk management frameworks and processes in line with requirements at entity level. The team works with UK Treasury, and the business divisions to ensure comprehensive liquidity risk limit adherence and manage breaches thereof, should they occur.

CSi adhere to the regulatory liquidity measures that must be applied by all regulated banking institutions to ensure that in a stress environment, banks maintain sufficient amount of stable liquidity in the short and long term. The key regulatory liquidity risk metrics are the Liquidity Coverage Ratio ('LCR'), PRA 110 and the Net Stable Funding Ratio ('NSFR').

CSi maintain a suite of internal metrics to complement the regulatory requirements. The Barometer is the internal liquidity stress testing tool that provides CSi with a robust liquidity stress testing framework. The model ensures compliance with regulatory and firm standards and promotes consistent liquidity risk management across jurisdictions and entities.

The CSi Treasury Risk UK function owns the production of the Individual Liquidity Adequacy Process ('ILAAP') document. The document sets out CSi's approach to managing liquidity and funding risks. The purpose of the document is to provide the CSi Board of Directors ('BoD') with an assessment of the liquidity risk in CSi under both our internal stress measure (Liquidity Barometer) and the regulatory defined stress measures.

The following table sets out details of the remaining contractual maturity of all financial liabilities:

Group 31 December 2023	On Demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years	**Total**
Financial liabilities (USD million)						
Due to banks	31	–	–	–	–	**31**
Securities sold under repurchase agreements and securities lending transactions	125	–	233	–	–	**358**
Trading financial liabilities at fair value through profit or loss	60,519	–	–	–	–	**60,519**
Financial liabilities designated at fair value through profit or loss [1]	3,073	8,103	979	3,356	539	**16,050**
Borrowings	–	341	12,281	–	–	**12,622**
Debt in issuance	–	129	4,256	4,494	2	**8,881**
Other liabilities	8,604	–	–	–	–	**8,604**
Total	**72,352**	**8,573**	**17,749**	**7,850**	**541**	**107,065**

Group 31 December 2022	On Demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years	**Total**
Financial liabilities (USD million)						
Due to banks	266	–	–	–	–	**266**
Securities sold under repurchase agreements and securities lending transactions	1,564	472	888	–	–	**2,924**
Trading financial liabilities mandatorily at fair value through profit or loss	93,397	–	–	–	–	**93,397**
Financial liabilities designated at fair value through profit or loss [1]	8,145	9,603	2,177	6,824	420	**27,169**
Borrowings	–	416	5,609	–	–	**6,025**
Debt in issuance	–	233	3,039	16,648	3	**19,923**
Other liabilities	16,149	–	–	–	–	**16,149**
Total	**119,521**	**10,724**	**11,713**	**23,472**	**423**	**165,853**

[1] Financial liabilities designated at fair value through profit or loss includes certain structured notes and some other other financial instruments that are reported at their fair values, rather than their undiscounted amounts, since these best represent the expected future outflow for these balances. In addition, there are certain structured notes that have mandatory early redemption features based on stipulated movements in markets or the occurrence of a market event. With respect to these notes those that have an observable likelihood of redemption occurring within one year based on a modelling assessment are also included in current liabilities. Within the population this includes USD 17 million (2022: USD 73 million) of such notes with a contractual maturity of between 1 and 5 years.

Bank 31 December 2023	On Demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years	Total
Financial liabilities (USD million)						
Due to banks	31	–	–	–	–	**31**
Securities sold under repurchase agreements and securities lending transactions	125	–	233	–	–	**358**
Trading financial liabilities at fair value through profit or loss	60,519	–	–	–	–	**60,519**
Financial liabilities designated at fair value through profit or loss [1]	3,073	8,103	963	3,332	420	**15,891**
Borrowings	–	341	12,281	–	–	**12,622**
Debt in issuance	–	129	4,256	4,494	2	**8,881**
Other liabilities	8,604	–	–	–	–	**8,604**
Total	**72,352**	**8,573**	**17,733**	**7,826**	**422**	**106,906**

Bank 31 December 2022	On Demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years	Total
Financial liabilities (USD million)						
Due to banks	266	–	–	–	–	**266**
Securities sold under repurchase agreements and securities lending transactions	1,564	472	888	–	–	**2,924**
Trading financial liabilities mandatorily at fair value through profit or loss	93,661	–	–	–	–	**93,661**
Financial liabilities designated at fair value through profit or loss [1]	8,147	9,306	1,903	6,556	420	**26,332**
Borrowings	–	416	5,609	–	–	**6,025**
Debt in Issuance	–	233	3,039	16,648	3	**19,923**
Other liabilities	16,148	–	–	–	–	**16,148**
Total	**119,786**	**10,427**	**11,439**	**23,204**	**423**	**165,279**

[1] Financial liabilities designated at fair value through profit or loss includes certain structured notes and some other other financial instruments that are reported at their fair values, rather than their undiscounted amounts, since these best represent the expected future outflow for these balances. In addition, there are certain structured notes that have mandatory early redemption features based on stipulated movements in markets or the occurrence of a market event. With respect to these notes those that have an observable likelihood of redemption occurring within one year based on a modelling assessment are also included in current liabilities. Within the population this includes USD 17 million (2022: USD 73 million) of such notes with a contractual maturity of between 1 and 5 years.

Liabilities in trading portfolios have not been analysed by contractual maturity because these liabilities are used to risk manage positions held across CS group and can be closed out at very short notice. They have been classified as being 'on demand' at their fair value.

For instruments with perpetual features (i.e. no maturity dates), the projected coupons have been excluded. Callable Due to Banks, open ended positions and overnight funding will be recorded at their present value in an 'on demand' categorisation. This classification will be based on the underlying legal and contractual ability of the counterparty or the bank to put or call the positions at short notice.

iii) Currency Risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

The Bank has approval to manage its own trading P&L related foreign exchange risk through a formal trading mandate and has defined risk limits using the Value at Risk ('VaR') methodology. Its currency exposure within the non-trading portfolios is managed through the CS group's leveling process as set out in the Corporate Foreign Exchange Policy. The VaR methodology is discussed in more detail in section i) Market Risk, of this note.

One of the components of CSi total expenses is operational expenses in GBP which are subject to currency risk when converted into USD, the functional currency of the entity. The exposure is reduced through hedging.

iv) Credit Risk

Credit risk is the possibility of a loss being incurred as the result of a borrower or counterparty failing to meet its financial obligations or as a result of deterioration in the credit quality of the borrower or counterparty. In the event of a customer default a bank generally incurs a loss equal to the amount owed by the debtor, less any recoveries from foreclosure, liquidation of collateral or the restructuring of the debtor company. A change in the credit quality of the counterparty has an impact on the valuation of assets eligible for fair value measurement, with valuation changes recorded in the Consolidated Statement of Income.

Credit risk in CSi is managed by the CSi Chief Credit Officer ('CSi CCO'), who in turn reports to the CSi CRO, with support from the Credit Risk Non-Core & Legacy ('NCL') function. Credit Risk NCL is a part of UBS Group Risk Control function, and is an independent function with responsibility for approving credit limits, monitoring and managing individual exposures, and assessing and managing the quality of the segment and business areas' credit portfolios and allowances. All credit limits in CSi are subject to approval by CSi Credit Risk.

Credit risk management approach

Effective credit risk management is a structured process to assess, quantify, measure, monitor and manage risk on a consistent basis. This requires careful consideration of proposed extensions of credit, the setting of specific limits, monitoring during the life of the exposure, active use of credit mitigation tools and a disciplined approach to recognising credit impairment.

Credit limits are used to manage concentration to individual counterparties. A system of limits is also established to address concentration risk in the portfolio, including country limits, industry limits and limits for certain products. In addition, credit risk concentration is regularly supervised by credit and risk management committees, taking current market conditions and trend analysis into consideration. A credit quality review process provides an early identification of possible changes in the creditworthiness of clients and includes regular asset and collateral quality reviews, business and financial statement analysis and relevant economic and industry studies. Regularly updated watch lists and review meetings are used for the identification of counterparties where adverse changes in creditworthiness could occur.

Counterparty and transaction rating

The CSi group employs a set of credit ratings for the purpose of internally rating counterparties to which it is exposed to credit risk as the contractual party. Credit ratings are intended to reflect the risk of default of each counterparty. Ratings are assigned based on internally-developed rating models and processes, which are subject to governance and internally-independent validation procedures.

The CSi group's internal ratings may differ from counterparties' external ratings. Policy requires the review of internal ratings at least annually. For the calculation of internal risk estimates and Risk Weighted Assets ('RWAs'), a probability of default ('PD') is assigned to each facility, with the PD determined by the internal credit rating. Internal ratings are based on the analysis and evaluation of both quantitative and qualitative factors. The specific factors analysed are dependent on the type of counterparty. The analysis emphasises a forward- looking approach, concentrating on economic trends and financial fundamentals. Analysts make use of peer analysis, industry comparisons, external ratings and research, other quantitative tools and the judgement of credit experts. The PD for each rating is calibrated based on historical default experience, using external data from Standard & Poor's, and back-tested to ensure consistency with internal experience.

CS assigns an estimate of expected loss in the event of a counterparty default based on the structure of each transaction. The counterparty credit rating is used in combination with credit (or credit equivalent) exposure and the loss given default ('LGD') assumption to estimate the potential credit loss. LGD represents the expected loss on a transaction should default occur and takes into account structure, collateral, seniority of the claim and, in certain areas, the type of counterparty. CSi group uses credit risk estimates consistently for the purposes of approval, establishment and monitoring of credit limits and credit portfolio management, credit policy, management reporting and allocation and certain financial accounting purposes. This approach also allows us to price transactions involving credit risk more accurately, based on risk/return estimates. CSi has been granted permission by the PRA to use internal credit rating models under the CRD4 A-Internal Rating Based ('IRB') approach for the majority of credit exposures in CSi. Exposures which are not covered by AIRB treatment are subject to the standardised approach.

Credit Risk Overview

All transactions that are exposed to potential losses due to failure of meeting an obligation by counterparty are subject to credit risk exposure measurement and management.

Maximum Exposure to credit risk

The following table presents the maximum exposure to credit risk of balance sheet and off-balance sheet financial instruments, before taking account of the fair value of any collateral held or other credit enhancements unless such credit enhancements meet offsetting requirements as set out in IAS 32. For financial assets recognised on the balance sheet the maximum exposure to credit risk equals their carrying amount as at 31 December 2023. For financial guarantees granted and other credit-related contingencies the maximum exposure to credit risk is the maximum amount that CSi would have to pay if the guarantees and contingencies are called upon. For loan commitments and other credit-related commitments that are irrevocable over the life of the respective facilities the maximum exposure to credit risk is the full amount of the committed facilities.

Maximum exposure to credit risk:

2023 (USD million)	Group Gross	Group Collateral and other credit enhance-ments	Group Net	Bank Gross	Bank Collateral and other credit enhance-ments	Bank Net
Maximum exposure to credit risk						
Trading financial assets mandatorily at fair value through profit or loss						
Debt securities	1,841	–	1,841	1,886	–	1,886
Derivative trading positions	57,337	56,006	1,331	57,337	56,006	1,331
Other	164	–	164	164	–	164
Non-trading financial assets mandatorily at fair value through profit or loss						
Loans	270	270	–	274	270	4
Reverse repurchase agreements	23,910	23,910	–	23,910	23,910	–
Other	408	189	219	211	189	22
Maximum exposure to credit risk – total assets	**83,930**	**80,375**	**3,555**	**83,782**	**80,375**	**3,407**
Off-balance sheet items						
loan commitments and other credit related commitments	800	103	697	800	103	697
Maximum exposure to credit risk – total off-balance sheet	**800**	**103**	**697**	**800**	**103**	**697**
Maximum exposure to credit risk	**84,730**	**80,478**	**4,252**	**84,582**	**80,478**	**4,104**
2022 (USD million)						
Maximum exposure to credit risk						
Trading financial assets mandatorily at fair value through profit or loss						
Debt securities	8,353	–	8,353	8,248	–	8,248
Derivative trading positions	90,067	83,545	6,522	90,188	83,545	6,643
Other	316	–	316	316	–	316
Non-trading financial assets mandatorily at fair value through profit or loss						
Loans	1,105	49	1,056	700	49	651
Reverse repurchase agreements	21,093	21,082	11	21,093	21,082	11
Other	633	435	198	465	435	30
Maximum exposure to credit risk – total assets	**121,567**	**105,111**	**16,456**	**121,010**	**105,111**	**15,899**
Off-balance sheet items						
loan commitments and other credit related commitments	1,494	254	1,240	1,494	254	1,240
Maximum exposure to credit risk – total off-balance sheet	**1,494**	**254**	**1,240**	**1,494**	**254**	**1,240**
Maximum exposure to credit risk	**123,061**	**105,365**	**17,696**	**122,504**	**105,365**	**17,139**

CSi is exposed to credit risk as a result of a counterparty, borrower or issuer being unable or unwilling to honour its contractual obligations. These exposures to credit risk exist within financing relationships, derivatives and other transactions.

CSi typically enters into Master Netting Arrangements ('MNAs') with OTC derivative counterparties. The MNAs allow CSi to offset derivative liabilities against the derivative assets with the same counterparty in the event the counterparty defaults. Collateral on these derivative contracts is usually posted on a net counterparty basis and comprises either cash or marketable securities or a combination thereof. Included in the table above as collateral and other credit enhancements are the derivative liability amounts which would be offset against the derivative asset position upon default of the counterparty as well as any cash or marketable securities collateral held. Amounts disclosed as collateral and credit enhancements are where a counterparty has an offsetting derivative exposure with CSi, a legally enforceable MNA exists, and the credit risk exposure is managed on a net basis or the position is specifically collateralised, typically in the form of cash.

Also included in the table within both loans and advances and financial assets designated at fair value through profit and loss is collateral which CSi holds against loans in the form of guarantees, cash and marketable securities. CSi also mitigates its credit exposures on certain loans primarily with credit default swaps, which economically hedge the position and as such the notional on the relevant credit default swap has been included. For further information on the collateral and credit enhancements held against loans designated at fair value, refer to Note 19 – Financial Liabilities Designated at Fair Value through Profit and Loss.

Reverse repurchase and repurchase agreements and securities lending and borrowing transactions are typically fully collateralised instruments and in the event of default by the counterparty, the agreement provides CSi the right to liquidate the collateral held. Reverse repos and repos are included either within securities or financial assets designated at fair value through profit and loss, based on the accounting methodology. These instruments are collateralised principally by government securities, money market instruments, corporate bonds and cash. CSi monitors the fair value of securities borrowed and lent on a daily basis with additional collateral obtained as necessary. The fair value of the collateral has been included in the table above. For further information on the collateral and credit enhancements held against reverse repurchase and repurchase agreements and securities lending and borrowing refer to Note 16 – Securities Borrowed, Lent and Purchased/Sold under Resale/Repurchase Agreements.

Included within Other (Non- trading financial assets mandatorily at fair value through profit or loss) are failed purchases that arise when a transaction to purchase an asset has not met the conditions for sale accounting. CSi typically holds collateral in the form of insurance or securities against the failed purchases.

Collateral held against financial guarantees and loan commitments typically includes securities and letters of credit. For further information about the collateral and credit enhancements held against financial guarantees and loan commitments refer to Note 34 – Contingent Liabilities, Guarantees and Commitments.

For further information on collateral held as security that CSi is permitted to sell or repledge refer to Note 37 – Assets Pledged or Assigned.

If collateral or the credit enhancement value for a particular instrument is in excess of the maximum exposure then the value of collateral and other credit enhancements included in the table has been limited to the maximum exposure to credit risk.

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Financial assets credit risk exposures by rating grades

	Classes of Financial assets		
As at 31 December, 2023 Group In millions of USD	Interest bearing deposits with banks	Securities purchases under resale agreements and securities borrowing transactions	**Total**
AA+ to AA-	–	–	–
A+ to A-	8,319	616	8,935
BBB+ to BBB-	–	688	688
BB+ to BB-	–	–	–
B+ and below	–	–	–
Gross Carrying amount	**8,319**	**1,304**	**9,623**
Loss allowance	–	–	–
Net Carrying amount	**8,319**	**1,304**	**9,623**

	Classes of Financial assets		
As at 31 December, 2022 Group In millions of USD	Interest bearing deposits with banks	Securities purchases under resale agreements and securities borrowing transactions	**Total**
AA+ to AA-	–	5	5
A+ to A-	12,086	8,843	20,929
BBB+ to BBB-	–	1,652	1,652
BB+ to BB-	–	7	7
B+ and below	–	20	20
Gross Carrying amount	**12,086**	**10,527**	**22,613**
Loss allowance	–	1	1
Net Carrying amount	**12,086**	**10,526**	**22,612**

The categories of financial assets included in the above tables have balances only in 12 month Stage ECL (Stage 1).

Cash and Due from Bank credit risk exposures by external rating grades

Group In millions of USD	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	**Total**
2023					
AA+ to AA-	291	–	–	–	291
A+ to A-	3,131	–	–	–	3,131
BBB+ to BBB-	22	–	–	–	22
BB+ to BB-	4	–	–	–	4
B+ and below	150	–	30	–	180
Gross Carrying amount	**3,598**	**–**	**30**	**–**	**3,628**
Loss allowance	–	–	10	–	10
Net Carrying amount	**3,598**	**–**	**20**	**–**	**3,618**
2022					
AA+ to AA-	537	–	–	–	537
A+ to A-	3,530	–	–	–	3,530
BBB+ to BBB-	27	–	–	–	27
BB+ to BB-	5	–	–	–	5
B+ and below	50	–	–	–	50
Gross Carrying amount	**4,149**	**–**	**–**	**–**	**4,149**
Loss allowance	–	–	–	–	–
Net Carrying amount	**4,149**	**–**	**–**	**–**	**4,149**

Loan credit risk exposures by rating grades

Group and Bank In millions of USD	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	**Total**
2023					
BBB+ to BBB-	3,003	–	–	–	3,003
BB+ to BB-	–	–	–	–	–
B+ and below	68	145	74	–	287
Gross Carrying amount	**3,071**	**145**	**74**	**–**	**3,290**
Loss allowance	3	30	67		100
Net Carrying amount	**3,068**	**115**	**7**	**–**	**3,190**
2022					
BBB+ to BBB-	2,557	–	–	–	2,557
BB+ to BB-	79	–	–	–	79
B+ and below	81	29	28	–	138
Gross Carrying amount	**2,717**	**29**	**28**	–	**2,774**
Loss allowance	4	1	15	–	20
Net Carrying amount	**2,713**	**28**	**13**	**–**	**2,754**

Loan commitment credit risk exposures by rating grades

Group and Bank In millions of USD	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	**Total**
2023					
AA+ to AA-	27	–	–	–	27
A+ to A-	–	–	–	–	–
BBB+ to BBB-	173	–	–	–	173
BB+ to BB-	115	–	–	–	115
B+ and below	160	2	–	–	162
Gross Carrying amount	**475**	**2**	**–**	**–**	**477**
Loss allowance	1	–	–	–	1
Net Carrying amount	**474**	**2**	**–**	**–**	**476**
2022					
AA+ to AA-	15	–	–	–	15
A+ to A-	–	–	–	–	–
BBB+ to BBB-	707	–	–	–	707
BB+ to BB-	75	–	–	–	75
B+ and below	188	186	–	–	374
Gross Carrying amount	**985**	**186**	**–**	**–**	**1,171**
Loss allowance	2	1	–	–	3
Net Carrying amount	**983**	**185**	**–**	**–**	**1,168**

Other assets credit risk exposures by rating grades

Group and Bank In millions of USD	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	**Total**
2023					
AAA	595	–	–	–	595
AA+ to AA-	4,618	–	–	–	4,618
A+ to A-	5,955	–	–	–	5,955
BBB+ to BBB-	3,357	–	–	–	3,357
BB+ to BB-	58	–	–	–	58
B+ and below	2,394	–	–	–	2,394
Gross Carrying amount	**16,977**	**–**	**–**	**–**	**16,977**
Loss allowance	0	0	–	–	0
Net Carrying amount	**16,977**	**(0)**	**–**	**–**	**16,977**
2022					
AAA	495	–	–	–	495
AA+ to AA-	4,236	–	–	–	4,236
A+ to A-	8,824	–	–	–	8,824
BBB+ to BBB-	2,870	–	–	–	2,870
BB+ to BB-	248	–	–	–	248
B+ and below	47	–	4,374	–	4,421
Gross Carrying amount	**16,720**	**–**	**4,374**	**–**	**21,094**
Loss allowance	0	–	4,374	–	4,374
Net Carrying amount	**16,720**	**–**	**0**	**–**	**16,720**

Risk Mitigation

CSi actively manages its credit exposure utilising credit hedges and monetiseable collateral (cash and marketable securities). Credit hedges represent the notional exposure that has been transferred to other market counterparties generally through the use of credit default swaps. CSi also actively enters into collateral arrangements for OTC derivatives and other traded products which allow it to limit the counterparty exposure risk associated with these products. Collateral taken generally represents cash or government securities although other securities may be accepted. The value of collateral reflected as a risk mitigant is net of an appropriate haircut. Collateral securing loan transactions includes:

- Financial collateral pledged against loans collateralised by securities (mostly cash and marketable securities); and
- Physical collateral (real estate property for mortgages, mainly retail residential, but also multi-family buildings, offices and commercial properties); and
- Other types of lending collateral such as accounts receivable, inventory and plant and equipment

Credit approval and reviews

A primary responsibility of Credit Risk is the approval of new counterparty trading relationships and the subsequent on-going review of the creditworthiness of the client. Part of the review and approval process involves the consideration of the motivation of the client and the directional nature of the trading in which the client is engaged. The sizing of credit limits is based on a combination of credit rating, the level of comfort the Credit Risk officer has with the strategy of the counterparty, the level of disclosure of financial information and the amount of risk mitigation that is present in the trading relationship (e.g. level of collateral).

Settlement Risk

Settlement risk arises whenever the settlement of a transaction results in timing differences between the disbursement of cash or securities and the receipt of counter-value from the counterparty. This risk arises whenever transactions settle on a 'free of payment' basis and is especially relevant when operating across time zones.

In those instances where market convention and/or products preclude a value-for-value exchange, CSi manages its risk through confirmation and affirmation of transaction details with counterparties. In order to reduce gross settlement risk, CSi leverages clearing houses, central counterparties and central settlement services, and will also net gross cash flows with a given counterparty where possible. CSi group proactively seeks to manage the timing of settlement instructions to agents and the reconciliation of incoming payments in order to reduce the window of exposure. In addition, Credit Risk officers establish and monitor limits to control the amount of settlement risk incurred to each counterparty.

v) Country Risk

Country risk is the possibility of a substantial, systemic loss of value in the financial assets of a country or group of countries, which may be caused by dislocations in the credit, equity and/or currency markets. CSi Credit Risk has incorporated country limits into its Credit Risk Appetite Framework in order to manage this risk in CSi.

For CSi, country limits are set for developed and emerging markets, based on both a potential future exposure view and on a scenario view. Upon CSi UK CCO and the UK Credit Risk Committee recommendation, maximum appetite and country limits are calibrated and approved by the CSi RMC on an annual basis or, if warranted by a fundamental change in strategy or market conditions, more frequently. The measurement of exposures against country limits is reported to the CSi UK CCO and senior management. Front Office representatives are responsible for ensuring limits are respected and any breach is promptly managed.

vi) Legal (including Regulatory) Risk

The CS group is subject to legal risks in its businesses. Legal risks include, among other things, the risk of litigation (for example, as a result of misselling claims), disputes (for example, over the terms of legacy trades); the inadequacy of transaction documentation (for example, ambiguous terms); unenforceability (for example, of security arrangements); uncertainty with respect to applicable laws and regulations (including change in laws or regulations); and employee disputes. Some of these risks result in claims against the firm which the firm defends, settles or results in actual litigation, in each case, that the CS group may incur legal expenses to defend.

The CS group assesses its legal risk and manages it through a combination of controls, including the adoption of policies, the implementation of processes and the use of systems, continuing to refine controls as business activities evolve and the laws that the CS group is subject to change. One of the key controls is the involvement of the General Counsel function and engagement of outside legal counsel. In addition, the CS group is an active participant in a number of key industry and other professional market forums including International Swaps and Derivatives Association ('ISDA') and the Association for Financial Markets in Europe ('AFME').

As a participant in the financial services industry, the CS group is subject to extensive regulation by governmental agencies, supervisory authorities and self-regulatory organisations around the world. Such regulation is increasingly more extensive and complex in its application, in particular, as laws increasingly purport to be extra-territorial and additional obligations may arise where clients are subject to differing regulatory obligations, in practice, requiring the group to be compliant with such obligations also. These regulations may increase the costs of doing existing business for both the firm and its clients, including the application of increased capital, leverage and liquidity requirements, customer protection and market conduct regulations and direct or indirect restrictions on the businesses in which the CS group may operate. Such requirements can have a negative effect on the CS group's business and ability to implement strategic initiatives.

The financial services industry continues to be affected by the increasing complexity of ongoing regulatory reforms, alongside the significant impact on the firm of implementing its plans relating to the withdrawal of the United Kingdom from the European Union. Changes in laws, rules or regulations, or in their interpretation or enforcement, or the implementation of new laws, rules or regulations, may adversely affect the CS group.

vii) Non-financial risk

Definition and sources of non-financial risk

Non-financial risk is the risk of an adverse direct or indirect impact originating from sources outside the financial markets, including but not limited to operational risk, technology risk, cyber risk, compliance and regulatory risk, legal risk and conduct risk. Non-financial risk is inherent in most aspects of our business, including the systems and processes that support our activities. It comprises a large number of disparate risks that can manifest in a variety of ways. Examples include the risk of damage to physical assets, business disruption, failures relating to third-party processes, data integrity and trade processing, cyber attacks, internal or external fraudulent or unauthorised transactions, inappropriate cross-border activities, money laundering, improper handling of confidential information, conflicts of interest, improper gifts and entertainment and failure in duties to clients.

Non-financial risk can arise from a wide variety of internal and external forces, including human error, inappropriate conduct, failures in systems, processes and controls, deliberate attack or natural and man-made disasters. Outsourcing and external third parties may also create risks around maintaining business processes, system stability, data loss, data management, reputation and regulatory compliance. The main categories and sources of non-financial risk are described below.

Operational risk

Operational risk is the risk of an adverse impact arising from inadequate or failed internal processes, people or systems, or from external events. Operational risk does not include business and reputational risks; however, some operational risks can lead to reputational issues and as such these risks may be closely linked.

Technology risk

Technology risk deserves particular attention given the complex technological landscape that covers our business model. Ensuring that confidentiality, integrity and availability of information assets are protected is critical to our operations. Technology risk is the risk that system-related failures, such as service outages or information security incidents, may disrupt business. Technology risk is inherent not only in our IT assets, but also in the people and processes that interact with them including through dependency on third-party suppliers and the worldwide telecommunications infrastructure. CSi seeks to ensure that the data used to support key business processes and reporting is secure, complete, accurate, available, timely and meets appropriate quality and integrity standards. CSi requires our critical IT systems to be identified, secure, resilient and available to support our ongoing operations, decision-making, communications and reporting. Our systems must also have the capabilities, capacity, scalability and adaptability to meet current and future business objectives, the needs of our customers and regulatory and legal expectations. Failure to meet these standards and requirements may result in adverse events that could subject us to reputational damage, fines, litigation, regulatory sanctions, financial losses or loss of market share. Technology risks are managed through our technology risk management program, business continuity management plan and business contingency and resiliency plans. Technology risks are included as part of our overall non-financial risk assessments based upon a forward-looking approach focusing on the most significant risks in terms of potential impact and likelihood.

Cyber risk

Cyber risk, which is part of technology risk, is the risk that the Group will be compromised as a result of cyber attacks, security breaches, unauthorised access, loss or destruction of data, unavailability of service, computer viruses or other events that could have an adverse security or resilience impact. Any such event could subject us to litigation or cause us to suffer a financial loss, a disruption of our businesses, liability to our clients, regulatory intervention or reputational damage. CS group could also be required to expend significant additional resources to investigate and remediate vulnerabilities or other exposures.

CS group recognises that cyber risk represents a rapidly evolving external risk landscape. The financial industry continues to face cyber threats from a variety of actors who are driven by monetary, political and other motivations. CS group actively monitors external incidents and threats and assess and respond accordingly, including modifying our protective measures, to any potential vulnerabilities that this may reveal. CS group is also an active participant in industry forums and information exchange initiatives and engage in regulatory consultation on this subject.

CS group has an enterprise-wide cybersecurity strategy to provide strategic guidance as part of our efforts to achieve an optimised end-to-end security and risk competence that enables a secure and innovative business environment, aligned with the CS groups's risk appetite. A technology security team leverages a wide array of leading technology solutions and industry best practices to support our ability to maintain a secure perimeter and detect and respond to threats in real time.

CS group regularly assesses the effectiveness of key controls and conduct ongoing employee training and awareness activities, including for key management personnel, in order to embed a strong cyber risk culture. As part of the non-financial risk framework ('NFRF'), the Executive Board as CS group as divisional and legal entity risk management committees are given updates on the broader technology risk exposure.
Significant incidents are escalated to the Risk Committee together with key findings and mitigating actions. Related business continuity and response plans are tested and simulations are conducted up to the Executive Board and Board level.

Legal risk

Legal risk is the risk of loss or imposition of damages, fines, penalties or other liability or any other material adverse impact arising from circumstances including the failure to comply with legal obligations, whether contractual, statutory or otherwise, changes in enforcement practices, the making of a legal challenge or claim against us, our inability to enforce legal rights or the failure to take measures to protect our rights.

Compliance risk

Compliance risk is the risk of legal or regulatory sanctions or financial loss that may result from the failure to comply with applicable laws, regulations, rules or market standards.

Regulatory risk

Regulatory risk is the risk that changes in laws, regulations, rules or market standards may limit our activities and have a negative effect on our business or our ability to implement strategic initiatives, or can result in an increase in operating costs for the business or make our products and services more expensive for clients.

Conduct risk

CSi defines 'conduct risk' as the risk that the conduct of the firm or its individuals unfairly impacts clients or counterparties, undermines the integrity of the financial system or impairs effective competition to the detriment of consumers.

The Non-Financial Risk Framework ('NFR') provides requirements for the identification, management, assessment and mitigation of operational, compliance and conduct risks. Conduct risk is classified as a root cause across the NFR Framework, and the NFR Framework standards and processes are leveraged to aid its identification. A distinct UBS Conduct Risk Framework with specific governance and process requirements enables comprehensive management of conduct risk.

Identifying actual or potential conduct risks is the responsibility of every UBS employee, and all parts of the firm should execute this responsibility as part of their day-to-day management process by applying the principles that we: differentiate employee-, market- and client-related conduct, and have processes and controls in place to manage each; ensure transparency of employee and firm conduct and produce and review backward- and forward-looking management information covering employee, market and client-related conduct; have clearly defined roles and responsibilities; and have robust governance in place.

Our Code of Conduct Ethics sets out that we are committed to maintaining a culture based on high ethical standards and accountability. We are committed to balancing sustainable performance and appropriate risk-taking, including sound conduct and risk-management practices. In line with stakeholder expectations, this balanced approach protects our capital and reputation and enhances the quality of our financial results. We apply compensation principles reflecting a pay for performance approach. Evaluation of individual performance reflects both the what (contribution) and the how (behavior). We also factor in adherence with laws, rules, regulations, the Code, policies, or procedures.

Replacement of Interbank Offered Rates ('IBOR')

Following significant international and regulatory pressure to replace certain IBOR benchmarks with alternative reference rates ('ARRs'), a major structural change in global financial markets has now completed. Markets and most legacy transactions have been transitioned to alternative reference rates.

Credit Suisse has successfully facilitated the transition away from USD LIBOR by the industry cessation date of 30 June 2023. No client or internal issues have been reported to date. The small number of trades that did not have robust fallback provisions benefited from the LIBOR Act or the temporary availability of USD Synthetic LIBOR, and none of these trades were booked in CSi.

	Financial instruments yet to transition to alternative benchmarks, by main benchmark				
31 December 2022 (USD millions) [1]	USD Libor	GBP Libor	JPY Libor	SGD SOR	**Total**
Notional value of non-derivative financial assets	8	–	–	–	**8**
Notional value of non-derivative financial liabilities	30	–	–	–	**30**
Derivative notional contract amount	140,764	0	0	230	**140,994**

[1] This table does not include financial instruments that reference a benchmark interest rate that is required to transition to an alternative benchmark rate, but which will mature prior to that transition date.
The table also does not include financial instruments that reference a benchmark interest rate having effective fallback provisions.

Evaluation and management of non-financial risks

CS group aims to maintain the integrity of its business, operations and reputation as a core principle guiding the management and oversight of non-financial risks by ensuring that day-to-day operations are sustainable and resilient, do not expose CS group to significant losses and enable its employees to make decisions and conduct business in line with its values and desired reputation as a firm.

Each business area and function is responsible for its risks and the provision of adequate resources and procedures for the management of those risks. They are supported by the designated second line of defense functions responsible for independent risk and compliance oversight, methodologies, tools and reporting within their areas as well as working with management on non-financial risk issues that arise. Businesses and relevant control functions meet regularly to discuss risk issues and identify required actions to mitigate risks.

The Non-Financial Risk function oversees the Group's established NFRF, providing a consistent and unified approach to evaluating and monitoring the Group's non-financial risks. Non-financial risk appetites are established and monitored under the Group-wide risk appetite framework, aligned with the NFRF, which sets common minimum standards across the UBS Group for non-financial risk and control processes and review and challenge activities. Risk and control assessments are in place across all divisions and functions, consisting of the risk and control self-assessments and compliance risk assessments. Key non-financial risks are identified annually and represent the most significant risks requiring senior management attention. Where appropriate, remediation plans are put in place with ownership by senior management and ongoing oversight through the Non-Financial Risk and Resilience Committee ('NFRRC') or Legal Entity Risk Committees.

Non-financial risk capital management
CSi's activities to manage non-financial risk capital include scenario analysis and operational risk regulatory capital measurement, as further described below. In addition, CSi transfers the risk of potential losses from certain non-financial risks to third-party insurance companies in certain instances.

Non-financial risk scenario analysis
Non-financial risk scenario analysis is forward-looking and is used to identify and measure exposure to a range of potential adverse events, such as unauthorised trading, transaction processing errors and compliance issues. These scenarios help businesses and functions assess the suitability of controls in light of existing risks and estimate hypothetical but plausible risk exposures. Scenarios are developed as qualitative estimation approaches to support stressed loss projections and capital calculations (both economic and regulatory capital) as part of regulatory requirements set by regulatory agencies in the jurisdictions in which CSi group operates.

Non-financial risk stress loss projections
Operational losses may increase in frequency and magnitude during periods of economic stress and/or market volatility. CS group estimates the potential operational loss that may be experienced under a variety of adverse economic conditions through stress testing by quantifying historically observed relationships between various types of operational losses and the economy, and through expert consideration of impacts on key non-financial risks.

Non-financial risk regulatory capital measurement
CS group uses a set of internally validated and approved models to calculate its regulatory capital requirements for non-financial risk (also referred to as "operational risk capital") across the CS group and for legal entities. For CS group regulatory capital requirements, it uses a model under the AMA. The model is based on a loss distribution approach that uses relevant historical internal and external loss data to estimate frequency and severity distributions for different types of potential non-financial risk losses, such as an unauthorised trading incident, execution delivery errors, fraud, litigation events or a material business disruption. Business experts and senior management review and challenge model parameters in light of changes of business environment and internal control factors to ensure that the capital projection is reasonable and forward-looking. Deductions are taken from the regulatory capital requirement for non-financial risk to account for the mitigating values of insurance policies held by the CS group. The regulatory capital requirement represents the 99.9th percentile of the estimated distribution of total operational losses for the CS group over a one-year time horizon. A risk-sensitive approach is applied to allocate capital to the businesses.

Governance of non-financial risks
Effective governance processes establish clear roles and responsibilities for managing non-financial risks and define appropriate escalation processes for outcomes that are outside expected levels. CS group utilises a comprehensive set of policies and procedures that set out how employees are expected to conduct their activities, including clearly defined roles for each of the three lines of defense to achieve appropriate segregation of duties.

Non-Financial Risk is responsible for setting minimum standards for managing non-financial risks at the CS group level. This includes ensuring the cohesiveness of policies and procedures, tools and practices throughout the CS group, particularly with regard to the identification, evaluation, mitigation, monitoring and reporting of these risks. Other second line of defense oversight functions are responsible for setting supplemental policies and procedures where applicable. Non-Financial Risk also oversees the global read-across framework, under which the CS group performs comprehensive reviews of risk events and/or emerging risks to identify underlying root causes, and considers their applicability across other divisions, significant legal entities or corporate functions with the goal of minimising re-occurrence in a sustainable manner through enhancements of processes and/or key controls to support reduction of relevant residual risks.

Non-financial risk exposures, metrics, issues and remediation efforts are discussed in various risk management committees across the organisation, including in the NFRRC which escalates to the ExB RMC, and in divisional risk management committees and relevant thematic risk committees which escalate to the NFRRC. Key, significant and trending non-financial risk themes are discussed in governance forums where appropriate, including risk themes that may emerge due to significant internal or external events and any corresponding tactical or strategic control enhancements that may be required in order to maintain adequate internal controls in response to such events.

For conduct risk, periodic monitoring of metrics is based on thresholds set by severity level, with material trends identified and escalated as appropriate to senior management.

viii) Reputational Risk
CSi highly values its reputation and is fully committed to protecting it through a prudent approach to risk-taking, and responsible approach to business. This is achieved through use of dedicated

processes, resources and policies focused on identifying, evaluating, managing and reporting potential reputational risks. This is also achieved through applying the highest standards of personal accountability and ethical conduct as set out in the CS group Code of Conduct, and the firm's approach to Cultural Values.

CSi acknowledges that as a large global financial institution, with a wide range of businesses and stakeholders, it may be subject to general criticism or negative perception from time to time which may negatively impact its reputation.

CSi also acknowledges that it will knowingly engage in specific activities where opinions may vary depending on the perspective and standpoint of each party, and which may lead to negative perception from some stakeholders.

In both these cases, CSi accepts reputational risk only where CS group can justify at the time decisions are taken that:
- The activity is in line with our stated Code of Conduct, and Conduct and Ethics Standards;
- Informed judgement is exercised in line with our internal sector policies and thematic guidelines, including region specific concerns or mitigation, where applicable.

- Matters have been subject to governance review in line with relevant escalation criteria
CSi has no appetite for engaging in activity that exposes CS group to reputational risk where these conditions are not met.

CSi has adopted the Global Policy on Reputational Risk which states that all personnel are responsible for assessing the potential reputational impact of any activity in which they engage, and for determining whether those activities require submission for review through the Reputational Risk Review Process ('RRRP').

40 Offsetting of Financial Assets and Financial Liabilities

The disclosures set out in the following tables below include derivative instruments, reverse repurchase and repurchase agreements, securities lending and borrowing transactions, and other assets and liabilities that:
- are offset in the CSi group's Consolidated Statement of Financial Position; or
- are subject to an enforceable master netting agreement or similar agreement, irrespective of whether they are offset in the CSi group's Consolidated Statement of Financial Position.

Similar agreements include derivative clearing agreements, global master repurchase agreements, global master securities lending agreements, and any related rights to financial collateral.

Financial instruments such as Loans and Due to Banks are not disclosed in the following tables. They are not offset in the Consolidated Statement of Financial Position.

Derivatives

The UBS Group AG transacts bilateral OTC derivatives (OTC derivatives) mainly under International Swaps and Derivatives Association ('ISDA') Master Agreements. These agreements provide for the net settlement of all transactions under the agreement through a single payment in the event of default or termination under the agreement.

The above ISDA Master Agreements do not meet the criteria for offsetting in the Statement of Financial Position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of CSi group or the counterparties or following other predetermined events. In addition, CSi group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Collateral for OTC derivatives is received and provided in the form of cash and marketable securities. Such collateral may be subject to the standard industry terms of an ISDA Credit Support Annex. The terms of an ISDA Credit Support Annex provide that securities received or provided as collateral may be pledged or sold during the term of the transactions and must be returned upon maturity of the transaction. These terms also give each counterparty the right to terminate the related transactions upon the other counterparty's failure to post collateral. Financial collateral received or pledged for OTC derivatives may also be subject to collateral agreements which restrict the use of financial collateral.

For exchange-traded derivatives and OTC-cleared derivatives, positive and negative replacement values and related cash collateral are offset if the terms of the rules and regulations governing these exchanges and central clearing counterparties permit such netting and offset because the CSi group:
(a) currently has a legally enforceable right to set off the recognised amounts; and
(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

To meet criterion (a), the right of set-off:
- must not be contingent on a future event; and
- must be legally enforceable in all of the following circumstances:
  (i) the normal course of business;
  (ii) the event of default; and
  (iii) the event of insolvency or bankruptcy of the entity and all of the counterparties.

Criterion (b) may only be met, if – depending on the settlement mechanism – certain criteria are met (e.g. derivatives with the same currency).

Where no such agreements exist, fair values are recorded on a gross basis.

Exchange traded derivatives or OTC cleared derivatives that are fully margined and for which the daily margin payment constitute settlement of the outstanding exposure are not included in the offsetting disclosures because they are not subject to offsetting due to daily settlement. The daily margin payments which are unsettled until the next settlement cycle is conducted are presented in brokerage receivables or brokerage payables.

Under IFRS, the CSi group has elected to account for substantially all financial instruments with an embedded derivative that is not considered closely related to the host contract at fair value. Where these hybrid financial instruments are subject to an enforceable master netting agreement or similar agreement, they are included in the tables.

Reverse repurchase and repurchase agreements and securities lending and borrowing transactions

Reverse repurchase and repurchase agreements are generally covered by global master repurchase agreements. In certain situations, for example in the event of default, all contracts under the agreements are terminated and are settled net in one single payment. Global master repurchase agreements also include payment or settlement netting provisions in the normal course of business that state that all amounts in the same currency payable by each party to the other under any transaction or otherwise under the global master repurchase agreement on the same date shall be set off.

Bilateral reverse repurchase and repurchase transactions are netted in the Consolidated Statement of Financial Position if the global master repurchase agreements permit such netting and offset because CSi group:
(a) currently has a legally enforceable right to set off the recognised amounts; and
(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The net settlement criterion in (b) will also be met, if the CSi group can settle amounts in a manner such that the outcome is, in effect, equivalent to net settlement. This will occur if, and only if, the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk, and that will process receivables and payables in a single settlement process or cycle.

The amounts offset are measured on the same basis as the underlying transaction (i.e. on an accrual basis or fair value basis).

Securities lending and borrowing transactions are generally executed under global master securities lending agreements with netting terms similar to ISDA Master Agreements. In certain situations, for example in the event of default, all contracts under the agreement are terminated and are settled net in one single payment. Transactions under these similar agreements are not netted in the Consolidated Statement of Financial Positions because most securities lending and borrowing transactions do not meet the criterion of having the same settlement date specified at inception of the transaction, and therefore they are not eligible for netting in the Consolidated Statement of Financial Positions apart from the other conditions to be met for netting.

Reverse repurchase and repurchase agreements are collateralised principally by government securities, money market instruments and corporate bonds and have terms ranging from overnight to a longer or unspecified period of time. In the event of counterparty default, the reverse repurchase agreement or securities lending agreement provides CSi group with the right to liquidate the collateral held. As is the case in CSi group's normal course of business, CSi actively manages collateral, and relevant collateral received that may be sold or repledged was sold or repledged as of 31 December 2023 and 31 December 2022. In certain circumstances, financial collateral received may be restricted during the term of the agreement (e.g. in tri-party arrangements).

The following table presents the gross amount of securities purchased under resale agreements and securities borrowing transactions subject to enforceable master netting agreements, the amount of offsetting, the amount of securities purchased under resale agreements and securities borrowing transactions not subject to enforceable master netting agreements and the net amount presented in the Consolidated Statement of Financial Position.

Offsetting of Financial Assets and liabilities and amounts not offset in the Consolidated Statement of Financial Position

2023 (USD Million)	Amounts subject to enforceable master netting agreements			Amounts not offset in the Consolidated statement of Financial Position				
Group	Gross	Offsetting	Net	Financial instruments [2]	Cash collateral received/ pledged [2]	Net exposure	Amounts not subject to enforceable master netting agreements [1]	**Total**
Financial Assets								
Derivative assets	57,961	(996)	56,965	(49,745)	(6,261)	959	375	**57,340**
of which recorded in trading financial assets mandatorily at fair value through profit or loss	*57,958*	*(996)*	56,962	*(49,745)*	*(6,261)*	*956*	*375*	**57,337**
of which recorded in non-trading financial assets mandatorily at fair value through profit or loss	*3*	–	3	–	–	*3*	–	**3**
Securities purchased under resale agreements	25,878	(1,326)	24,552	(24,512)	(40)	–	–	**24,552**
Securities borrowing transactions	662	–	662	(662)	–	–	–	**662**
Loans	326	(56)	270	–	–	270	–	**270**
Other Assets- cash collateral on derivative instruments	15,525	(3)	15,522	–	(7,917)	7,605	206	**15,728**
Funded Derivatives Assets	–	–	–	–	–	–	–	**–**
Financial Liabilities								
Derivative liabilities	58,990	(940)	58,050	(49,744)	(7,917)	389	512	**58,562**
of which recorded in trading financial liabilities mandatorily at fair value through profit or loss	*58,990*	*(940)*	*58,050*	*(49,744)*	*(7,917)*	*389*	*512*	**58,562**
of which recorded in financial liabilities designated at fair value through profit or loss	–	–	–	–	–	–	–	**–**
Securities sold under resale agreements	8,886	(835)	8,051	(8,037)	–	14	–	**8,051**
Securities lending transactions	306	–	306	(306)	–	–	–	**306**
Short Positions	2,541	(584)	1,957	–	–	1,957	–	**1,957**
Other Liabilities- cash collateral on derivative instruments	7,521	(22)	7,499	–	(6,261)	1,238	55	**7,554**
Funded Derivatives Liabilities	–	–	–	–	–	–	–	**–**

[1] Represents instruments where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place.
[2] The total amount reported in financial instruments and cash collateral is limited to the net amount for the related instruments presented in the Consolidated Statement of Financial Position.

Net exposure is subject to further credit mitigation through the transfer of the exposure to other market counterparties by the general use of CDS.

2022 (USD Million)	Amounts subject to enforceable master netting agreements			Amounts not offset in the Consolidated statement of Financial Position				
Group	Gross	Offsetting	Net	Financial instruments	Cash collateral received/ pledged	Net exposure	Amounts not subject to enforceable master netting agreements	**Total**
Financial Assets								
Derivative assets	98,249	(9,105)	89,144	(73,748)	(9,797)	5,599	930	**90,074**
of which recorded in trading financial assets mandatorily at fair value through profit or loss	*98,242*	*(9,105)*	*89,137*	*(73,748)*	*(9,797)*	*5,592*	*930*	**90,067**
of which recorded in non-trading financial assets mandatorily at fair value through profit or loss	*7*	–	*7*	–	–	*7*	–	**7**
Securities purchased under resale agreements	33,476	(6,792)	26,684	(26,450)	(234)	–	2,024	**28,708**
Securities borrowing transactions	2,905	–	2,905	(2,857)	–	48	7	**2,912**
Loans	1,171	(66)	1,105	–	–	1,105	–	**1,105**
Other Assets- cash collateral on derivative instruments	18,250	(345)	17,905	–	(10,461)	7,444	533	**18,438**
Funded Derivatives Assets	6	–	6	(6)	–	–	43	**49**
Financial Liabilities								
Derivative liabilities	96,886	(9,369)	87,517	(72,926)	(10,461)	4,130	973	**88,490**
of which recorded in trading financial liabilities mandatorily at fair value through profit or loss	*96,869*	*(9,369)*	*87,500*	*(72,926)*	*(10,461)*	*4,113*	*973*	**88,473**
of which recorded in financial liabilities designated at fair value through profit or loss	*17*	–	*17*	–	–	*17*	–	**17**
Securities sold under resale agreements	20,999	(6,279)	14,720	(14,553)	(166)	1	556	**15,276**
Securities lending transactions	2,838	–	2,838	(2,615)	–	223	–	**2,838**
Short Positions	*5,583*	*(662)*	4,921	–	–	4,921	–	**4,921**
Other Liabilities- cash collateral on derivative instruments	11,499	(29)	11,470	–	(9,797)	1,673	90	**11,560**
Funded Derivatives Liabilities	914	(527)	387	(6)	–	381	3,054	**3,441**

The offsetting tables above apply to both, CSi group and Bank. The only exception to the Bank tables is in the lines as shown below.

Bank	Amounts subject to enforceable master netting agreements			Amounts not offset in the Consolidated statement of Financial Position				
2023 (USD Million)	Gross	Offsetting	Net	Financial instruments	Cash collateral received/ pledged	Net exposure	Amounts not subject to enforceable master netting agreements	**Total**
Financial Assets								
Loans	330	(56)	274	–	–	274	–	**274**
2022 (USD Million)								
Financial Assets								
Derivative assets	98,249	(9,105)	89,144	(73,748)	(9,797)	5,599	1,051	**90,195**
of which recorded in trading financial liabilities mandatorily at fair value through profit or loss	98,242	(9,105)	89,137	(73,748)	(9,797)	5,592	1,051	**90,188**
of which recorded in other assets	*7*	–	*7*				–	**7**
Financial Liabilities								
Derivative liabilities	96,886	(9,369)	87,517	(72,926)	(10,461)	4,130	1,237	**88,754**
of which recorded in trading financial liabilities mandatorily at fair value through profit or loss	96,869	(9,369)	87,500	(72,926)	(10,461)	4,113	1,237	**88,737**
of which recorded in other liabilities	17	–	17	–	–	17	–	**17**

41 Capital Adequacy

The Bank's capital adequacy is monitored and governed by the PRA. The regulatory rules are set out in the PRA's Rulebook, which includes onshored rules from the Capital Requirements Regulation ('CRR') and the Capital Requirements Directive ('CRD').

The CS group considers a strong and efficient capital position to be a priority. Consistent with this, the Bank closely monitors its capital position on a continuing basis to ensure ongoing stability and support of its business activities. This monitoring takes account of the requirements of the current regulatory regime and any forthcoming changes to the capital framework or to the Bank's business model. The 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.

Multi-year business forecasts and capital plans are prepared by CSi, considering its business strategy and the impact of known regulatory changes. These plans are subjected to various stress tests, reflecting both macroeconomic and specific risk scenarios, as part of the ICAAP. Within these stress tests, potential management actions, that are consistent with both the market conditions implied by the stress test and the stress test outcome, are identified. The results of these stress tests and associated management actions are updated regularly, as part of the ICAAP, with results documented and reviewed by the Board of Directors. The ICAAP then forms the basis for any Supervisory Review and Evaluation Process ('SREP') that the PRA conducts when assessing an institution's level of regulatory capital.

Own Funds

Own funds comprise a number of 'Tiers'. Tier 1 capital principally comprises shareholders' equity (Common Equity Tier 1 ('CET1') and Additional Tier 1 ('AT1'). Total capital equals the sum of these with adjustments including regulatory deductions and prudential filters.

The Bank's overall capital needs are reviewed to ensure that its own funds can appropriately support the anticipated needs of its businesses. The capital management framework is designed to ensure that own funds are sufficient to support the underlying risks of the business activity, to meet the objectives of management and to meet the requirements of regulators, rating agencies and market participants.

During 2023, The Bank paid a dividend of USD 1.1 billion to Credit Suisse AG and there was a repayment of residual Tier 2 capital of USD 3.2 million.

Overall movements in capital resources were as follows:

	2023	2022
Regulatory capital less deductions (USD million)		
Total regulatory capital less deductions at 1 January	**15,812**	**15,027**
Other equity instruments [3]	1,200	1,200
Net movement on Tier 2 capital [1]	(3)	(2)
Net Movement in shareholder's equity [2]	(2,941)	(925)
Net movement in regulatory deductions and prudential filters	1,021	512
Total regulatory capital less deductions at 31 December [3]	**13,889**	**15,812**

[1] Net movement on Tier 2 capital represents repayment of subordinated debt in 2023.
[2] Net move in shareholders equity includes changes in retained earnings, other reserves and capital contribution reserve.
[3] Changes in Tier 1 instruments are already covered in Note 2, and are of which disclosures. These need to be excluded for arriving at the final capital in above table.

The following table sets out details of CSi's own funds at 31 December 2023 and 2022.

	2023	2022
Regulatory capital less deductions (USD millions)		
Total shareholders' equity – Bank	14,962	17,904
Shareholders' equity	**14,962**	**17,904**
Other deductions:		
Regulatory deductions (Intangible assets)	(83)	(478)
Securitisation positions	(7)	(7)
DTA on non-temporary differences	(59)	–
Excess of expected loss amounts over credit risk adjustments	(37)	(49)
Defined benefit pension fund assets	(400)	(408)
Free Delivery	(2)	(16)
Prudential filters	(486)	(1,137)
Total Tier 1 capital	**13,889**	**15,809**
Tier 2 capital		
Subordinated debt	–	3
Total Tier 2 capital	**–**	**3**
Total Tier 1 plus Tier 2 capital less Deductions	**13,889**	**15,812**

Independent auditors' report to the directors of Credit Suisse International

Report on the audit of the country-by-country information

Opinion

In our opinion, Credit Suisse International's ("CSi group and the Bank" hereafter) country-by-country information for the year ended 31 December 2023 has been properly prepared, in all material respects, in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

We have audited the country-by-country information for the year ended 31 December 2023 in the section headed Country-by-Country Reporting of the Annual Report 2023

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), including ISA (UK) 800 and ISA (UK) 805, and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the country-by-country information section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Emphasis of matter - Basis of preparation

In forming our opinion on the country-by-country information, which is not modified, we draw attention to the relevant section of the country-by-country information which describes the basis of preparation. The country-by-country information is prepared for the directors for the purpose of complying with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013. The country-by-country information has therefore been prepared in accordance with a special purpose framework and, as a result, the country-by-country information may not be suitable for another purpose.

Conclusions relating to going concern

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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the CSi group and Bank's ability to continue as a going concern for a period of at least twelve months from the date on which the country-by-country information is authorised for issue.

In auditing the country-by-country information, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the country-by-country information is appropriate.

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

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

Reporting on other information

The other information comprises all of the information in the Country-by-Country Report - description as defined in the second paragraph of the opinion section above other than the country-by-country information and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the country-by-country information does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

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

Responsibilities for the country-by-country information and the audit

Responsibilities of the directors for the country-by-country information

The directors are responsible for the preparation of the country-by-country information in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013 as explained in the basis of preparation, and for determining that the basis of preparation and accounting policies are acceptable in the circumstances. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of country-by-country information that is free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the country-by-country information

It is our responsibility to report on whether the country-by-country information has been properly prepared in accordance with the relevant requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

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

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

Based on our understanding of the CSi group and Bank and industry, we identified that the principal risks of non-compliance with laws and regulations related to securities markets, trading and other financial products and services including conduct of business, principally those determined by the Prudential Regulation Authority and the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the country-by-country information. We also considered those laws and regulations that have a direct impact on the country-by-country information such as the Companies Act 2006 and the Capital Requirements (Country-by-Country Reporting) Regulations 2013. We evaluated management's incentives and opportunities for fraudulent manipulation of the country-by-country information (including the risk of override of controls), and determined that the principal risks were related to misstatement in disclosure. Audit procedures performed by the engagement team and/or supporting auditors included:

- enquiring with management and, where appropriate, those charged with governance;
- obtaining an understanding of the relevant laws and regulations, including the relevant requirement of the Capital Requirements (Country-by-Country Reporting) Regulations 2013;
- obtaining client schedules and other information used to prepare country-by country disclosures and agree to audit work performed and audit evidence; and
- testing taxes paid.

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

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

Use of this report

This report, including the opinion, has been prepared for and only for the CSi group's and the Bank's directors in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

The engagement partner responsible for this audit is Duncan McNab.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 March 2024

Country-by-Country Reporting

Article 89 of the Capital Requirements Directive IV (Directive 2013/36/EU) requires institutions (credit institutions or investment firms, their branches, and subsidiaries) to disclose annually: their name, the nature of their activities and geographic location, number of employees, and their turnover, profit or loss before taxes, taxes paid and public subsidies received, on a country-by-country basis for the year ended 2023.

Basis of Preparation

- **Country**: The geographical location of CSi, its branches and subsidiaries considers the country of incorporation or residence as well as the relevant tax jurisdiction. The applicable countries are listed in the following table.
- **Entity details**: The name of the entity, the entity type, and the nature of activity is defined in the following table. CSi including its branches, is a bank. CSi offers a range of interest rate, currency, equity 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.
- **Average Number of Employees**: Defined as the number of employees on a full time equivalent basis, compensated directly by the entity.
- **Turnover**: Defined as net revenues and is consistent with CSi's financial statements. Net revenues include total income before impairment and operating expenses, but after net interest, net commissions/fees income and investment and trading income.
- **Profit/(Loss) before taxes**: Definition of profit/(loss) before tax is consistent with that within CSi's financial statements, which includes net revenues, less total operating expenses.
- **Corporation Taxes Paid:** Defined as the corporation tax paid for CSi in each country and does not include taxes refunded back to CSi on account of tax overpayments in prior years. Other taxes paid are detailed in the Strategic Report, and throughout the Annual Report.
- **Public Subsidies Received**: Interpreted as direct support by the government and there were no public subsidies received by CSi in 2023 (2022: Nil).

Country by Country Reporting for the year ended 31 December 2023

Name of Entity	Parent, Subsidiary or Branch	Nature of Activity	Average Number of Employees	Turnover (USD million) [1]	Profit/(Loss) before taxes (USD million) [1]	Corporation Taxes Paid (USD million)	Public Subsidies Received (USD million)
United Kingdom							
Credit Suisse International	Parent	Bank	1,880	1,413	(1,736)	–	–
Credit Suisse International	Consolidated [1]		1,880	1,413	(1,736)	–	–

[1] Variable Interest entities are included in the above reporting. For a full list of other consolidated entities please refer Note 36 – Interest in Other Entities.

CSi incurred Bank Levy of USD 6 million, employees' social security of USD 75 million and irrecoverable UK value added tax of USD 5 million.

Country by Country Reporting for the year ended 31 December 2022

Name of Entity	Parent, Subsidiary or Branch	Nature of Activity	Average Number of Employees	Turnover (USD million) [1]	Profit/(Loss) before taxes (USD million) [1]	Corporation Taxes Paid (USD million)	Public Subsidies Received (USD million)
United Kingdom							
Credit Suisse International	Parent	Bank	2,424	2,328	(331)	–	–
Credit Suisse International	Consolidated		2,424	2,328	(331)	–	–

[1] Variable Interest entities are included in the above reporting. For a full list of other consolidated entities please refer Note 36 – Interest in Other Entities.

CSi incurred Bank Levy of USD 11 million, employees' social security of USD 76 million and irrecoverable UK value added tax of USD 27 million.

Part of UBS Group

CREDIT SUISSE INTERNATIONAL
One Cabot Square
London E14 4QJ
credit-suisse.com

1440526 03.2024