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Credit Suisse Securities (Europe) Limited

CREDIT SUISSE

Annual Report 2020

Credit Suisse Securities (Europe) Limited

Annual Report 2020

Board of Directors as at 30 April 2021

John Devine (Chair and Independent Non-Executive)
David Mathers – Chief Executive Officer (CEO)
Alison Halsey (Independent Non-Executive)
Doris Honold (Indepenent Non-Executive)
Andreas Gottschling (Non-Executive)
Debra Davies (Independent Non-Executive)
Christopher Horne (Deputy CEO)
Caroline Waddington – Chief Financial Officer (CFO)
Ralf Hafner – Chief Risk Officer (CRO)
Jonathan Moore
Nicola Kane

Company Secretary

Paul Hare

Company Registration Number	00891554

John Devine

Non-Executive

Board member since 2017

Professional history

2017–present	Credit Suisse International Credit Suisse Securities (Europe) Limited
	Chair of the Board of Directors (2019–present)
	Non-Executive Director (2017-present)
	Chair of the Nomination Committee (2019-present)
	Interim Chair and Member of the Risk Committee (2019-present)
	Member of the Audit Committee (2017-2019)
	Member of the Nomination Committee (2017-present)
	Member of the Conflicts Committee (2017-present)
2008-2010	Threadneedle Asset Management
	Chief Operating Officer
1988-2008	Merrill Lynch and Co.
	SVP Head of Global Operations and Technology (2005-2008)
	MD and FVP Global CFO Global Markets and Investment Banking (2001-2005)
	CFO International, London (1999-2001)
	FVP, CFO Global Operations and Technology, New York (1998-1999)
	CFO Global Fixed Income and Derivatives, London (1997-1998)
	Director, CFO Asia Pacific Region, Hong Kong (1992-1997)
	Various other senior positions (1988-1992)
1987-1988	Prudential Bache Securities
	Head of Computer and Derivatives Audit
1986-1987	Manufacturers Hanover Trust
	Senior Auditor, Derivatives and FX

Education

1981	BA, Geography, Preston Polytechnic
1996	CIPFA, Chartered Institute of Public Finance & Accountancy

Other activities and functions

Standard Life Aberdeen PLC, Non-Executive Director, Chair of Audit Committee, Member of Risk Committee and Remuneration Committee, Member of Nominations Committee

Citco Custody (UK) Ltd and Citco Custody Holding Ltd Malta, Non-Executive Director, Chair of Audit Committee, Member of Risk Committee and Nominations Committee

David Mathers

Chief Executive Officer

Board member since 2016

Professional history

2005–present	Credit Suisse International Credit Suisse Securities (Europe) Limited
	Executive Director (2016–present; 2005–2006)
	CEO (2016–present)
	Alternate Director of the Board of Directors (2005)
1998–present	Credit Suisse AG & Credit Suisse Group AG
	Chair of Asset Resolution Unit (2019–present)
	Member of the Executive Board (2010–present)
	Chief Financial Officer (2010–present)
	Chair of Strategic Resolution Oversight Board (2015-2018)
	Head of IT and Operations (2012–2015)
	Head of Finance and COO of Investment Banking (2007–2010)
	Senior positions in Credit Suisse's Equity business, including Director of European Research and Co-Head of European Equities (1998–2007)
Prior to 1998	HSBC
	Global head of equity research (1997–1998)
	Research analyst, HSBC James Capel (1987–1997)

Education

1991	Associate Certification, Society of Investment Analysts
1991	MA in Natural Sciences, University of Cambridge, England
1987	BA in Natural Sciences, University of Cambridge, England

Other activities and functions

The Mathers Foundation, Donor

European CFO Network, member

Academic awards and grants at Robinson College, Cambridge, Sponsor

Alison Halsey

Non-Executive

Board member since 2015

Professional history

2015–present	Credit Suisse International Credit Suisse Securities (Europe) Limited
	Member of the Advisory Remuneration Committee (2018-present, 2015-2017)
	Non-Executive Director (2015–present)
	Chair of the Audit Committee (2015–present)
	Member of the Risk Committee (2015–present)
	Member of the Nomination Committee (2015–present)
	Chair of the Conflicts Committee (2017-present)
	Co-Chair of the Conflicts Committee (2016–2017)
2011–2018	Super Duper Family LLP
	Managing Partner
1977–2011	KPMG
	Global Lead Partner (2002–2011)
	UK Head of Financial Services (2001–2004)
	Audit Partner, Financial Services (1991–2001)
	Secondment, Assistant Commissioner, Building Societies Commission (1989–1991)
	Senior Manager, Specialist Banking Department (1986–1989)

Education

1980	ACA (FCA 1990), Institute of Chartered Accountants in England and Wales
1977	BA in French, King's College, London

Other activities and functions

Guildfordians Rugby Football Club Limited, Company Secretary

Hodge Life Assurance Company Ltd, Julian Hodge Bank Ltd., Non-Executive Director, Member of the Risk and Conduct Committee

Hodge Ltd., Non-Executive Director, Member of the Audit Committee, Member of the Nomination Committee, Member of the Remuneration Committee, Member of the Innovation and Change Committee

Aon UK Ltd., Non-executive Director, Member of the Risk & Compliance, Nominations and Remuneration Committees and Chair of the Audit Committee

Ambitious about Autism, Trustee

Doris Honold

Non-Executive

Board member since 2020

Professional history

2020–present	Credit Suisse International Credit Suisse Securities (Europe) Limited
	Non-Executive Director (2020–present)
	Chair of the Risk Committee (2020-present)
	Member of the Conflicts Committee (2020-present)
	Member of the Nomination Committee (2020-present)
	Member of the Audit Committee (2020-present)
2020-present	Move Digital AG
	Non-Executive Director
2017-2019	Standard Charted Germany AG
	Supervisory Board Member
2015-2019	Standard Charted Bank
	Group Chief Operating Officer
	Member of Group Risk Committee
	Member of Group Financial Crime Risk Committee
	Member of Group Operational Risk Committee
	Member of Business Risk Committees
	Member of Financial Performance Review
	Member of Asset and Liability Management
	Member of Investment Review Committees
	Chair of the Group Risk & Control Committee
	Chair of the Group Investment Governance Committee
2013-2015	Standard Charted Bank
	Chief Operating Officer
	Consumer Banking and Wholesale Banking
	Chair of the Business Infrastructure Committee

Education

1994	Diploma in Business Mathematics, University of Ulm, Germany
1993	Master of Applied Mathematics, University of Southern California, Los Angeles, USA, Fulbright Scholar
2020	Fellow, Advanced Leadership Initiative, Harvard University

Other activities and functions

Aion NV/SA, Non-Executive Director, Chair of Audit and Risk Committee

Viridios Capital (Bahamas) Ltd, Member of the Advisory Board

Zopa Limited, Non-Executive Director

Climate Bonds Initiative, Trustee

Andreas Gottschling

Non-Executive

Board member since 2018

Professional history

2018–present	Credit Suisse International Credit Suisse Securities (Europe) Limited
	Non-Executive Director (2018-present)
	Chair of the Advisory Remuneration Committee (2019-present)
	Member of the Nomination Committee (2019-present)
	Member of the Risk Committee (2018-present)
	Member of the Advisory Remuneration Committee (2018-2019)
2019-present	Credit Suisse Services AG (2019-present)
	Member of the Board of Directors
2017-present	Credit Suisse AG & Credit Suisse Group AG (2017-present)
	Non-Executive Director (2017-present)
	Chair of the Risk Committee (2018-present)
	Member of the Audit Committee (2018-present)
	Member of the Governance and Nominations Committee (2018-present)
	Member of the Risk Committee (2017-2018)
2013-2016	Erste Group Bank, Austria
	Chief Risk Officer and Member of the Management Board
2012-2013	McKinsey and Company, Switzerland
	Senior Advisor Risk Practice
2005-2012	Deutsche Bank, London and Frankfurt and Zurich
	Member of the Risk Executive Committee & Divisional Board (2005-2012)
	Global Head Operational Risk (2006-2010)
2003-2005	LGT Capital Management, Switzerland
	Head of Quant Research
2000-2003	Euroquants, Germany
	Consultant
2000-2000	Washington State University, Pullman, USA
	Faculty Member, Department of Finance, Business School
1997-2000	Deutsche Bank, Frankfurt
	Head of Quantitative Analysis, DB Research

Education

1997	PhD MA Economics, University of California, San Diego, USA
1991	Postgraduate Studies in Physics, Mathematics and Economics, Harvard University, Cambridge, USA
1990	Intermediate Diploma in Mathematics and Economics, University of Freiburg, Germany
1986	International Baccalaureate, United World College of the Atlantic, Wales, UK

Other activities and functions

Deutsche Börse AG, Member of the Supervisory Board, Chair of the Risk Committee, Member of the Audit Committee

Debra Davies

Non-Executive

Board member since 2019

Professional history

2019–present	Credit Suisse International Credit Suisse Securities (Europe) Limited
	Non-Executive Director (2019–present)
	Member of the Audit Committee (2019-present)
	Member of the Advisory Remuneration Committee (2019-present)
	Member of the Nomination Committee (2019–present)
2013-2018	Swisscard AECS GmbH
	Board Member
1989-2019	American Express Europe Ltd
	Senior Vice President
	Head of Partnerships, Licensed Countries and Joint Ventures
	Head of Product, International Markets
	Head of UK Consumer and Insurance

Education

1984	BA (Hons) Business Studies, Thames Valley University

Other activities and functions

AXA Insurance UK plc, AXA PPP Healthcare Limited, Non-Executive Director

AXA UK plc, Non-Executive Director, Member of the Audit Committee, Member of the Remuneration Committee and Member of the Risk Committee

Christopher Horne

Deputy Chief Executive Officer

Board member since 2015

Professional history

1997–present	Credit Suisse International Credit Suisse Securities (Europe) Limited
	Executive Director (2015–present; 2010–2011)
	Chair of the CSi Disclosure Committee (2015–present)
	Alternate Director of the Board of Directors (2008)
	Deputy CEO (2015–present)
	Branch Manager and Chair of the Management Committee of Credit Suisse AG, London Branch (2015–present)
	Member of the Board of Directors of Credit Suisse Investments (UK) and Credit Suisse Investment Holdings (UK) (2014–present)
	Deputy Head of the European Investment Banking Department (2014–2015)
	Global COO of the Investment Banking Department (2009–2014)
	Member of the Supervisory Board of Credit Suisse (Poland) Sp. z o.o. (2010-2013)
	Member of the Management Committee of Credit Suisse AG, London Branch (2010-2011)
	COO of the European Investment Banking Department (2005–2008)
	Managing Director, Global Mergers and Acquisitions Group (2004–2005)
	Co-head of Corporate Advisory & Finance within Global Industrial & Services in Europe (2001–2004)
	Managing Director, European Mergers & Acquisitions Department and European Corporate Advisory & Finance team (1997–2000)
1990–1997	BZW, London
	Investment Banker
1986–1990	Deloitte Haskins & Sells, London
	Auditor

Education

1989	ACA, Institute of Chartered Accountants in England and Wales
1986	BSc Honours, Chemistry, Durham University

Other activities and functions

UK Finance, Capital Markets and Wholesale Products and Services Board, Member

Caroline Waddington

Chief Financial Officer

Board member since 2017

Professional history

2017–present	Credit Suisse International Credit Suisse Securities (Europe) Limited
	Trustee of Credit Suisse EMEA Foundation (2018-present)
	Executive Director (2017–present)
	Managing Director, EMEA CFO (2017-present)
	Chair of the UK Pension Committee (2017-present)
	Member of the Board of Directors of Credit Suisse Investments (UK) and Credit Suisse Investment Holdings (UK) (2017-present)
	Member of the Management Committee of Credit Suisse AG, London Branch (2017-present)
2013–2016	Deutsche Bank, London
	Global Co-Head of Markets and Non Core Product Control (2014–2016)
	Global Head of Markets and Non Core Risk and P&L (2013-2014)
2008–2012	Royal Bank of Scotland, London
	Global Head of Markets Business Unit Control (2009–2012)
	Global Head of Rates, Local Markets, Currencies and Commodities Business Unit Control (2008–2009)
2004–2008	Barclays Capital, London
	Global Head of Equity Linked and Prime Services Product Control and Head of Price Testing and Provisioning Group (2006–2008)
	Global Head of Fixed Income Product Control (2004–2006)
1994–2004	Credit Suisse, London
	Programme Manager for the Prime Services Equity Swaps Programme (2003–2004)
	Global Head of Line Control and Management Information, OTC Derivatives Support Group, Operations (2002–2003)
	Product Control (1994–2002)
1990–1994	Coopers & Lybrand, London
	Auditor

Education

1994	ACA, Institute of Chartered Accountants in England and Wales
1990	BSc Cellular and Molecular Pathology (Hons), Bristol University

Other activities and functions

St Giles Trust, Trustee

NameCo (No.357) Limited, Director

Brook House (Clapham Common) Management Company Limited, Director

Ralf Hafner

Chief Risk Officer

Board member since 2020

Professional history

2020–present	Credit Suisse International Credit Suisse Securities (Europe) Limited
	Executive Director (2020–present)
	Chief Risk Officer (2020-present)
	Managing Director in the Chief Risk & Compliance Officer Division (2020-present)
	Member of the Management Committee of Credit Suisse AG, London Branch (2020-present)
2016-2020	Goldman Sachs Group
	EMEA Chief Risk Officer
	Global Head of Corporate Risk – Portfolio Risk Management and Cross-Risk Business (2019-2020)
	Head of Credit Risk Management International (EMEA, Asia-Pacific) (2016-2018)
	Chair of EMEA Risk Committee and Member of Firmwide Risk Committee
2012-2016	Goldman Sachs Group
	Chief Risk Officer for Goldman Sachs International Bank
	Chief Risk Officer for Goldman Sachs Asset Management International
	Head of EMEA Credit Risk Management
	Co-Chair of Global Securities Division Credit Risk Management
	Member of EMEA and Firmwide Risk Committe, Credit Policy Committee

Education

1995	Master in Finance and Banking, Wirtschaftsuniversität Wien, Vienna, Austria
1995	CEMS Master awarded, Community of European Management Schools
1993	Università Commerciale Luigi Bocconi, Milan, Italy
1988	Bundesrealgymnasium Lerchenfeldstrasse, Klagenfurt, Austria

Other activities and functions

2 St. Philips Road Residents Association Limited, Director

Jonathan Moore

Board member since 2017

Professional history

2001–present	Credit Suisse International Credit Suisse Securities (Europe) Limited
	Executive Director (2017-present)
	Co-Head of Global Credit Products & Senior Manager for Credit & Client in UK (2020-present)
	Head of Global Credit Products EMEA & Senior Manager for Credit & Client in UK (2017-present)
	Co-Head of Global Credit Products in EMEA (2015-2017)
	Head of Trading for Global Credit Products in EMEA (2009-2015)
	Global Head of Structured Credit Trading (2008-2009)
	Investment Grade, Asset Swap & Illiquid Credit Trading (2002-2008)
	Investment Grade, Credit Research Analyst (2001-2002)

Education

2000	BSc Mathematics, University of Nottingham

Other activities and functions

Association for Financial Markets in Europe, Director

Nicola Kane

Board member since 2018

Professional history

2014–present	Credit Suisse International Credit Suisse Securities (Europe) Limited
	Trustee of Credit Suisse EMEA Foundation (2018-present)
	Executive Director (2018-present)
	Global Head of Group Operations, Co-head of Group Operations' Solutions (2017-present)
	Head of Group Operations UK Entities, Wroclaw and Dublin and Global Head of Trade Validation, Asset Protection, Cash and Liquidity Management, Utility Oversight for Cleared Products (2016-2017)
	Member of the Board of Directors of Buckmore Nominees Limited and Credit Suisse London Nominees Limited (2015-2016)
	Member of the Board of Directors of Credit Suisse Client Nominees (UK) Limited (2014-2019)
	Regional Head of Global Operations in EMEA and Global Head of Cross Product Margin, Clearing and Liquidity Management (2014-2016)
1999-2014	Goldman Sachs
	Global Co-Head of Securities Operations (2009-2014)
	Regional Head of Asia ex-Japan operations (2008-2009)
	Margin, Valuations, Product and Pricing (2001-2008)
	Department Manager for Private Wealth Management, Client Services (1999-2001)
1996-1999	Merrill Lynch
	Project Manager (1998-1999)
	Operations Manager, Debt Derivatives Operations (1996-1997)
1994-1996	J.P. Morgan
	Operations manager
1988-1994	Deloitte and Touche Management Consultancy
	Various assignments

Education

1991	ACA, Institute of Chartered Accountants in England and Wales
1988	BSc (Hons) in Business Studies, City University Business School

Other activities and functions

Royal National Childrens Springboard Foundation (RNCSF), Trustee and member of the finance committee

Annual Report for the Year Ended 31 December 2020

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

Business Model

Entity Structure

The Credit Suisse Securities (Europe) Limited Group (the 'CSS(E)L Group') consists of the Company, its consolidated subsidiaries and structured entities. The CSS(E)L Group is authorised by the Prudential Regulation Authority ('PRA') and regulated by the Financial Conduct Authority ('FCA') and the PRA. Credit Suisse Securities (Europe) Limited ('CSS(E)L') or the 'Company' is a wholly owned subsidiary of Credit Suisse Investment Holdings (UK) (the 'Parent') and indirectly wholly owned subsidiary of Credit Suisse Group AG ('CSG'). The Company has active branch operations in Seoul. The Seoul branch has approval from South Korea's Financial Supervisory Commission to engage in over-the-counter ('OTC') derivatives business and is a member of the Korean Securities Dealers Association. The businesses in the Paris and Stockholm branches, that provided equity broking and investment banking services, were migrated to Credit Suisse Securities, Sociedad De Valores, Sociedad Anonima ('CSSSV') in March 2020. The Warsaw Branch was closed on 17th September 2020 with final tax returns to be submitted to the Polish Tax authorities. The Company also maintains a representative office in Switzerland.

CSG, a company domiciled in Switzerland, is a leading wealth manager with strong investment banking capabilities. Founded in 1856, CSG has a global reach today, with operations in over 50 countries and a team of more than 48,000 employees from approximately 150 different nations. It is the ultimate parent of a worldwide group of companies (collectively referred to as the 'CS group'). CSG prepares financial statements under US Generally Accepted Accounting Principles ('US GAAP').

→ These accounts are publicly available and can be found at https://www.credit-suisse.com/about-us/en/investor-relations/financial-regulatory-disclosures/annual-interim-reports.html

As a leading financial services provider, CS group is committed to delivering its combined financial experience and expertise to high-net-worth individuals, corporate, institutional and government clients worldwide, as well as to retail clients in Switzerland. On 30 July 2020, the Chief Executive Officer of CSG announced key initiatives to reinforce the CS group strategy. A series of structural improvements were implemented, which are intended to improve effectiveness, drive efficiencies and capture future growth opportunities. The CSG organisational structure now consists of three regionally focused divisions: Swiss Universal Bank ('SUB'), International Wealth Management ('IWM') and Asia Pacific ('APAC'). These regional businesses are supported by the global Investment Bank through the combination of the existing GM ('Global Markets'), IBCM ('Investment Bank and Capital Markets') and APAC ('Asia Pacific') Markets businesses to achieve critical scale.

In addition, Global Trading Solutions ('GTS') was created within the IB through the combination of the successful businesses of International Trading Solutions ('ITS') and Asia Pacific Solutions. GTS is a cross-asset integrated platform driving collaboration across the IB, APAC, IWM and SUB divisions. A Sustainability, Research & Investment Solutions ('SRI') function was also launched at the CS group Executive Board level, underlying the sharpened focus on sustainability. The former Risk Management and Compliance functions were also combined into a single integrated Chief Risk and Compliance Officer function. All allocations for corporate functions and funding costs have been aligned to the new organisational structure. The operating businesses are supported by focused corporate functions, consisting of: Chief Financial Officer, Chief Operating Officer, Chief Risk and Compliance Officer, Sustainability, Research & Investment Solutions, General Counsel and Human Resources.

CSS(E)L is in the process of moving all material businesses into other CS group entities.

Financial statements

The CSS(E)L Financial Statements are presented in United States Dollars ('USD'), which is the functional currency of the Company. They have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ('IFRS') and the applicable legal requirements of the Companies Act 2006. In addition to complying with international accounting standards in conformity with the requirements of the Companies Act 2006, 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'). The Directors present their Strategic Report, Directors' Report and the Financial Statements for the year ended 31 December 2020. The Financial Statements were authorised for issue by the Directors on 30 April 2021.

Purpose

In line with CS group's purpose to build lasting value by serving its clients with care and entrepreneurial spirit, CSS(E)L supports economies through its activities and plays a constructive role in the broader social and environmental context. CSS(E)L aims to create value for its clients by delivering client-centric sales and trading products, services and solutions across all asset classes and regions as well as advisory, underwriting and financing services. CSS(E)L range of products and services includes global securities sales, trading and execution, prime brokerage, capital raising and comprehensive corporate advisory services. Additionally, the Global Trading Solutions platform provides centralised trading and sales services to the CS group's other business divisions. CSS(E)L's clients include financial institutions and sponsors, corporations, governments, ultra-high-net-worth individuals, sovereigns and institutional investors. CSS(E)L recognises the importance of its relationships with stakeholders. CSS(E)L has implemented a strategy which takes into account the impact of its long-term decisions on its stakeholders and, in doing so, aims to deliver consistent and sustainable profitability.

Strategy

Credit Suisse Securities (Europe) Limited strategy

The CSS(E)L strategy is to provide securities and non-securities sales, trading, risk management and settlement services for IB clients and to provide solutions for other divisions, and businesses, including wealth management clients.

Following the UK's withdrawal from the European Union ('EU'), subject to certain exceptions, CSS(E)L completed the transfer of EU clients and EU venue-facing businesses to entities in the EU. Management's strategy continues to be transferring CSS(E)L core businesses to Credit Suisse International ('CSi') during 2021, as part of a plan to consolidate the UK business in one legal entity.

Clients

CSS(E)L aims to provide its corporate, institutional and IWM clients with a broad range of financial solutions. To meet clients' evolving needs, CSS(E)L serves its clients through an integrated franchise and international presence. CSS(E)L acts as a dealer in securities, derivatives and foreign exchange on a principal and agency basis for its institutional and corporate clients. It delivers integrated client coverage to provide connectivity and access to broader financial markets, differentiated product offerings and tailored financing solutions. In addition, the business includes equities and fixed income sales and trading services, and provides access to a range of debt and equity securities, derivative products and financing opportunities across the capital spectrum for corporate, sovereign and institutional clients.

CSS(E)L also provides institutional-style solutions to wealth management clients as part of GTS and SRI. It delivers industry-leading sustainable insights and solutions across wealth management and corporate and institutional clients.

One principal division

Following the structural changes at the CSG level, the CSS(E)L group conducts business in one principal division, the Investment Bank, primarily made up of the pre-existing GM business.

The structural changes announced by CSG are intended to improve effectiveness, drive efficiencies and capture future growth opportunities. The structural changes at the CSG level will not impact the continued programme to transfer all of CSS(E)L's material businesses to other CS legal entities.

Investment Bank

Business profile

CSS(E)L IB provides a broad range of financial products and services focused on client driven businesses. Products and services include global securities sales, trading and execution, prime brokerage and capital markets. The business model enables CSS(E)L to deliver high value, customised solutions that leverage the expertise offered across CS group helping clients unlock capital and value in order to achieve their strategic goals.

The principle businesses within CSS(E)L IB are Cash Equities and Prime, Credit and Capital Markets.

Cash Equities and Prime

Cash Equities provides a comprehensive suite of offerings, including: (i) sales trading, responsible for managing the order flow between clients and the marketplace and providing clients with trading ideas and capital commitments, identifying trends and delivering the most effective trade execution, (ii) high touch and program trading, exchange traded funds ('ETFs') and advanced execution services ('AES') platform, which executes client orders and makes markets in listed and over-the-counter ('OTC') cash securities, ETFs and programs, providing liquidity to the market through both capital commitments and risk management. AES is a sophisticated suite of algorithmic trading strategies, tools and analytics that facilitates global trading across equities, options, futures and foreign exchange. By employing algorithms to execute client orders and limit volatility, AES helps institutions and hedge funds reduce market impact.

Prime offers hedge funds and institutional clients execution, financing, custody, clearing and risk advisory services across various asset classes through synthetic financing and listed OTC derivatives.

Credit

Credit is made up of both Global Credit Products ('GCP') and Securitised Products. GCP is a client focused franchise that offers expert coverage in credit trading, sales and financing. CSS(E)L offers private and public debt offerings across the credit spectrum, including high yield and investment graded cash as well as systematic trading. CSS(E)L offers a comprehensive range of financing options for credit products including repurchase agreements, short covering and total return swaps. GCP customers include financial sponsors and corporate issuers as well as hedge funds, banks, insurance and pension companies, asset managers and CLO managers.

Securitised products provide asset and portfolio advisory services, structures and executes new issue securitisations and provides full scope financing solutions (warehouse, bridge and acquisition) to global clients. CSS(E)L has experience in a broad range of asset categories including consumer, commercial, residential, commercial real estate, transportation and alternatives. CSS(E)L's trading platform also provides liquidity through secondary trading to clients across the broad range of asset categories.

Capital Markets
Debt capital markets originates, syndicates and underwrites corporate and sovereign debt, including investments grade and leveraged loans, investment grade and high yield bonds and unit transactions. It also provides committed acquisition financing, including leveraged loan, bridge finance and mezzanine finance and collateralised loan obligation formation.

Equity capital markets originates, syndicates and underwrites equity in initial public offerings ('IPOs'), common and convertible stock issues, acquisition financing and other equity issues.

Business Strategy
In line with CSS(E)L's entity strategy, although there are a large number of products still offered in CSS(E)L, it is only to the extent that the clients still remain in CSS(E)L. There is an ongoing program to move businesses and clients to other CS group entities, and until all have been moved, the IB business will continue to offer products to its existing clients in CSS(E)L.

Other
Corporate Centre
Corporate Centre includes the Asset Resolution Unit ('ARU'). Within CSS(E)L, the ARU predominantly comprises of the Longevity business. The ARU's core mandate is proactive risk management of a legacy non-strategic portfolio. Certain activities not linked to the underlying portfolio such as legacy litigation provisions are also recorded in corporate centre.

European Union ('EU') Exit Strategy

The United Kingdom left from the EU on 31 January 2020, with completion of the Transition Period on 31 December 2020, resulting in CSS(E)L losing access to certain EU clients and EU markets.

CS group prepared for a 'Hard Exit', assuming financial services could not rely on broad equivalence determination by the EU. Ahead of 31 December 2020 deadline, CS group successfully executed a group-wide plan, utilising existing legal entities to build out trading capabilities and market access across a multi-entity structure enabling continued access to European Economic Area ('EEA') clients and markets. In particular, CSS(E)L migrated businesses to the following CS entities:

- CSS(E)L transferred EEA client and EEA venue facing broker-dealer business to a member of the CS group incorporated in Spain, Credit Suisse Securities Sociedad de Valores S.A. ('CSSSV'); and
- CSS(E)L currently has dormant EU branches in Paris and Stockholm. The businesses in Paris and Stockholm branches were transferred to branches of CSSSV during 2020.

CSSSV was operationally ready in March 2019 in advance of 31 December 2020 and subsequent efforts were focused on completing client migrations.

EEA clients in a permissive regime, have the option to continue trading with CS group UK entities. For EEA clients not in a permissive regime, any new trading activities would need to be conducted from the CS group EU entities. At the end of the transition period (31 December 2020), whilst the majority of in-scope EEA clients migrated to the EU entities (e.g. those not in permissive regimes), they have largely not opted to novate their existing positions to the EU entities. Novation requests are expected to increase throughout 2021. Existing EEA client positions that have not been novated will remain in the CS UK entities until they cease to exist (e.g. until maturity or terminated by the client).

Operating Environment

CSS(E)L is impacted by a range of political, macroeconomic, regulatory and accounting developments. The operating environment continues to evolve rapidly resulting in the need for CSS(E)L to continue evaluating, assessing and adapting its strategy.

COVID-19 impact on CSS(E)L

CSS(E)L witnessed a highly challenging environment severely impacted by COVID-19 pandemic. The rapid spread of COVID-19 across the world in early 2020 led to the introduction of tight government controls and travel bans, as well as the implementation of other measures, which quickly closed down activity and increased economic disruption globally. World markets were severely negatively impacted, with multiple industries, including energy, industrials, retail and leisure, significantly affected. However, major central banks and governments around the world have responded by implementing unprecedented monetary and fiscal policy stimulus measures. CSS(E)L is closely monitoring the impact of COVID-19 on operations and business.

CSS(E)L delivered a stable performance after excluding litigation provisions driven by its IB division. CSS(E)L's balance sheet has decreased significantly in line with its strategic objective of transferring its core businesses primarily to CSi, resulting in CSi being the core UK entity.

Furthermore, from an early stage, CSS(E)L implemented responsive contingency measures for its own operations globally to help protect against the spread of COVID-19, while providing continuity of service. CSS(E)L deployed its robust business continuity management capabilities and took what it believed to be the necessary actions to safeguard operations while ensuring the safety of our teams. In addition, CSS(E)L established and continues to support numerous measures for employees to overcome the challenges of the pandemic, including working from home measures or split working arrangements as well as paid family leave in all markets in which schools are closed for colleagues who are unable to work from home while also looking after their children or other family members. Also, no employees were furloughed under the Government's Coronavirus Job Retention Scheme ('CJRS'). To contribute to the communities in which CS group operates, CS group set up a bank-wide donor-advised matching program, launched to encourage employee donations to charities.

Going concern

The Board has made an assessment of the ability of the CSS(E)L Group to continue as a going concern for a period of at least 12 months from the date of this report. Based on this assessment, the Board is satisfied that the CSS(E)L 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.

In considering going concern, the directors have reviewed the capital, liquidity and financial position of CSS(E)L including future capital, liquidity and financial plans to the end of 2022, including under a series of stress scenarios. The directors have also considered the market developments during the year caused by COVID-19 and subsequent events in 2021.

CSS(E)L has capital and liquidity surpluses to all regulatory and internal limits and is forecast to maintain its capital surplus through to the end of 2022. Due to CSS(E)L's capital position, surplus capital is expected to be repatriated from CSS(E)L back to CSG during 2021.

CSS(E)L is reliant on funding from Credit Suisse AG ('CS AG') and has received a letter of intent to ensure CSS(E)L can meet its debt obligations for the next 18 months.

CSS(E)L did not utilise any financial assistance offered by the UK government, in order to cope with the COVID-19 pandemic.

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

Political and Economic environment

2020

Operating conditions were impacted by unprecedented events primarily driven by the global COVID-19 pandemic as well as geopolitical and macroeconomic uncertainties relating to the UK's withdrawal from the EU as well as the elections in the United States of America. Uncertainty due to the spread of COVID-19 led to severe market dislocations including record levels of volatility, widening credit spreads and a collapse in energy prices. This resulted in significantly higher volumes and client activity in trading businesses. Central banks and governments across the world provided liquidity and fiscal support, which resulted in strong investor demand for yield with record debt and equity issuance levels.

The Bank of England's ('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 2020 was 0.6%. The bank rate was 0.1% (31 December 2019: 0.75%) following two emergency interest rate cuts announced during March 2020, in response to the Global COVID-19 pandemic. This is the lowest rate on record. The MPC voted unanimously for the BOE to maintain stock of sterling non-financial investment grade corporate bond purchases at GPB 20 billion, continue with existing programme of GBP 100 billion of UK government bond purchases; and the BOE to increase the target stock of purchased UK government bonds by an additional GBP 150 billion, to take the total stock of governments bond purchases to GBP 875 billion. All of these were financed by the issuance of central bank reserves.

On 20 March 2020, the Chancellor announced a workers support package to provide support through the UK's enforced lockdown starting on 23 March 2020. This unprecedented package included the CJRS, covering up to 80% of income of temporarily furloughed employees by their employers, the Self-Employment Income Support Scheme providing grants to the self-employed, increased Universal credit and tax credits and deferrals of VAT payments. Restrictions were eased half way through 2020 resulting in production and spending increasing, however, with cases of COVID-19 rising rapidly towards the end of the year, a 3rd national lockdown was announced resulting in many businesses being unable to produce or sell their goods and services again. This scheme has been extended until the end of September 2021.

The sterling 'GBP') exchange rate index against the United States dollar ('USD') ended the year at 136.72, an increase of 4.1% since 31 December 2019. COVID-19 and the uncertainly of the UK's exit of the EU resulted in the rate plummeting to 114.58 on 19 March 2020. Since then, it has steadily increased to reach its 2020 peak on the last day of the year. The last week of the year saw the approval in the UK of the Astra Zeneca vaccine for COVID-19 which contributed to this peak.

The latest UK Gross Domestic Product ('GDP') figures estimates it has increased by a record 16% in Q3 2020, however, the UK's level of GDP is still 8.6% lower in comparison to the end of 2019. The UK Consumer Prices Index including owner occupiers housing costs ('CPIH') was 0.8% in December 2020 (December 2019: 2%). The reduction in both metrics reflect the initial impacts of the COVID-19 pandemic and although there are signs of recovery, levels are a lot lower than the same period in the prior year.

The Financial Times Stock Exchange 100 ('FTSE 100') index of top UK-listed shares closed at 6,460.52 points for 31 December 2020, falling 14.3% since 31 December 2019. During March 2020, it fell to 5,190 points, being the lowest since 2008. Standard and Poor's 500 index closed at 3,756 points increasing by 16.3% since the same period last year.

Globally, export volumes dropped significantly in March and April while all countries across the globe tried to halt the spread of COVID-19. The spread of the virus has meant countries took unprecedented measures to protect their citizens resulting in large falls in activity and increased levels of sovereign debt. Economic counsellors at the International Monetary Fund ('IMF') estimate the global economy has shrunk by 4.4% during the year and have described it as the worst recession since the 1930s Great Depression.

Looking Forward

The continued evolution of the COVID-19 pandemic and the new trading arrangements between the EU and the UK means 2021's outlook remains uncertain. The end of the CJRS in September will lead to more workers returning to work however it is likely some jobs will be lost. Over time, there is an expectation that the impact of this pandemic will fade due to the concern over uncertainty to health reducing. The timeframe on this will depend on the success of the vaccines as well as effectiveness on any new variants identified.

The IMF have forecast the global economy growing by 5.5% in 2021. Various vaccine approvals and the roll out programme in the UK has resulted in the year starting off relatively positively with hopes for an end to the pandemic. However, as the year progresses, concerns have been raised about new variants of the COVID-19 and if the vaccines will be able to offer protection against it.

CSS(E)L has remained stable throughout 2020 under the political and economic environment and will continue to do so in 2021.

Accounting environment

Replacement of Interbank Offered Rates ('IBOR')

A major structural change in global financial markets is in progress with respect to the replacement of interbank offered rate ('IBOR') benchmarks. There is significant international and regulatory pressure to replace certain IBOR benchmarks with alternative reference rates ('ARR's). There are significant risks associated with the transition, including financial, legal, tax, operational and conduct risks and the risk of an untimely transition due to a lack of client or market readiness. However, CSS(E)L believes certain opportunities related to the transition also exist in the areas of product innovation and development, business growth and strategy and client communication and engagement.

Although the transition has progressed significantly, certain aspects of the transition remain uncertain including the exact timing of IBOR's discontinuation, widely accepted conventions for new products based on ARRs, the engagement of end users, regulatory relief for remediation amendments and the form of legislative support available for contracts than cannot be moved away from IBOR rates by the end of 2021. It is now likely that the phase-out of these rates will not be simultaneous and that USD IBOR may be available for use in legacy trades for a longer period than its equivalents in GBP, CHF, JPY and EUR. While the depth of ARR-markets differs significantly across currencies, regulatory guidance urges for the cessation of new business referencing IBOR rates in 2021 in some markets or currencies sooner than in others.

CSS(E)L has a significant level of liabilities and assets linked to IBOR indices across businesses that require transition to alternative reference rates. Despite the negative impact of the COVID-19 pandemic on the global economy and the financial sector, building on the foundation laid in 2019, CSS(E)L continued to execute its IBOR transition strategy. The work remained focused on the five key areas identified in 2019:

- Operational readiness and resiliency: by the end of 2020, the Company was operationally ready to support new products in most markets in which it was active. CSS(E)L engaged with our third party vendors and/or developed in-house solutions to prepare for the demand from our clients;
- Legal contract assessment and repapering: CSS(E)L increased its capacity to review contracts on a large scale throughout the Company and have conducted an initial assessment of a significant portion of the legacy book. While client interest in active remediation of legacy contracts remains at low levels, CSS(E)L are well prepared to ramp up this activity and continue with legacy contract remediation in 2021;
- Product development and industry engagement: CSS(E)L has continued to participate in national working groups in all of our main markets and actively support the initiatives developed in these forums. CS group supported and were amongst the initial signatories of the International Swap and Derivatives Associations, Inc. (ISDA) IBOR Protocol, a solution developed to address the large number of bilateral derivatives in a cost-effective manner;
- Risk management and mitigation: to manage transition risk, CS group implemented a group-wide policy to limit new IBOR-referencing business and control the wind-down of legacy exposures in advance of the cessation dates. Accordingly, divisional plans are being developed to ensure timely compliance with the policy and limits therein. CS group modelling and risk management systems have mostly been revised to accommodate the transition and were successfully tested when the central clearing houses conducted their transition to alternative USD and EUR discounting models in 2020. The majority of our pricing models have been reviewed and where needed updated, preparing to meet the demand for new ARR-products. As our clients continue to sign up to the ISDA IBOR Protocol, over 80% of the legacy portfolio effectively has robust, integrated fallbacks, significantly reducing the transition risk in our derivatives portfolio; and
- Strategic Transition Planning and Communication: aligned with regulatory guidance on the transition, CSS(E)L's businesses have developed and ratified their own transition plans. While certain product details and conventions remain to be agreed upon across the markets, CSS(E)L believe that these plans position us to be prepared and to optimally service our clients during and after the transition. Over forty thousand of CS group's employees have been trained for taking our counterparts on this journey and we have informed and initiated an early discussion with many of our clients.

Coordinating the CS group's transition activities across its divisions and businesses, the IBOR Transition Program remains fully engaged in overseeing the efforts under the leadership of members of the Group Executive Board, business leaders and functional leaders across the entire CS group. CSS(E)L continues to focus on identifying the potential impact this transition may have on clients, and new risks that may arise to assist them through the whole of the transition period.

The CSS(E)L Group adopted the Amendments to IFRS 9, IAS 39 and IFRS 7 (Phase 1); Interest Rate Benchmark Reform on 1 January 2020 and the adoption had no impact to the CSS(E)L Group's financial position, results of operation nor cash flows. CSS(E)L is working on the phase 2 implementation.

- Phase 1: Interest Rate Benchmark reform, Amendments to IFRS 9, IAS 39 and IFRS 7 – relates to issues before the replacement of an existing interest rate benchmark with an alternative interest rate (pre replacement issues). The effective date of the amendments is for annual periods beginning on or after 1 January 2020; and
- Phase 2: Interest Rate Benchmark reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – The amendments aim to address issues affecting financial reporting when an existing benchmark rate is replaced with an alternative rate. Phase 2 covers issues related to replacement issues. The effective date of the amendments is for annual periods beginning on or after 1 January 2021.

→ For further details, refer to Note 2 – Significant Accounting Policies.

Other

The CSS(E)L Group has also adopted Amendment to IFRS 3 Definition of Business.

→ For further details, refer to Note 2 – Significant Accounting Policies.

Regulatory environment

Recovery and Resolution Planning

The Bank of England published its policy on the Resolvability Assessment Framework ('RAF') in July 2019. The Policy expectation is that firms with a resolution bail-in strategy build a broad range of resolution capabilities that will ensure continuity of critical functions to the UK economy in the event of failure. The implementation date of the RAF is 1 January 2022.

CSS(E)L is working closely with CS group to ensure that the CS group wide recovery and resolution capabilities meet the expectations of the UK regulatory authorities. CSS(E)L will ensure that these capabilities will sufficiently maintain critical functions provided to the UK economy through any stabilisation, resolution or restructuring.

The COVID-19 stress did not escalate to the point that the recovery plan or arrangements for resolution needed to be activated.

Operational Resilience and European Banking Authority ('EBA')

In December 2019 the PRA issued its consultation on Outsourcing and Third Party Risk Management (CP30/19), in which it set out its own proposals on the implementation of the EBA Outsourcing Guidelines in the context of modernising the regulatory framework on outsourcing and third party risk management. The PRA's proposals as a whole are intended to complement the policy proposals in a joint consultation with the FCA on Operational resilience; impact tolerances for important business services (CP29/19) to help strengthen firms' operational resilience.

The implementation of the EBA Outsourcing Guidelines across EU entities within CS group, including CSS(E)L, is continuing. The EBA Guidelines and PRA proposals are broadly aligned and certain of the PRA's additional proposals will, if adopted, be included in the EBA implementation with UK specific requirements, e.g. Senior Manager and Certification regime ('SMCR') requirements, to be delivered locally through CSS(E)L's Outsourcing Governance framework. CSS(E)L was actively involved in reviewing and responding back to both of these consultation papers through industry groups and is expecting feedback and policy statements in the first half of 2021.

Dodd-Frank Wall Street Reform and Consumer Protection Act – Security Based Swaps ('SBS')

In line with the CS group's recovery and resolution framework, during 2021 CSS(E)L business will be migrated to CSi with the aim of reducing CSS(E)L to a non-material legal entity. On this basis, it is unlikely that CSS(E)L will meet the thresholds for registration as a Security Based Swap Dealer in accordance with the US Security and Exchange Commission's ('SEC') implementation of Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

UK Onshoring

The UK has begun the process of converting existing EU law into UK domestic law, known as 'Onshoring'. Several very specific areas of regulation will, however, not be onshored and a number of statutory instruments ('SIs') have been adopted to prevent, remedy or mitigate any failure of EU law to operate effectively, or any other deficiency in retained EU law, now that the UK has exited the EU. These require CSS(E)L to implement the related regulatory change in the post-implementation period (up to 31 December 2021) and other items subject to the longer implementation period beyond this deadline.

Sustainability

In April 2019, the Prudential Regulatory Authority issued a Supervisory Statement setting out its expectations of how firms manage the financial risks associated with climate change. The supervisory statement drives firms to take a more strategic approach, in particular, by embedding consideration of the financial risks from climate change in their governance, risk management, scenario analysis and disclosure.

→ For further details, refer to Climate Change in Risk Management.

CSS(E)L has established a change program to ensure it addresses these requirements as well as the broader EU Commission legislative proposals relating to the EU's Sustainable Finance action plan. These proposals include the establishment of a unified taxonomy of sustainable economic activities, disclosure requirements relating to the consideration of environmental, social and governance ('ESG') factors in risk processes and the creation of a new category of benchmarks which will help investors compare the carbon footprint of their investments. There are also proposed related amendments to product governance, suitability and appropriateness and product disclosure requirements under the Markets in Financial Instruments Directive ('MiFID II').

Also, new legislation enacted in 2019, "The Companies (Director' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, requires disclosure of operational greenhouse gas emissions (from building heating and electricity use) and is effective from 1 April 2019. This is the first financial year CSS(E)L must comply with the new requirements.

→ For further details, refer to Streamlined Energy and Carbon Reporting ('SECR').

Performance

Key Performance Indicators ('KPIs')

The Company uses a range of KPIs to manage its financial position to achieve the Company's objectives. Profitability and Risk Weighted Assets ('RWA') are regularly reviewed at the business line level to promote the drive towards the maintenance and optimisation of profitable and capital efficient businesses.

	2020	2019	2018 [1]	2017 [1,2]	2016 [1,3]
Earnings					
Net profit/(loss) before tax (USD million):					
Continuing operations	(138)	177	102	(487)	(102)
Discontinued operations	107	21	(152)	96	122
Total	**(31)**	**198**	**(50)**	**(391)**	**20**

	2020	2019	2018	2017	2016
Extracts from Consolidated Statement of Financial Position (USD million):					
Total Assets	64,375	93,365	95,532	123,782	118,953
Total Asset growth/(reduction)	(31.05)%	(2.27)%	(22.82)%	4.06%	(17.13)%
Return on Total Assets	(0.05)%	0.21%	(0.05)%	(0.32)%	0.02%

	2020	2019	2018	2017	2016
Capital (USD million):					
Risk Weighted Assets	24,328	27,252	23,679	27,472	30,391
Tier 1 capital	6,893	6,910	6,635	6,697	7,227
Return on Tier 1 capital	(0.45)%	2.87%	(0.75)%	(5.84)%	0.28%

	2020	2019	2018	2017	2016
Liquidity (USD million):					
Liquidity Buffer	10,321	11,224	16,126	17,884	20,636

[1] Discontinued operations included the migration of the Prime business from CSS(E)L to Credit Suisse AG (acting through its Dublin Branch).
[2] Discontinued operations include the Sale of the majority of CSS(E)L's Frankfurt Branch to Credit Suisse (Deutschland) AG.
[3] Discontinued operations include the exit of the Systematic Market Making business and the final portion of the 2015 sale of CSS(E)L assets including the IBCM transferring its staff, and majority of clients to CSi; the CSS(E)L branches located in Amsterdam and Milan transferred respective businesses to CS; and the listed derivatative agency business and OTC derivative (centrally cleared) business was sold to CSi.

Capital

CSS(E)L continues to maintain a strong capital position. Risk Weighted Assets ('RWA') have decreased by USD 3 billion to USD 24 billion (2019: USD 27 billion) primarily due to a lower concentration risk charge due to secured financing and OTC derivative trades as a result of trades being transferred to other CS group entities.

The start of 2020 saw the COVID-19 pandemic replace trade as the major global concern. In the wake of economic disruption, the BOE had put in place measures to respond to the economic shock from COVID-19. The Financial Policy Committee ('FPC') reduced the UK Countercyclical buffer ('CCB') rate to 0% with immediate effect. The rate was due to reach 2% by December 2020, however the FPC maintained the 0% rate for the 12 months of the current reporting period.

Capital Resources

The Company closely monitors its capital position on a continuing basis to ensure ongoing stability and support of its business activities. This monitoring takes account of the requirements of the current regime and any forthcoming changes to the capital framework or to the Company's business model and includes reviewing potential opportunities to repay capital to shareholders.

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

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

→ Changes in senior and subordinated debt are set out in Note 25 – Debt in Issuance.
→ Changes in capital are set out in Note 28 – Share Capital and Share Premium.

Liquidity

CSS(E)L maintains a strong liquidity position and also has a letter of intent from Credit Suisse AG ensuring support for meeting CSS(E)L's debt obligations and maintaining a sound financial position over the next 18 months. The increased liquidity usage seen through the initial stages of COVID-19 has reversed and all regulatory and internal metrics are in compliance on a spot and forward looking basis. The Company did not breach any liquidity regulatory limits during 2020.

The liquidity buffer reduced by USD 1 billion to USD 10 billion (2019: USD 11 billion) primarily due to increased liquidity flows, leading to a reduction in High Quality Liquid Assets ('HQLA').

Commentary on Consolidated Statement of Income

	2020	2019	2018 [1]	2017 [1,2]	2016 [1,3]
Consolidated Statement of Income (USD million)					
Net revenues	135	264	182	973	995
Total operating expenses	(273)	(87)	(80)	(1,460)	(1,097)
Profit/(Loss) before tax from continuing operations	**(138)**	**177**	**102**	**(487)**	**(102)**
Profit/(Loss) before tax from discontinuing operations	**107**	**21**	**(152)**	**96**	**122**
Profit/(Loss) before tax	**(31)**	**198**	**(50)**	**(391)**	**20**
Income tax expense from continuing operations	(21)	(43)	(31)	(11)	(5)
Income tax expenses from discontinuing operations	-	(81)	(32)	(47)	(43)
Profit/(Loss) after tax	**(52)**	**74**	**(113)**	**(449)**	**(28)**

1 Discontinued operations included the migration of the Prime business from CSS(E)L to Credit Suisse AG (acting through its Dublin Branch).
2 Discontinued operations include the Sale of the majority of CSS(E)L's Frankfurt Branch to Credit Suisse (Deutschland) AG.
3 Discontinued operations include the exit of the Systematic Market Making business and the final portion of the 2015 sale of CSS(E)L assets including the IBCM transferring its staff, and majority of clients to CSi; the CSS(E)L branches located in Amsterdam and Milan transferred respective businesses to CSi; and the listed derivatative agency business and OTC derivative (centrally cleared) business was sold to CSi.

The CSS(E)L Group has reported a net loss attributable to shareholders of USD 52 million (2019: USD 74 million profit). Loss before tax for the CSS(E)L Group was USD 31 million (2019: USD 198 million profit).

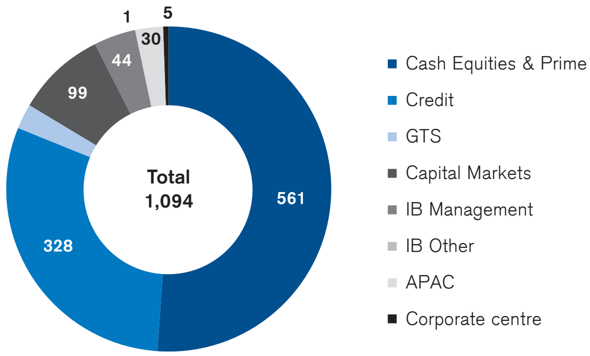
Net Revenues

	2020[2]	2019[2]	Variance	% Variance
Segment revenues (Continued and Discontinued) (USD million)[1]				
Total Revenues				
- Cash Equities and Prime	561	495	66	13%
- Credit	328	237	91	38%
- GTS	26	50	(24)	(48)%
- Capital Markets	99	84	15	18%
- IB Management	44	(4)	48	>100%
- IB Other	1	4	(3)	(75)%
Total Investment Bank	**1,059**	**866**	**193**	**22%**
APAC	30	16	14	88%
Corporate Centre	5	79	(74)	(94)%
Total reportable revenues	**1,094**	**961**	**133**	**14%**
Revenue sharing agreements	99	147[3]	(48)	(33)%
Cross divisional revenue share	65	87	(22)	(25)%
Treasury funding	(104)	(33)	(71)	>(100)%
Shared services	(5)	(3)	(2)	(67)%
CSS(E)L Group to primary reporting reconciliations	137	156[3]	(19)	(12)%
Net revenues	**1,286**	**1,315**	**(29)**	**(2)%**
Of which net revenues – discontinued operations	**1,151**	**1,051**	**100**	**10%**
Of which net revenues – continuing operations	**135**	**264**	**(129)**	**(49)%**

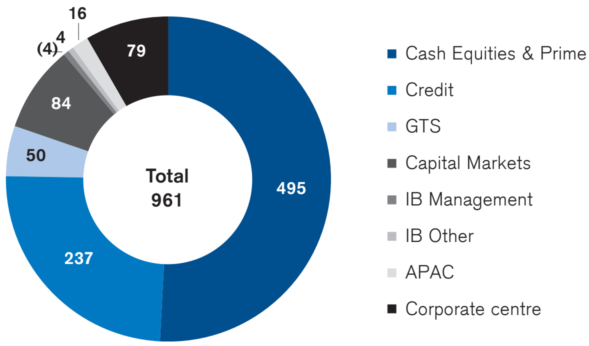
1 In accordance with IFRS 8, Reportable segements are reported above under US GAAP, as reviewed by the Board of Directors.
2 On 30 July 2020, the CEO of CSG announced the CSG Boards decision to create a single, globally integrated Investment Bank, through the combination of the existing GM, IBCM and APAC Markets businesses to achieve critical scale 2019 net revenues have been restated to reflect the change in business roll up.
3 Prime brokerage was moved from CSS(E)L to CS AG, Dublin Branch. The cross entity booking model was revised in 2020. 2019 numbers have been restated in line with the new booking model.

Revenues of each reporting segment, including continued and discontinued, are as follows:

2020 (USD million)



2019 (USD million)



In 2020, IB revenues (including continued and discontinued) increased 22% to USD 1,059 million primarily in Credit and Cash Equities & Prime due to extraordinary market volatility as result of the COVID-19 pandemic with increased average market volumes driven by client demand.

Corporate Centre revenues (including continued and discontinued) decreased by USD 74 million. The reduction in revenues was due primarily in 2019 to a large number of provision releases and fair value adjustments, following revised credit exposure analysis and new life expectancy quotes received from third party providers in the ARU longevity business which was not replicated in 2020.

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

- Decrease USD 48 million in revenue sharing agreements due to lower transfer pricing in relation to prime service policies; and
- Decrease of USD 71 million in Treasury funding primarily due to a lower interest rate environment driving lower funding costs to the business and ultimately lower returns on Tier 1 Equity, and also an increase in the cost of 400 day funding.

Net revenues from discontinued operations increased by 10% primarily due to performance within the IB. Net revenues from continuing operations decreased by 49% due to lower revenues within Corporate centre, primarily in ARU, and an increase in treasury funding charges.

Expenses

	2020	2019	Variance	% Variance
Operating expenses (USD million)				
Compensation and benefits	(21)	(75)	54	(72)%
General, administrative and trading expenses	(1,295)	(1,042)	(253)	24%
Restructuring expenses	(1)	–	(1)	(100)%
Total operating expenses	**(1,317)**	**(1,117)**	**(200)**	**18%**
Of which operating expenses – discontinued operations	**(1,044)**	**(1,030)**	**(14)**	**1%**
Of which operating expenses – continuing operations	**(273)**	**(87)**	**(186)**	**214%**

The CSS(E)L Group's operating expenses (including Continued and Discontinued operations, refer to Note 27 – Discontinued Operations and Assets and Liabilities Held for Sale) increased by USD 200 million to USD 1,317 million (2019: USD 1,117 million).

Compensation and Benefits reduced by USD 54 million to USD 21 million driven by a decrease of USD 29 million in deferred compensation due to the valuation of deferred compensation awards linked to the CSG share price. A further USD 27 million reduction in staff costs driven by the migration of employees from CSS(E)L Paris Branch to CSSSV.

General and administrative expenses increased by USD 253 million to USD 1,295 million due to:

- USD 174 million increase in litigation provision booked in 2020; and
- USD 80 million increase in expense allocation due to higher costs from other CS group entities driven by the implementation of a cost destination program, resulting in new charges from non UK service companies.

The effective tax rate for the period to December 2020 is higher than the UK Statutory tax rate. Material items increasing the effective tax rate are non-deductible expenses and non-recoverable withholding taxes, offset in part by prior year adjustments to current tax liabilities and deferred tax balances. Similarly, the effective tax rate for the period to December 2019 was higher than the UK statutory tax rate. In that period, the material items impacting the effective tax rate were permanent differences, non-recoverable withholding taxes, prior period adjustments and the impairment of the recognised deferred tax balances following the transfer of the pension to CSi.

The CSS(E)L Group has incurred substantial taxes in the UK during 2020, including Bank Levy of USD 13 million (2019: USD 10 million), employer's national insurance of USD 1 million (2019: USD 2 million) and irrecoverable UK value added tax ('VAT') of USD 36 million (2019: USD 28 million). As disclosed in the additional Country-by-Country Reporting, Corporation taxes paid in the United Kingdom ('UK') for CSS(E)L were USD 9 million (2019: USD Nil). The CSS(E)L Group has paid USD 21 million (2019: USD 27 million) in taxes in branches located outside of the UK.

Commentary Consolidated Statement of Financial Position

Extracts from Consolidated Statement of Financial Position (USD million)	2020	2019	Variance	% Variance
Assets (USD million)				
Interest-bearing deposits with banks	7,990	14,550	(6,560)	(45)%
Securities purchased under resale agreements and securities borrowing transactions	11,413	8,329	3,084	37%
Trading financial assets mandatorily at fair value through profit or loss	4,428	4,325	103	2%
Non-trading financial assets mandatorily at fair value through profit or loss	8,715	17,151	(8,436)	(49)%
Assets held for sale	23,341	39,979	(16,638)	(42)%
of which Securities purchased under resale agreements and securities borrowing transactions	*3,017*	*4,692*	*(1,675)*	*(36)%*
of which Trading financial assets mandatorily at fair value through profit or loss	*13,227*	*19,119*	*(5,892)*	*(31)%*
of which Non-trading financial assets mandatorily at fair value through profit or loss	*6,020*	*13,908*	*(7,888)*	*(57)%*
Other (aggregated remaining balance sheet assets lines)	8,488	9,031	(543)	(6)%
Total assets	**64,375**	**93,365**	**(28,990)**	**(31)%**
Liabilities (USD million)				
Securities sold under repurchase agreements and securities lending transactions	292	2,063	(1,771)	(86)%
Financial liabilities designated at fair value through profit or loss	7,184	16,652	(9,468)	(57)%
Debt in issuance	8,955	15,239	(6,284)	(41)%
Liabilities held for sale	21,663	32,462	(10,799)	(33)%
of which Securities sold under repurchase agreements and securities lending transactions	*2,184*	*6,088*	*(3,904)*	*(64)%*
of which Trading financial liabilities mandatorily at fair value through profit or loss	*9,007*	*6,967*	*2,040*	*29%*
of which Financial liabilities designated at fair value through profit or loss	*7,001*	*15,724*	*(8,723)*	*(55)%*
Other (aggregated remaining balance sheet liabilities lines)	19,239	19,880	(641)	(3)%
Total liabilities	**57,333**	**86,296**	**(28,963)**	**(34)%**

As at 31 December 2020 the CSS(E)L Group had total assets of USD 64 billion (31 December 2019: USD 93 billion) as shown in the Consolidated Statement of Financial Position on page 52.

Business driven movements in the Consolidated Statement of Financial Position are:

- A decrease in Assets held for sale of USD 17 billion and Liabilities held for sale of USD 11 billion primarily due to the CSS(E)L Ramp Down Project, the objective of which is to reduce CSS(E)L to a scale where it is no longer a Material Legal Entity ('MLE'). This is directly impacting other balance sheet line items as noted below; and
- Financial liabilities designated at fair value through profit or loss (including continued and discontinued in aggregate) decreased by USD 18 billion primarily due to a reduction in repurchase agreements driven by CSS(E)L's clients moving to other CS group entities, client demand and balance sheet optimisation.

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 including European Banking Authority ('EBA') Basel III, and overall optimisation of the funding profile. This has resulted in:

- A decrease in Interest bearing deposits with banks of USD 7 billion is mainly with Credit Suisse AG, London Branch, as a result of reduced long term funding requirements relating to the CSS(E)L ramp down project so cash was recalled to pay down debt in issuance;
- Non-trading financial assets mandatorily at fair value through profit or loss (including continued and discontinued in aggregate) decreased by USD 16 billion in reverse repurchase agreements due to a reduction in both external and internal counterparties due to HQLA sourcing for other CS group entities changing from CSS(E)L to CSi;
- Securities sold under repurchase agreements and securities lending transactions (including continued and discontinued in aggregate) decreased by USD 6 billion due a reduced demand in securities lent to other CS group entities; and
- A decrease in Debt in issuance of USD 6 billion driven by liquidity management with Credit Suisse AG, London Branch, as a result of reduced long term funding requirements relating to the CSS(E)L ramp down project.

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 increased to USD 2.6 billion as at 31 December 2020 (31 December 2019: USD 2.4 billion) mainly driven by market movement on longevity portfolio. This was equivalent to 4.1% of total assets (2019: 2.5%). Total Level 3 liabilities remained stable at USD 0.9 billion as at 31 December 2020 (31 December 2019: USD 0.9 billion). This was equivalent to 1.6% (2019: 1.1%) of total liabilities.

→ For further details, refer to Note 37 – Financial Instruments.

Discontinued operations and assets held for sale

CS group continued to materially reduce the business and financial footprint of CSS(E)L during 2020. CSS(E)L has transferred a significant amount of its business to CSi and aims to complete the migration in 2021, noting CSS(E)L will still contain ARU positions.

This will simplify the UK business model, improve resolvability and optimise financial resources. The material reduction of business activities in CSS(E)L will result in a consolidation of business activities conducted across the core UK Investment Banking legal entities into CSi. This will be achieved through the business migration of in-scope CSS(E)L clients and positions into CSi.

CSS(E)L Group has been migrating part of the Prime Services business to Credit Suisse AG Dublin Branch during 2019 and 2020. This is almost complete with the remainder to be completed in Q1 2021.

→ For further details, refer to page 11 European Union ('EU') Exit Strategy and Note 27 – Discontinued Operations and Asset Held for sale.

CSS(E)L branches

The combined assets of CSS(E)L's branches increased to USD 1,699 million (31 December 2019: USD 1,386 million) primarily due to increase in total assets of the CSS(E)L Seoul Branch. The combined profit before tax of the CSS(E)L branches was USD 94 million (31 December 2019: USD 75 million).

Principal risks and uncertainties

Principal risks

RISK TYPE	DESCRIPTION	HOW RISKS ARE MANAGED
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 in CSS(E)L is managed by the CSS(E)L Enterprise Risk Management. The theme of climate change risk has been explicitly considered in the course of CSS(E)L's risk identification and assessment process. In these early stages of developing best practice approaches to climate change risk assessment, CSS(E)L has considered credit risk-weighted assets 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. As at 31 December 2020 direct exposure to fossil fuels and related sectors are immaterial in CSS(E)L (31 December 2019: Immaterial). A CS group Climate Risk Strategy program exists to deliver a consistent approach to governance, risk management, scenario analysis and disclosure across the group and legal entities, including compliance with regulatory requirements across the jurisdictions within which the group operates.
Credit Risk	The risk of a loss arising as a result of a borrower or counterparty failing to meet its financial obligations or as a result of deterioration in the credit quality of the borrower, or counterparty.	Credit risk in CSS(E)L is managed by the CSS(E)L Credit Risk Management ('CSS(E)L CRM') department. CSS(E)L CRM is a part of the wider CRM department, which is an independent function with responsibility for approving credit limits, monitoring and managing individual exposures and assessing and managing the quality of the segment and business area credit portfolios and allowances. All credit limits in CSS(E)L are subject to approval by CSS(E)L CRM. COVID-19 impacts in credit risk were experienced through increased credit exposure and deterioration of credit quality in certain industries resulting in moderately increased forecast provisions.
Liquidity Risk	The risk that a bank is unable to fund assets and meet obligations as they fall in times of stress, whether caused by market events and/or firm-specific issues.	The liquidity risk of CSS(EL is managed by the Treasury and Liquidity Risk department and is an integral part of the overall CS global liquidity risk management framework. This legal entity liquidity risk management framework also includes local regulatory compliance requirements. Such compliance requirements are measured as part of the PRA's Individual Liquidity Guidance ('ILG') which results in CSS(E)L holding term funding and a local liquid asset buffer of qualifying securities.
Market Risk	The risk of a loss arising from adverse changes in interest rates, credit spreads, foreign currency exchange rates, equity and commodity prices, and other relevant market parameters, such as volatilities and correlations.	Market risk in CSS(E)L is managed by the CSS(E)L Market Risk department. CSS(E)L has policies and processes in place to ensure that market risk is captured, accurately modelled and reported, and effectively managed. Trading and non-trading portfolios are managed at various organisational levels, from the overall risk positions at the Company level down to specific portfolios. CSS(E)L uses market risk measurement and management methods in line with regulatory and industry standards. The principal portfolio measurement tools are Value-at-Risk ('VaR'), scenario analysis and sensitivity analyses which complement each other in measuring the market risk at the Company's level. COVID-19 impacted market risk measures through additional volatility. This increased risk metrics and stress on market-liquidity requiring careful management of hedging. The risk appetite has been effective allowing close management of the risk as the crisis evolved, with markets stabilising towards the end of the first half of the year and remaining largely the same for rest of the year.
Non-Financial Risk	Non-financial risk is the risk of an adverse direct or indirect impact originating from sources outside the financial markets, including but not limited to operational risk, technology risk, cyber risk, compliance risk, regulatory risk, legal risk and conduct risk. Non-financial risk is inherent in most aspects of our business, including the systems and processes that support our activities.	Non-Financial Risk Management oversees the CS group's established Enterprise Risk and Control Framework ('ERCF'), providing a consistent and unified approach to evaluating and monitoring CSS(E)L's non-financial risks. The ERCF sets common minimum standards across non-financial risk and control processes and review and challenge activities. Risk and control assessments are in place across all divisions and functions, consisting of the risk and control self-assessment, compliance risk assessment and legal risk assessment. Key non-financial risks are identified annually and represent the most significant risks requiring senior management attention. Where appropriate, remediation plans are put in place with ownership by CSS(E)L's senior management, and with ongoing Board level oversight at the CSS(E)L Audit Committee.
Reputational Risk	The risk that an action, transaction, investment or event results in damages to CSS(E)L's reputation as perceived by clients, shareholders, the media and the public.	CSS(E)L has a Reputational Risk Review Process ('RRRP') coordinated by the Reputational Risk CSS(E)L team. All formal submissions in the RRRP require review by senior business management in the relevant division, and are then subsequently referred to one of the CSS(E)L Reputational Risk Approvers ('RRA'), who is independent of the business divisions and assesses and determines whether the proposed activity is within the appetite of the firm. If the RRA considers there to be a material reputational risk associated with a submission, it is escalated to the EMEA Reputational Risk Committee ('the committee') for further discussion, review and final decision. The committee is comprised of senior regional management from the divisions, corporate functions and CSS(E)L entity management.

→ For further details on how CSS(E)L manages risk, refer to Note 40 – Financial Risk Management.

Other Significant risks

Macro-Economic Environment/COVID-19

The spread of COVID-19 has had a significant impact on the global economy, as well as the UK economy throughout 2020 and continues in 2021. Uncertainty due to the spread of COVID-19 led to the severe market dislocations including record levels of volatility, widening of credit spreads and a collapse in energy prices. Central banks and governments around the world provided liquidity and fiscal support.

CSS(E)L is closely monitoring the spread of COVID-19 and the effects on operations, businesses and financial performance including credit loss adjustments, trading revenues and net interest income.

→ For further details, refer to Operating environment.

UK exit from the EU

The UK exited from the EU on 31 January 2020, with completion of the Transition Period on 31 December 2020 resulting in CSS(E)L, losing access to certain EU clients and markets. Trade agreements were finalised and new trading arrangements came into effect on 1 January 2021. CSS(E)L is continuing to closely monitor this situation and its potential impact.

The transition of impacted operations and client migration activities commenced during 2018. Whilst the pandemic has impacted the ways of working, CSS(E)L's preparations have focussed on the UK's exit from the EU ensuring operational readiness in its EU entities. CSS(E)L continues to focus on completing the remaining in-scope migrations through 2021.

→ For further details, refer to Operating environment.

Litigation

The main litigation matters are set out in Note 35 – Contingent Liabilities, Guarantees and Commitments. Litigation provisions are set out in Note 24 – Provisions. CSS(E)L is the defendant in several legal cases, currently some of these have led to claims being made against the Company. CSS(E)L is defending itself with regard to these claims.

Risk Exposures

Longevity Risk

CSS(E)L has a portfolio of life insurance products that are long dated and relatively illiquid. The portfolio is managed by the ARU reflecting the fact that this is a legacy business where the risk exposure is being exited. The principle risk drivers are potential premium increases and changes in expected mortality within the portfolio.

Credit Risk

CSS(E)L has a global portfolio with exposures driven by financial counterparties across a diverse range of countries, and is therefore exposed to risks from a broad range of sources. These risks are managed within the CSS(E)L'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 Company are now discussed further.

The main drivers of credit risk in CSS(E)L are short dated securities-financing transactions and OTC derivatives activity. On a potential exposure basis, exposure in CSS(E)L decreased by USD 3.5 billion in 2020 to USD 7.5 billion (2019: USD 11 billion). Potential exposure for each trading relationship is calculated as the 95th percentile of a distribution of possible future exposures). The main driver of the reduction in exposure was the transfer of counterparty relationships to other CS entities as part of the CSS(E)L ramp down initiative and with the UK's exit from the EU.

The dominant risk theme of 2020 was the impact of the COVID-19 pandemic and the effect of lockdown measures on economic activity across the globe. In response to the developing crisis, the Credit Risk Management function performed a bottom-up review of the CSS(E)L portfolio to identify clients vulnerable to the impact of the pandemic, and the associated market volatility. Given the predominantly short-dated nature of the risk in CSS(E)L, no material concerns were identified, however, potential exposure increased significantly in Q1 2020 as a result of heightened market volatility.

Credit quality remained high in 2020, with 92% of potential exposure rated investment grade as at December 2020.

The UK's exit from the EU also presented risks for CSS(E)L in 2020. However, with the agreement of a trade deal between the two sides in December 2020, the risks posed by a hard exit were averted. As previously mentioned, the UK exit from the EU has resulted in some counterparty relationships being migrated to CS subsidiaries in the EU.

Credit Risk Exposure Views by Country and Industry Segment
The following table shows the largest industry exposures in CSS(E)L by country. The largest exposures are in well-developed countries, and the top ten countries account for 85% of the total exposure. 7% of exposure comes from South Korea, where CSS(E)L operates a local branch to facilitate trading in local securities.

Gross credit risk exposures, include loans and loan commitments, investments (such as cash securities and other investments) and all exposures of derivatives (not limited to credit protection purchased and sold), after consideration of legally enforceable netting agreements. Gross exposures are calculated after offsetting 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**		Annual Δ		
31 December 2020 (USD millions)	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	15	15	2,102	2,063	60	60	**2,177**	**2,138**	(950)	(960)	30%
United Kingdom	-	-	2,033	987	135	135	**2,168**	**1,122**	(349)	(575)	16%
Republic of Korea	-	-	473	473	1	1	**474**	**474**	(189)	(147)	7%
Netherlands	-	-	416	373	91	91	**507**	**464**	73	53	7%
Japan	-	-	419	419	6	6	**425**	**425**	98	98	6%
Germany	-	-	421	311	57	57	**478**	**368**	154	44	5%
France	-	-	230	229	128	128	**358**	**357**	(213)	(201)	5%
Switzerland	1	1	386	248	11	11	**398**	**260**	(40)	(43)	4%
Taiwan	-	-	181	181	11	11	**192**	**192**	(137)	(137)	3%
Italy	-	-	94	87	83	83	**177**	**170**	(122)	(71)	2%
Total	**16**	**16**	**6,755**	**5,371**	**583**	**583**	**7,354**	**5,970**	**(1,675)**	**(1,939)**	**85%**

	Sovereign		Financial Institutions		Corporate		**Total**		Annual Δ		
31 December 2019 (USD millions)	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	16	16	3,013	2,984	98	98	**3,127**	**3,098**	498	1,525	32%
United Kingdom	-	-	2,317	1,497	200	200	**2,517**	**1,697**	600	496	17%
Republic of Korea	-	-	663	621	-	-	**663**	**621**	(29)	(68)	6%
Netherlands	-	-	363	340	71	71	**434**	**411**	6	39	4%
Japan	-	-	327	327	-	-	**327**	**327**	(24)	118	3%
Germany	-	-	281	281	43	43	**324**	**324**	(237)	(55)	3%
France	1	1	428	415	142	142	**571**	**558**	5	118	6%
Switzerland	-	-	433	298	5	5	**438**	**303**	187	189	3%
Taiwan	-	-	329	329	-	-	**329**	**329**	26	26	3%
Italy	-	-	275	217	24	24	**299**	**241**	22	187	2%
Total	**17**	**17**	**8,429**	**7,309**	**583**	**583**	**9,029**	**7,909**	**1,055**	**2,575**	**80%**

The following table shows the ten largest industry exposures in CSS(E)L, which make up the net exposures. Exposures are those used for internal risk management and are calculated on the same basis as the country exposures shown above.

			2020		2019		Annual Δ
Industry Segments (USD millions)	Gross Exposure	Net Exposure	Net Exposure as % of All Industry Segment Exposures	Gross Exposure	Net Exposure	Gross Exposure	Net Exposure
Insurance	1,420	1,419	22%	1,691	1,691	(271)	(272)
Other Financial Companies	1,258	1,258	19%	2,294	2,251	(1,036)	(993)
Asset Management & Investment Funds	1,388	1,198	18%	2,283	2,028	(895)	(830)
Commercial & Investment Banks	888	882	13%	1,173	1,063	(285)	(181)
Central Clearing Parties	923	813	12%	1,136	1,136	(213)	(323)
Pension Funds	1,349	265	4%	1,284	425	65	(160)
Sovereigns, Monetary Authorities, Central & Development Banks	101	101	2%	84	84	17	17
Utilities	91	91	1%	87	87	4	4
Oil & Gas	73	73	1%	72	72	1	1
Telecommunications	68	68	1%	86	86	(18)	(18)
Total	**7,559**	**6,168**	**93%**	**10,190**	**8,923**	**(2,631)**	**(2,755)**

The other risks are set out in Note 40 – Financial Risk Management.

Risk Management

Overview

Risk management plays an important role in the Company's business planning process and is strongly supported by senior management and the Board. The primary objectives of risk management are to protect the Company's financial strength and reputation, while ensuring that capital and liquidity is well deployed to support business activities and grow shareholder value. The Company has implemented risk management processes and control systems and it works to limit the impact of negative developments by monitoring all relevant risks including credit, market, liquidity, enterprise and non-financial risks.

Risk Governance

The taking of risk in line with the Company's strategic priorities is fundamental to its business as part of a leading global banking group. To meet the challenges in a fast changing industry with new market players and innovative and complex products, the Company seeks to continuously strengthen the risk function, which is independent of but closely interacts with the businesses. Further information is included within Corporate Governance.

Risk Organisation

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

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

The CSS(E)L CRO function in 2020, comprised of:
- Market Risk Management ('MRM');
- Treasury & Liquidity Risk Management ('TLRM');
- Credit Risk Management ('CRM');
- Enterprise Risk Management ('ERM'); and
- Non-Financial Risk ('NFR').

The 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 Company and recommends corrective action where necessary;
- TLRM is responsible for assessing, monitoring and managing the liquidity risk profiles of the Company, and recommending corrective action where necessary;
- CRM is responsible for approving credit limits, monitoring, and managing individual exposures, and assessing and managing the quality of credit portfolios and allowances;
- ERM is responsible for providing holistic risk coverage focusing on cross-functional and cross-divisional risk governance, frameworks, best practice, policies and processes. It drives risk reporting and analysis and provides risk coverage for enterprise, model and CRO relevant regulatory risk management; and
- NFR is responsible for the identification, recording, assessment, monitoring, prevention and mitigation of non-financial risks, as well as timely management reporting.

The CSS(E)L CRO additionally relies on the following teams within the Global Risk Functions:
- Data and technology;
- Independent validation and review;
- Quantitative analysis and review;
- Chief Risk and Compliance Office ('CRCO') Chief Operating Office;
- Non-financial risk management: Coverage of EMEA business continuity management;
- Credit Risk Management: Coverage of climate and reputational risk as well as recovery management;
- Global market risk management;
- Global enterprise risk management; and
- Global treasury and liquidity risk management.

Risk Appetite

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

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

Market risk limit measures are typically based on Value at Risk ('VaR') and scenario analysis, although they also include risk sensitivities, notionals and other metrics. Liquidity risk limits include regulatory and internal metrics based on computing liquidity inflows and outflows under stress scenarios over different time horizons. Credit risk limits include overall limits on portfolio credit quality and a system of individual counterparty, country, industry, product and scenario limits, which are used to mitigate concentration risks. In addition, the Company 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 (Company-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 Limits for each material risk type are determined by ERM and cascaded to each risk area for use as a calibration point for the lower level limit cascade. Limits are reviewed quarterly against the capital plan and are aligned to divisional limits which are cascaded by the CFO function covering all risk types.

The majority of these limits 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 limits) are monitored on a weekly or monthly basis depending on the nature of the limit.

→ The Company's financial risk management objectives and policies and the exposure of the CSS(E)L Group to market risk, credit risk, liquidity risk, currency and operational risk are outlined in Note 40 – Financial Risk Management.

Climate Change

Definition of climate risks

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

Sources of climate-related risks

CS group have identified several key risks and opportunities originating from either the physical or the transitional effects of climate change. Physical risks can arise from climate and weather-related events (e.g., heatwaves, droughts, floods, storms and sea-level rise) and can potentially result in material financial losses, impairing asset values and the creditworthiness of borrowers. Transitional risks can arise from the process of adjustment towards a low carbon economy through changes in climate policy, technological developments and disruptive business models, and shifting investor and consumer sentiment. Physical and transitional climate risks can affect CS group as an organisation either directly, through its physical assets, costs and operations, or indirectly, through its financial relationships with clients.

Evaluation and management of climate-related risks

CSS(E)L's approach to climate risk is closely aligned with the CS group approach. Climate risk is one of the environmental aspects considered as part of the broader sustainability risk agenda of the CS group. In 2018, a CS group-wide program was established to address the recommendations of the Financial Stability Board's Taskforce on Climate-related Financial Disclosures ('TCFD') with respect to external disclosures on climate-related risks and opportunities. In 2019, CS group integrated the TCFD adoption program into its CS group-wide climate risk strategy program, sponsored by the CRCO that has senior management representation from business divisions as well as from General Counsel, Risk & Compliance and the new SRI function. The mandate of the program is to develop comprehensive strategies to address climate risk. This includes supporting clients' energy transition toward low-carbon operations, technologies and services, continuing the ongoing implementation of the TCFD recommendations as well as working toward the implementation of various industry recommendations and compliance with upcoming regulatory expectations. In 2020, CS group further intensified its efforts on climate risk management by creating a dedicated climate risk team within CS group Credit Risk.

Overall, CS group is pursuing a three-pronged approach as part of its efforts to address climate change and climate-related risks. First, it is working with clients to support their transition to low-carbon and climate-resilient business models, and working to further integrate climate change into risk management models as part of its climate risk strategy program. Second, it is focusing on delivering sustainable finance solutions that help clients achieve their goals and contribute to the realisation of the UN Sustainable Development Goals ('SDGs'); and third, it is working on further reducing the carbon footprint of its own operations.

The CS group efforts to implement the TCFD recommendations continued in 2020. Detailed disclosures in accordance with TCFD recommendations are available in the Sustainability Report.

→ More details can be found at: www.credit-suisse.com/sustainabilityreport

Strategy

CS group 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.

CS group aims to leverage existing risk management processes and capabilities for the management of climate risk exposures by mapping the underlying climate risks to existing risk types. As methodologies for assessing climate risk evolve, developing consistent climate-related metrics that CS group believes is useful for risk management purposes. The CS group has enhanced its internal reports and is developing further climate risk-related scenario analysis. It has also continued exploring scenario models through the range of pilots that include the participation in the UN Environment Programme Finance Initiative and the engagement in the Paris Agreement Capital Transition Assessment ('PACTA') that covered implications from both physical and transition risks.

CS group is engaged in a range of activities, which aim to support the transition to a lower carbon and more climate-resilient economy. As part of its strategy that demonstrates the CS group's commitment to climate change goals, while also acting as a proactive partner to clients who are working to transition their businesses, CS group has developed sector-specific client energy transition frameworks ('CETFs'). CETFs consist of the identification of priority sectors/industries and a methodology to classify clients that operate in these sectors according to their energy transition readiness. With this approach CS group aim to actively encourage clients to transition along the CETF scale over time and support them through financing and advisory services. At the same time it aims to manage the CS group business and reputational risk exposure by assessing clients against the relevant CETFs before transacting with them. Lending to clients categorised into the lowest rating in terms of transition readiness (i.e. to "unaware" clients, will be phased out over time). To date, CS group has rolled out CETFs for the highest priority sectors, such as oil and gas, coal mining and utilities/power generation (fossil fuel-based). Other sectors, for which it is developing or planning to develop CETFs include ship finance, aviation, commodities trade finance as well as manufacturing, construction/real estate, agriculture and forestry. Additionally, it has introduced further restrictions in 2020 to certain business activities related to thermal coal extraction, coal power and offshore and onshore oil and gas projects in the Arctic region.

Strategic alignment of the CS group business with the objectives of the Sustainable Development Goals set by the United Nations and the Paris Agreement on Climate Change ('Paris Agreement') is another important objective and CS group have signed the Principles for Responsible Banking as well as the Poseidon Principles to further these objectives.

In December 2020, the CS group announced that it would develop science-based targets within the next 24 months, including to achieve net zero emissions from its financing no later than 2050, with intermediate emission goals for 2030. In addition, it announced aligning of financing with the Paris Agreement objective of limiting global warming to 1.5°C.

Risk Management

Climate-related risks are embedded in CS group-wide risk taxonomy. These risks – alongside other environmental and social risks – are considered within the CS group-wide, standardised reputational risk review process. In 2020, CS group have also continued work to identify risks stemming from climate change and integrate the management of these risks within the front-to-back processes of the CS group because these risks manifest themselves through reputational, credit, operational and other risks.

CS group have identified sensitive sectors which pose greater environmental and social risks (including impacts to the climate) and have policies and guidelines in place to govern the responsible provision of financial services to clients within these sectors. Consequently, within the reputational risk review process, CS group evaluates factors such as a company's greenhouse gas footprint or its energy efficiency targets while some of its policies and guidelines require clients to have a plan in place to deal with climate change risks. In 2019, the sector policies and guidelines, which had previously excluded any form of financing for new greenfield thermal coal mines, were updated to also exclude any form of financing specifically related to the development of new coal-fired power plants. Additionally, as announced in July 2020, CS group will not be directly lending or be involved in capital markets underwriting to any company deriving more than 25% of its revenues from thermal coal extraction or from coal power. Such transactions will only be allowed if it will help the company specifically to transition in accordance with the Paris Agreement and the use of proceeds are tied to such transition strategies or, for companies deriving more than 25% of revenues from coal power, if the company can demonstrate a decreasing share of coal in its generation portfolio consistent with the CS group CETF. Furthermore, these exclusions do not apply to companies that are involved in metallurgical coal extraction. CS group also announced that we would not provide financing related to offshore and onshore oil and gas projects in the Arctic region.

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

→ For further details, refer to Streamlined Energy and Carbon Reporting ('SECR').

Governance

Climate change-related responsibilities are explicitly in the CS group Boards Risk Committee charter. In 2020, the CS group Risk Committee conducted its annual review of the risk and sustainability framework, which included a discussion of key sustainability developments and steps taken by management to integrate sustainability considerations more closely into our risk assessment process.

In the UK, CSS(E)L's CRO is the Senior Manager for climate risk. The Board Risk Committee has a standing item related to the progress on development of the risk management for climate-related risks and the PRA's requirements. The UK has a dedicated workstream in the global program to ensure delivery of the compliance requirements set out by the PRA. The scope of the UK development includes risk identification, risk appetite and reporting of climate related risks. A pilot exercise of stress testing climate exposures aligned to the BOE exploratory scenario is also planned.

→ More details can be found at: www.credit-suisse.com/climate

Corporate Responsibility

Overview

CSG publishes a comprehensive Sustainability Report which can be found on CSG's website at www.credit-suisse.com/sustainabilityreport. The Sustainability Report describes how CS group including CSS(E)L, assumes its various responsibilities towards society and the environment across CSG including CSS(E)L.

Environmental Matters

Sustainability

CS group aspires to be a leader in Sustainability. In 2020, CS group strengthened sustainability governance by appointing a sustainability leader on the Board of Directors and creating the SRI function led by a member of the Executive Board. The 'Statement on Sustainability' is based on the CS group Code of Conduct and explains how CS group aims to address environmental and social issues in our banking activities. The Code of Conduct is designed to ensure that people throughout CS group share the same understanding and expectations in terms of culture and conduct. Appropriate risk-taking, ensuring sustainability and acting responsibly towards society are key elements of these standards.

Certain industries are particularly sensitive from a social or environmental perspective (including impacts to the environment). To assess potential transactions with clients in these industries, specific global policies and guidelines have been defined, taking account of standards developed by international organisations such as the United Nations ('UN'), the World Bank or the International Finance Corporate ('IFC'). These policies and guidelines cover the sectors oil and gas, mining, power generation, and forestry and agribusiness which includes pulp and paper as well as palm oil production.

CSS(E)L assesses risks to the environment, people and society through the bank-wide Sustainability Risk Review process which informs the Reputational Risk Review Process. In CSS(E)L, decisions regarding reputational risks are made by one of two Reputational Risk Approvers, or escalated to the IB Europe, Middle East, and Africa ('EMEA') Reputational Risk Committee. If necessary, decisions can be further escalated to the Global Client Risk Committee. In 2020, the sector-specific sustainability policies were strengthened, for example, by placing certain restrictions on lending and underwriting business with companies deriving more than 25% of their revenue from thermal coal extraction. In regards to direct lending, unless such transaction is to help the company specifically transition and the use of proceeds are tied to such transition strategies aligned with Paris Agreement, for greater certainty, these exclusions do not apply to metallurgical coal.

To open up sources of capital for the development of future markets, CS group also offers clients a broad range of investment products and services with a focus on environmental and social themes. CS group has a goal to provide at least CHF 300 billion of sustainable financing over the next ten years.

Financial regulators globally are increasingly recognising the potential for climate change, environmental degradation and social risks to create financial risks for companies and markets on one hand, and the role of sustainable finance in mobilising capital to meet the goals of the Paris Agreement and Sustainable Development Goals on the other hand.

In April 2019, the Prudential Regulatory Authority issued a Supervisory Statement setting out its expectations of how firms manage the financial risks associated with climate change. The supervisory statement drives firms to take a more strategic approach, in particular, by embedding consideration of the financial risks from climate change in their governance, risk management, scenario analysis and disclosure.

→ Refer to Climate Change in Risk Management for further details.

CSS(E)L has established a change program to ensure it addresses these requirements as well as the broader EU Commission legislative proposals relating to the EU's Sustainable Finance action plan. These proposals include the establishment of a unified taxonomy of sustainable economic activities, disclosure requirements relating to the consideration of ESG factors in risk processes and the creation of a new category of benchmarks which will help investors compare the carbon footprint of their investments. There are also proposed related amendments to product governance, suitability and appropriateness and product disclosure requirements under the MiFID II.

→ For more information, please refer to www.credit-suisse.com/sustainability

New legislation enacted in 2019 called "The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 requires disclosure of operational greenhouse gas emissions (from building heating and electricity use) and is effective from 1 April 2019. This is the first financial year for which CSS(E)L must comply with the new requirements.

→ For further details, refer to Streamlined Energy and Carbon Reporting ('SECR').

Further information:

- → Environmental and Social Risk Management: www.credit-suisse.com/riskmanagement
- → Climate Change; the "Statement on Climate Change": www.credit-suisse.com/climate
- → Biodiversity and Natural Capital: www.credit-suisse.com/conservationfinance
- → Environmental Management (including CS group key performance indicators): www.credit-suisse.com/environmentalmanagement

Streamlined Energy and Carbon Reporting ('SECR')

CSS(E)L as part of CS group is committed to enabling a more environmentally sustainable economy and recognises climate change as one of the most significant risks facing the planet. Climate and sustainability objectives are predominantly set at CS group level and CSS(E)L contributes to these objectives. Sustainability initiatives are designed and implemented for CS group operations, including CSS(E)L, and supply chains globally including carbon foot printing, environmental and energy reporting and energy efficiency programmes.

In 2020, CS group set a new ambition to achieve net zero emissions from operations, supply chain and financing activities across its global bank by no later than 2050. CS group's concern for the planet requires it to play a part in safeguarding biodiversity through the role of financial intermediary.

→ More details can be found at:
www.credit-suisse.com/sustainability

CS group recognises its share of responsibilities in combating climate change by supporting the transition to a low-carbon and climate-resilient global economy, acknowledging that financial flows will also need to be brought into line with the Paris Agreement.

→ For further details, refer to the Climate change section in Risk Management.

CS group has a rigorous control framework in place to manage its environmental impact. A key component of this framework is CS group's globally certified Environmental Management system ('EMS'), which is operated in accordance with the ISO 14001:2015 standard. In 2020, CS group successfully completed an EMS surveillance audit carried out by Société Générale de Surveillance ('SGS'). External service providers and suppliers are involved in the continuous efforts to improve environmental management measures.

2025 Environmental objectives

CS group has strengthened its commitment to environmental management by introducing the following 2025 environmental objectives:

- Reduce total greenhouse gas emissions by 75% compared with 2010 levels on reported operational aspects;
- Achieve100% renewable electricity;
- Green label certification of CS space (in m^2) to 50% of office portfolio;
- Energy efficiency improvement of 1.5% per year;
- Reduce single-use plastic ('SUP') items and increase the share of products made from recycled and reusable materials;
- Paper consumption reduction of 10%, on per Full Time Equivalents ('FTE') basis, compared to 2018 baseline;
- 100% paper purchases carry an appropriate environmental label; and
- Water efficiency improvement of 10% on per FTE basis, compared to 2018 baseline.

CS group has been carbon neutral in its own operations since 2010. CS group's first priority is to reduce emissions through investment in energy efficiency programs and new technologies that allow it to reduce carbon in buildings, data centres and travel. Each year, CS group compensates for the balance of emissions it cannot reduce, through purchasing carbon credits to achieve a carbon neutral position against reported carbon emissions which include office and data centre energy use, water and waste, business travel and the estimated energy use from home working. Although CSS(E)L is not carbon neutral as an standalone entity, CS group is.

CS group pursues a four-pillar strategy to achieve carbon reductions across its global operations.

Global greenhouse gas neutrality – four-pillar strategy

1. Optimise;
Aim to optimise all business activities to reduce carbon emissions.

2. Invest;
Investing in carbon reduction technologies across all our global premises.

3. Substitute;
Substitute, using a combination of green tariffs and Renewable Energy Certificates, fossil fuel energy sources with zero-carbon energy supplies.

4. Compensate;
To achieve carbon neutrality, compensate the balance of emissions through the purchase of carbon credits to fund projects that reduce or remove carbon emissions.

Reduction of own material and energy consumption

Reduction of greenhouse gas emissions each time energy is consumed

Reduction of own greenhouse gas emissions

Compensation of remaining greenhouse gas emissions

Greenhouse gas neutrality

The objectives of CS group are made at the CS group level and then filtered down into both the regions and entities, including the UK. The process is centrally managed by CS group and all metrics collated at a CS group level. The metrics are then analysed to identify both the UK and entity portion. CS group's global greenhouse gas neutrality naturally comes about as a result of actions taken across all countries in which CS group operates, including the UK. All of the principles in the four-pillar strategy arise from actions taken in the countries in which it operates, such as the third pillar of the strategy, through which green tariffs are agreed for individual UK premises to ensure any remaining fossil fuel energy sources with zero-carbon energy supplies are substituted. Through the fourth pillar, the remaining emissions are compensated through the purchase of carbon credits, which covers the full portion of UK emissions by extension.

Carbon Footprint Methodology

CS group applies an operational-control based approach to calculating its carbon footprint. The VfU Indicators Standard uses the processes and conversion factors from VfU Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten ('VfU'), or the Association for Environmental Management and Sustainability in Financial Institutions. This standard specific for financial institutions is based on and/or aligned to international standards such as the Greenhouse Gas Protocol including Scope 1, 2 and 3 categories, and the Global Reporting Initiative Environmental Indicator Standards. The GHG conversion factors applied in the VfU Indicators Standard are derived from Ecoinvent, the world's largest transparent life cycle inventory database with more than 18,000 processes included.

The UK represents the full consumption and carbon footprint associated to premises in the UK, including offices, data centres, and other real estate that is occupied. On non-building linked resources, the figures are collected, such as travel, at the EMEA level. The UK column is the UK's proportion of the EMEA total, where the information is collected, such as travel footprint, at a regional level, and apportioned to the UK based on the UK FTE as a percentage of the EMEA total.

CSS(E)L Energy Use

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

UK Energy Efficient Action

The sites CSS(E)L occupies at One Cabot Square and 20 Columbus Courtyard have completed a major office refurbishment. Part of the refurbishment included the installation of Light Emitting Diode ('LED') lighting throughout controlled by Passive Infrared Sensor ('PIR') and the facility for daylight harvesting which shuts down the perimeter office lighting when the ambient lighting levels are bright enough. In addition, there are also water saving devices installed including occupancy sensors in the toilets which shuts off the water supply when not in use, dual flush toilet cisterns and PIR activated urinal flushes.

Climate Risk Strategy program

Climate risks are the potentially adverse direct and indirect impacts on the CS group's financial metrics, operations or reputation due to transitional or physical effects of climate change.

On 15 April 2019, the PRA released a supervisory statement relevant to all UK banks. The Supervisory Statement aligns with the PRA's commitment to enhancing its approach to supervising the financial risks from climate change and enhancing the resilience of the UK financial system by supporting an orderly market transition to a low-carbon energy economy. As part of a CSG global programme, there is a specific work plan for CSS(E)L to ensure compliance with climate risk requirements as set out in the supervisory statement by December 2021.

→ For further details, refer to the Climate change section in Risk Management.

Economy and Society

The primary function of a global bank is to be a reliable and professional partner to clients around the world, offering them a range of financial products and services to meet their individual needs. CS group including CSS(E)L plays 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 supply businesses with the capital resources they need to expand their activities and finance innovation, thus helping to drive economic growth and job creation.

By assuming market and credit risks, banks make an important contribution to the efficient functioning of the economic system. Effective risk management is an important part of this process. In the credit business, for example, CS group analyses, measures and monitors credit risk exposures and charge appropriate interest rates on loans. CS group's capital policy is intended to ensure that it is capable of absorbing potential credit losses in a variety of stress scenarios. CS group achieves this by supporting growth, partnering with entrepreneurs; by being an integral part of the economy and society, maintaining constructive dialogues with various stakeholders and broader social commitments.

The long-term success of CSS(E)L business is dependent on the existence of a sound social environment and stable economy. In addition to its core banking activities, CS group is committed to acting as a reliable partner and to making a targeted contribution to economic and social development in the regions where CS group operate.

CSS(E)L, together with the Credit Suisse EMEA Foundation, recognise 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 Foundation supports organisations that address barriers to education or employment and/or equip disadvantaged young people with the knowledge, skills and attitudes and values required to respond to the demands of evolving employment markets or create opportunities through their own entrepreneurial initiative. CS group also works 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.

In 2020, the Credit Suisse EMEA Foundation supported 24 charities, including 13 in the UK. Examples include ThinkForward, an organisation, which supports young people who are disengaged from school transition successfully into higher education or sustained employment. The Credit Suisse EMEA Foundation also supports the Fair Education Alliance, an education coalition uniting over 180 organisations across the UK to work together to ensure that no child's educational success is determined by their socio-economic background.

→ More details can be found at: www.credit-suisse.com/responsibility/society.

Employee Matters

CSS(E)L business performance is dependent on the skills, experience and conduct of highly skilled individuals and teams. Therefore, its continued ability to build lasting value by serving its clients depends on its ability to attract, retain and motivate highly talented and diverse employees.

CSS(E)L is an Equal opportunity employer, focused on Diversity & Inclusion, supported by a global Conduct & Ethics framework and has initiatives to support the wellbeing, work life balance and career goals for all employees.

Equal Opportunity

CSS(E)L is an equal opportunity employer and has always been committed to an inclusive and equitable culture at the Company and being a responsible partner in society.

CSS(E)L adopts the CS group policies that are committed to providing equal employment opportunities to all employees and applicants in every facet of its operations. All employment-related decisions, including with respect to hiring, employee treatment, 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 will be no regard to ethnicity, nationality, gender, sexual orientation, gender identity, religion, age, civil partnership, marital or family status, pregnancy, disability or any other status this is protected as a matter of local law.

As part of the recruitment processes in particular, CSS(E)L will consider 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

In recent years, CSS(E)L has been focusing in particular on gender representation across its businesses with the goal of increasing the number of women in the organisation by concentrating on key elements across the employee lifecycle.

As part of this programme, in June 2016, CSG was one of the first signatories to Her Majesty's Treasury Women in Finance Charter to aim for a minimum of 35% female representation on its management committees by the end of 2020. At the end of 2020, the female representation across all management committees is 38%. In addition to achieving this target, an internal commitment has been made to continue tracking this measure throughout 2021.

Additional initiatives include the 'Real Returns' programme. This programme, designed to re-engage talented senior professionals, helping and facilitating their transition back into the workforce, reached the milestone this year of over 100 participants. Real Returns will remain a core element of CSS(E)L's continued drive for tangible and positive change in gender diversity, making it truly reflective of the communities we live in, partner with and serve.

In 2020, the strategic focus has been strengthened in CSS(E)L on the Black, Asian, and Minority Ethnic ('BAME') employee population. In July 2020, CSS(E)L signed the Business in the Community ('BITC') Race at Work Charter, which includes five calls to action to ensure that BAME employees are fully represented at all levels within an organisation. To this end, it has focused on collecting and analysing the ethnic make-up of the CSS(E)L population.

The CS group also supports internal employee networks worldwide that serve as a platform for the exchange of knowledge and experience, fostering mutual understanding and helping to strengthen corporate culture. The networks within the Company, are run by employees on a voluntary basis, and focus on gender, families, wellbeing, lesbian, gay, bisexual and transgender individuals, and BAME employees. The networks within the Company also support veterans, employees with physical disabilities, mental health issues and employees who have caring responsibilities.

Conduct & Ethics

CSS(E)L is committed to ensuring it has an appropriate corporate culture, reflecting a focus on risk, ethics and values. CSS(E)L believes that having the right culture will deliver a number of other benefits including the opportunity to create a competitive advantage. The UK Culture Program was set up to articulate the culture aspired to for CS group in the UK and also to create the right environment for those who work here, encouraging individuals to behave consistently in line with these aspirations.

In 2017, CS group launched a set of Conduct and Ethics Standards and implemented new governance in the UK to manage the delivery of a group-wide Culture Program and disciplinary process. As such, the UK Culture Steering Committee and the Disciplinary Review Committee became the UK Conduct and Ethics Board ('UK CEB'). The UK CEB has two related purposes:

- to establish a clearly articulated and strong corporate culture across the UK based on the global Conduct and Ethics Standards; and
- to ensure disciplinary decisions for UK employees, and employees outside of the UK who are in the scope of the UK regulators, are fair, consistent and meet the expectations of the CS group CEB, UK CEB and the UK regulators.

In July 2018, CS group appointed a global Conduct & Ethics Ombudswoman who serves as a point of immediate escalation when sexual harassment claims arise to ensure appropriate senior management awareness of and attention to such claims. Because of this appointment, new policies, protocols, practices and training programmes were implemented globally to promote awareness of and sensitivity to these issues.

In December 2020 the CSG purpose statement – *we build lasting value by serving our clients with care and entrepreneurial spirit* - was launched internally and externally. It seeks to communicate what is unique to Credit Suisse and intends to make each employee proud to be part of the organisation.

Wellbeing & Benefits

CSS(E)L launched a Wellbeing Programme in 2019 that introduced a number of initiatives to support employee financial, physical and mental health wellbeing needs, In May 2020, CS group appointed a global head of Wellbeing and Benefits strategy who is now working towards implemented a global strategy on this important area.

During 2020 CSS(E)L has been focused in particular on supporting employee wellbeing during the current pandemic and there have been a wide range of events made available to all staff including sleep, resilience, positivity, nutrition, exercise, managing stress etc. There is an active wellbeing and care network and over 100 people trained as mental health first aiders to give peer support. In 2020 Virtual GP provision was implemented along with Stronger Minds – a medical pathway to support employees experiencing mental health issues, without the need to see a GP first.

Additional measures introduced this year to support CSS(E)L employees include family leave. CS group introduced family leave in March for all staff to support those individuals unable to work from home whilst also looking after children or other family members. This was extended indefinitely in September in locations where schools remain closed or where they are closed again in the future. Additional measures include the introduction of working from home equipment allowances (IT, chairs etc.)

CSS(E)L also recognises many of its workforce balance their career with caring responsibilities outside of the workplace and has introduced a range of different options to help support this balance. This includes enhanced emergency childcare options, elder care and provisions to take time out of the office to perform caregiver duties. CSS(E)L also encourages discussions between employees and managers around potential flexible working arrangements.

CSS(E)L offers a range of flexible benefits including medical, critical illness, life assurance and also income protection benefits for employees who, whether temporarily or permanently, are unable to work due to disability.

Career Development

CSS(E)L provides a wide range of opportunities for individuals who are starting careers post-graduation. Those hired into one of the bespoke graduate programmes receive specific training, mentoring and career advice, with the aim of aiding their transition to a long-term career with CS group.

Communication

CS group and CSS(E)L is committed to keeping employees informed of changes within the organisation, including but not limited to, financial and economic factors affecting the performance of the CS group and CSS(E)L. This is achieved through a number of different channels, including regular town hall meetings and Q&A sessions, with senior leaders, podcasts, divisional and functional line management meetings, webcasts, intranet updates, email bulletins focused on specific issues, and via our active employee networks.

In addition to formal consultation processes (where required), employee feedback is frequently sought and is actively encouraged. For example, in 2020, all CSS(E)L employees were consulted on the COVID-19 secure changes that had been introduced to the office environment. In addition, staff who voluntarily re-entering the workplace were informed on how to provide feedback and raise issues on an ongoing basis. During 2020, staff received four separate pulse surveys to gauge their views and enable them to provide feedback on a number of topics related to the pandemic. This included how they felt supported and informed throughout the year. Staff feedback was used to inform managements planning and to determine what further support was required.

Employees are encouraged to be invested in the company's performance as at certain levels in the organisation, select personnel receive a portion of their annual compensation in the form of deferred compensation linked to the overall performance of Credit Suisse.

Respect for Human Rights

CS group, including CSS(E)L, strives to assume responsibilities in the area of human rights in accordance with the International Bill of Human Rights as well as the corresponding principles on human and labour rights set out in the UN Global Compact. CS group takes account of these principles in its own policies and business activities. The "Statement on Human Rights" describes the foundations of CS group's responsibility to respect human rights and the approaches, processes and tools used to implement it.

Equally, CS group expects its business partners to recognise and uphold human rights.

CS group consider human rights issues in its risk management processes and are aware of its responsibilities as an employer. Furthermore, the Modern Slavery and Human Trafficking Transparency Statement sets out the steps that CS group is taking to prevent the occurrence of modern slavery and human trafficking in its business operations and within its supply chain. CSS(E)L has been a Living Wage Employer since 2017.

→ More details on the topic of human rights, including its Modern Slavery and Human Trafficking Transparency Statement, can be found at:

→ https://www.credit-suisse.com/about-us/en/our-company/corporate-responsibility/banking/human-rights.html

Modern Slavery and Human Trafficking

In its role as an employer, and as a user and provider of services, CS group including CSS(E)L, is committed to human rights and respects them as a key element of responsible business conduct. CS group voluntarily commits to uphold certain international agreements relating to human rights, including: the Equator Principles, Principles for Responsible Investment and UN Global Compact.

A number of internal policies, commitments and controls which are already in place help to eradicate modern slavery and human trafficking in the supply chain and across the business. In addition, CS group Supplier Code of Conduct aims to ensure that the CS group's external business partners, including their employees, subsidiaries and subcontractors, respect human rights, labour rights, employment laws and environmental regulations. In 2016, CS group introduced a formal Third Party Risk Management ('TPRM') framework to scrutinise and monitor the operational, financial and reputational risk associated with third party relationships. The TPRM framework provides for structured due diligence assessments of the all suppliers to identify where modern slavery and human trafficking risks may exist and also allows CS group to regularly monitor these relationships, to raise and track issues, and to therefore better understand the associated risks and, if necessary, demand actions for improvement from suppliers and service providers.

→ More details including the complete statement, made pursuant to section 54, Part 6 of the Modern Slavery Act 2015, is publicly available and can be found at www.credit-suisse.com.

Anti- Bribery and Corruption Matters

CS group, including CSS(E)L, 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 regularly 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

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

Members of the Board and Board Committees

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

	Board member since	Independence	Audit Committee	Risk Committee	Nomination Committee	Advisory Remuneration Committee	Conflicts Committee
John Devine, Chair	2017	Independent	-	Member	Chair	-	Member
David Mathers, CEO	2016	-	-	-	-	-	-
Alison Halsey	2015	Independent	Chair	Member	Member	Member	Chair
Debra Davies	2019	Independent	Member	-	Member	Member	Member
Andreas Gottschling	2018	-	-	Member	Member	Chair	-
Doris Honold	2020	Independent	Member	Chair	Member	-	Member
Christopher Horne, Deputy CEO	2015	-	-	-	-	-	-
Caroline Waddington, CFO	2017	-	-	-	-	-	-
Ralf Hafner, CRO	2020	-	-	-	-	-	-
Jonathan Moore	2017	-	-	-	-	-	-
Nicola Kane	2018	-	-	-	-	-	-

Board Composition

A number of Board composition changes have been effected since 1 January 2020 including the appointment of Doris Honold as an independent Non-Executive Director ('iNED') and Risk Committee Chair and the appointment of Ralf Hafner as Executive Director and Chief Risk Officer. Paul Ingram and Michael Dilorio have resigned as Executive Directors during 2020.

SMCR

As required by the PRA and FCA, the Senior Managers and Certification Regime ('SMCR') has been in operation since Q1 2016. The SMCR framework seeks to increase individual accountability and enhance culture in financial services through:

- Mandating the clear allocation of all activities, business areas and management functions of the in-scope legal entities to a small number of Senior Managers who are approved by the UK Regulators;
- Identifying a set of functions that expose the in-scope legal entities to manage risk through their day-to-day activities and requiring that the staff performing these functions are captured as Certified Staff and confirmed annually as 'Fit & Proper'; and
- Implementing and enforcing a set of Conduct Rules that reflect the core standards expected of staff.

Internal Control and Financial Reporting

Board Responsibilities

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

The key procedures that have been established are designed to provide effective internal control within the CSS(E)L Group. Such procedures for the ongoing identification, evaluation and management of the significant risks faced by the Company have been in place throughout the year and up to 30 April 2021, the date of approval of the CSS(E)L Annual Report for 2020.

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

The Board receives regular reports on any risk matters that need to be brought to its attention. Significant risks identified in connection with the development of new activities are subject to consideration by the Board.

There are well-established business planning procedures in place and reports are presented regularly to the Board detailing the performance of each principal business unit, variances against budget, prior year and other performance data.

The Board's primary functions and types of decisions taken by the Board are:

Strategy and Management

- Set local strategy and oversee that the management of CSS(E)L is in line with the global or divisional strategy of the CSG;
- Act in good faith and in the best interests of CSS(E)L, exercise independent judgement and consider and avoid conflicts of interest where possible. Act in CSS(E)L's best interests may, as the case may be, include the best interests of the parent company and of the CS group;
- In the event of any conflicts of interest arising in the Board decision making process, declare such conflicts and ensure that they are appropriately managed;
- Act in accordance with the Management of Conflicts of Interest Memorandum. If a matter gives rise to a conflict for a Director of the Company also holding a position on the CSG board which was not manageable by declaration of the conflict of interest, the Director should recuse themselves from participation in the Company Board or Board Committee discussions and decisions relating to the matter giving rise to the conflict. In the event that this was the Chair of the Company Board, the Chair of either the Audit Committee or the Risk Committee would assume the position of the Chair of the Company Board in relation to those decisions. In the event that this was the CEO, the Deputy CEO would assume the position of the CEO in relation to those decisions;
- Ensure arrangements are made for CSS(E)L to fulfil statutory duties;
- Ensure that CSS(E)L operates within the rules and regulations of all applicable jurisdictions;
- Ensure that CS group policies applicable to CSS(E)L are in accordance with the law and with regulatory requirements/ guidelines, appropriate for the entity and are being properly implemented at the entity level;
- Oversee the management of CSS(E)L business within the overall business framework of CS group, delegating specific powers to Board Committees or to other bodies while retaining responsibility and accountability, as appropriate;
- Ensure that CSS(E)L subsidiaries, branches and representative offices are adequately controlled and governed and appropriately governed including changes to Branch Managers / representatives;
- Review and consider the application of the business strategy recommended by executive management as far as it relates to CSS(E)L, ensuring that it does not expose CSS(E)L to unacceptable risk;
- Provide direction for and challenge to management;
- Review CSS(E)L performance, and monitor the execution of business strategy and plan as far as they are related to CSS(E)L;
- Ensure that CSS(E)L has adequate financial resources to meet its objectives and effectively manage risk;
- Review and consider material new business proposals;
- Review and consider standard reporting, including CSS(E)L financials (full breakdown by lines of business and existing data on remote booking), market and risk exposures, capital, liquidity and funding; and
- Review and consider reports by Board Committee Chairs on material issues.

Culture

- Review and consider programs and initiatives to support and monitor an appropriate culture, conduct and behaviour in business areas relevant to CSS(E)L;
- Review annually the decisions made by the CSS(E)L Executive Committee relating to the registration and de-registration of Senior Managers that are not members of the Board;
- Ensure that HR policies and procedures are in accordance with the law and regulatory requirements / guidelines, and are appropriate, ensuring that they do not expose CSS(E)L to unacceptable risk and are properly implemented at an entity level;
- Support the Whistleblower Champion to review and assess the integrity, independence, effectiveness and autonomy of

CSS(E)L Reportable Concern Officer / Whistleblower policies and procedures, including the protection of employees who raise concerns from detrimental treatment; and
- Review reports prepared by Compliance on the operation and effectiveness of whistleblowing arrangements, including (i) significant whistleblowing matters which have been reported to the regulators; (ii) any instances where a successful claim has been made at an Employment Tribunal that an employee has been victimised as a result of whistleblowing; and (iii) training and measures undertaken within CSS(E)L to increase awareness of and promote CSS(E)L Whistleblower arrangements.

Risk Management
- Review and approve the risk policies, risk appetite and framework for CSS(E)L, including through the approval of risk limits for the Company;
- Review CSS(E)L material credit, market, operational, conduct, and reputational risk exposures, liquidity and liability management, and the Capital Framework to ensure the safety and soundness of CSS(E)L's operations;
- Consider and assess the systems and controls in relation to the incurring of risk on behalf of CSS(E)L so as to ensure a reasonable level of assurance that the appetite of risk that CSS(E)L will incur is consistent with that which the Board considers it prudent for CSS(E)L to take; and
- Review and consider risk limits or exceptions escalated from the Board Risk Committee.

Financial Reporting and Internal Control
- Review and approve Annual Financial Statements, including the Directors' Report;
- Review and approve the Annual Strategy and Plan;
- Review and approve the control frameworks for all business booked into CSS(E)L;
- Review and consider the control framework for all functions that support the business of the Company (including, in the case of outsourced or deployed functions being satisfied that appropriate contractual and service level agreements are in place);
- Consider reports and issues relating to entity financials including Financial Accounting, Product Control and Tax (full breakdown by lines of business and existing data on remote booking), market and credit risk exposures, capital, liquidity and funding, internal control, regulatory, legal or compliance escalated from divisional committees, Board Sub-Committees or other relevant committees; and
- Consider the adequacy of management information.

Delegation

- The Board will delegate execution of certain audit duties to the Audit Committee while retaining responsibility and accountability, and will consider the report by the Audit Committee Chair, four times per year;
- The Board will delegate execution of certain risk duties to the Risk Committee while retaining responsibility and accountability, and will consider the report by the Risk Committee Chair, four times per year;
- The Board will delegate execution of certain nomination duties to the Nomination Committee while retaining responsibility and accountability;
- The Board will delegate execution of certain advisory remuneration duties to the Advisory Remuneration Committee while retaining responsibility and accountability; and
- The Board will monitor the effectiveness and independence of its Committees and will ensure that its Committees are able to use any forms of resources they deem appropriate, including external advice.

Escalation

- Consider escalation by the Board of any significant issues to the CSG Board and Audit Committee, Risk Committee or Executive Board; and
- Consider the limits on the authority of the Committees to which authority, but not responsibility and accountability, has been delegated by the Board and the guidance to be given in exercising the authority delegated by the Board.

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 CS 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 knowledge, skills, experience and diversity of Board members and Board succession planning. 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. The Board mandated an external firm to perform an evaluation of the Board. The Board has approved updated Board and Board Committees' objectives for 2021.

Board Training

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

Board Diversity Policy

CSS(E)L recognises and embraces the benefits of building a diverse and inclusive culture and having a diverse board. The Board Diversity Policy sets out the approach to diversity on the Board of Directors. A diverse Board will include and make good use of differences in the skills, regional and industry experience, independence and knowledge, background, race, gender and other distinctions between Directors. The Nomination Committee will consider these attributes in determining the optimum composition of the Board and when possible will be balanced appropriately. The Board maintains its initial target of at least 25% female representation on the Board in 2020 and will continue to monitor the composition in 2021 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

Nineteen Board meetings were held in 2020 including scheduled Board meetings, ad hoc Board meetings and COVID-19 Board briefings. 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.

Meeting Attendance

The members of the Board are encouraged to attend all Board and committee meetings on which they serve.

	Board of Directors [1]	Audit Committee [2]	Risk Committee [3]	Nomination Committee [4]	Advisory Remuneration Committee [5]	Conflicts Committee [6]
in 2020						
Total number of meetings held	19	7	6	4	7	4
Number of members who missed no meetings	6	3	4	5	2	4
Number of members who missed one meeting	3	1	–	–	1	–
Number of members who missed two or more meetings	4	–	–	–	–	–
Meeting attendance, in %	93	100	100	100	95	100

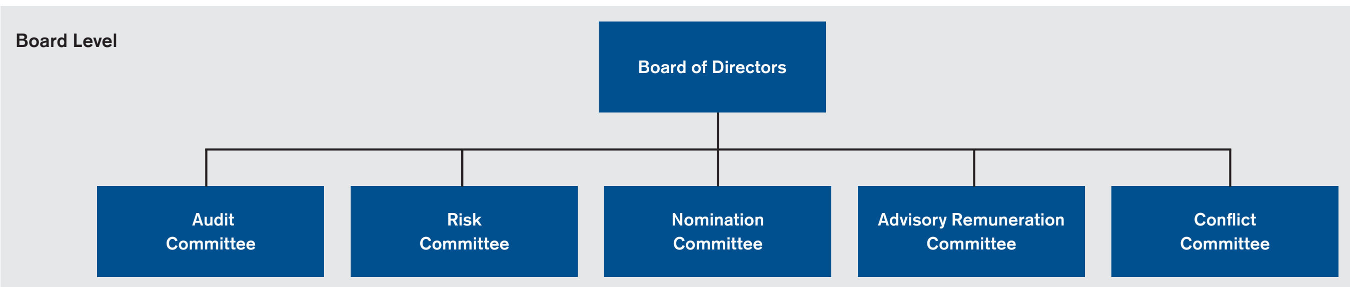
[1] The Board consisted of eleven members at the beginning and at the end of the year, with two members resigning and two being appointed.
[2] The Audit Committee consisted of three members at the beginning and at the end of the year with one member resigning and one being appointed.
[3] The Risk Committee consisted of three members at the beginning of the year and four members at the end of the year with one member being appointed.
[4] The Nomination Committee consisted of four members at the beginning of the year and five members at the end of the year with one member being appointed.
[5] The Advisory Remuneration Committee consisted of three members at the beginning and at the end of the year.
[6] The Conflicts Committee consisted of three members at the beginning of the year four members and the end of the year with one member being appointed.

Committees

Board Committees overview

Certain powers are delegated to Board Committees, while retaining responsibility and accountability, which assist the Board in carrying out its functions and ensure that there is independent oversight. The Chair of each Board Committee reports to the Board.

Summary of Key Governance Committees



Audit Committee

The Audit Committee's ('AC') primary function is to assist the Board in fulfilling the Board's oversight responsibilities defined by law, articles of association and internal regulations by:

- monitoring and assessing the overall integrity of the financial statements and disclosures of the financial condition, results of operations and cash flows of CSS(E)L;
- reporting to the Board on the outcome of the statutory audit and explaining how the statutory audit contributed to the integrity of financial reporting and what the role of the AC was in that process;
- monitoring the adequacy and integrity of the financial accounting and reporting processes and the effectiveness of internal quality controls regarding CSS(E)L's financial reporting;
- monitoring processes designed to ensure compliance by CSS(E)L in all significant respects with legal requirements, including disclosure controls and procedures, and the impact (or potential impact) of developments related thereto;
- assessing the effectiveness of internal controls that go beyond the area of financial reporting;
- being responsible for contributing to the procedure for the selection of the External Auditors and recommending the External Auditors to be appointed;
- monitoring the qualifications, independence and performance of the External Auditors including the suitability of the External Auditors' provision (if any) of any non-audit services to CSS(E)L;
- monitoring the statutory audit of CSS(E)L annual and consolidated financial statements, in particular its performance, taking into account any findings and conclusions by the competent authority; and
- reviewing and assessing the independence, integrity and adequacy of resourcing, and overseeing the performance of the Internal Audit Department, in particular its implementation and maintenance of an audit plan to examine and evaluate the adequacy and effectiveness of systems, internal control mechanisms and arrangements.

In reviewing the CSS(E)L Annual Report 2020, the Audit Committee considered critical accounting estimates and judgements. Details are included in Note 3 – Critical Accounting Estimates and Judgements in Applying Accounting Policies. The Audit Committee additionally considered the projected capital requirements in the next 12 months and, in this context, the continued access to appropriate funding to maintain adequate capital and liquidity positions.

The Audit Committee members are Alison Halsey (Chair), Debra Davies and Doris Honold (from 18 September 2020).

Risk Committee

The Risk Committee's primary function is to assist the Board in fulfilling the Board's risk management responsibilities as defined by applicable law and regulations, articles of association and internal regulations, by periodically:

- providing advice to the Board on CSS(E)L overall current and future risk appetite and assisting the Board in overseeing the implementation of that strategy by management;
- reviewing and approving the strategies and policies for taking up, managing, monitoring and mitigating the risks CSS(E)L is or might be exposed to, including those posed by the macroeconomic environment in which it operates in relation to the status of the business cycle;
- reviewing and assessing the independence, integrity and adequacy of resourcing, and overseeing the performance of the risk management function of CSS(E)L in particular as it relates to market, credit, and liquidity & funding risks and non-financial risks such as legal, strategic and business risks; and group risk;
- reviewing and assessing the independence, integrity and adequacy of resourcing, and overseeing the performance of the Compliance function of CSS(E)L including processes and organisational structures to detect and monitor any risk of failure to comply with applicable regulatory requirements or that CSS(E)L may be used to further financial crime;
- reviewing the adequacy of CSS(E)L capital (economic and regulatory);
- reviewing certain risk limits and regular risk reports including Risk Appetite and make recommendations to the Board;
- reviewing the ICAAP and providing input into the range of scenarios and analyses that management should consider;
- reviewing and assessing the adequacy of the management of reputational risks;
- reviewing and assessing the adequacy of the management of operational risks; and
- reviewing and assessing the independence, integrity and adequacy of resourcing, and overseeing the performance, of the compliance function of CSS(E)L in particular as it relates to the detection and monitoring of any risk that CSS(E)L may fail to comply with applicable regulatory requirements and/or the risk that CSS(E)L may be used to further financial crime.

The Risk Committee members are Doris Honold (Chair from 18 September), John Devine, Andreas Gottschling and Alison Halsey.

Nomination Committee

The duties of the Nomination Committee are to:

- engage a broad set of qualities and competencies when recruiting members to the Board and put in place a policy promoting diversity on the Board;
- identify and recommend for approval, by the Bank's ultimate shareholder (CSG / Credit Suisse AG), candidates to fill Board vacancies, having evaluated the balance of knowledge, skills, diversity and experience of the Board;
- make recommendations to the Board concerning the role of Chair and membership of the Board Committees, in consultation with the Chairs of those committees;
- prepare a description of the roles and capabilities for a particular appointment, and assess the time commitment required;
- decide on a target for the representation of the under-represented gender in the Board and prepare a policy on how to increase the under-represented gender to meet that target;
- periodically, and at least annually, assess the structure, size, composition and performance of the Board and make recommendations to the Board with regard to any changes;

- periodically, and at least annually, assess the knowledge, skills and experience of individual members of the Board and of the Board collectively, and report this to the Board;
- periodically review the policy of the Board for selection and appointment of senior management and make recommendations to the Board;
- recommend to the Board the appointment and removal of CEO and CFO;
- periodically, and at least annually, review the Board and Senior Management strategy for leadership development, talent pipelining, retention, and diversity and specifically approve the Board Succession Plan; and
- in performing its duties and to the extent possible on an on-going basis, take account of the need to ensure that the Board's decision making is not dominated by any one individual or small group of individuals in a manner that is detrimental to the interest of the Bank as a whole.

The Nomination Committee members are John Devine (Chair), Alison Halsey, Andreas Gottschling, Debra Davies and Doris Honold (from 18 September 2020). It complies with the requirements defined in the PRA Rulebook for 'General Organisational Requirements', chapter 6 (Nomination Committee).

Remuneration Approach for CSS(E)L

The CSS(E)L Board has delegated responsibility for remuneration matters to the CSS(E)L Advisory Remuneration Committee ('RemCo') while retaining responsibility and accountability. The purpose of the RemCo is to advise the CSG Compensation Committee and the Board in respect of matters relating to remuneration for the employees of CSS(E)L, in particular members of the CSS(E)L Executive Committee and CSS(E)L's Material Risk Takers ('MRT'). Remuneration for CSS(E)L employees, directors and senior managers is aligned with performance, behaviours, and the achievement of regulatory, company priorities and strategy.

→ The CSG Compensation policy (the 'Policy') applies to CSS(E)L. The CS group policy can be found in the following link https://www.credit-suisse.com/about-us/en/our-company/our-governance/compensation.html. The policy outlines the CS group's remuneration structures and practices and is aligned with the company's purpose, values and culture. The Policy includes consideration of the reputational and behavioural risks to the company that can result from an insufficient scrutiny of compensation and emphasises Credit Suisse's commitment to non-discrimination in terms of gender and/or other individual characteristics in relation to employee compensation.

The Advisory Remuneration Committee Objectives are:
- Regulatory Developments: ongoing monitoring of regulatory requirements and expectations in relation to UK / EU operations;
- Variable Compensation Pool Setting: provide input on divisional compensation pools and actual compensation spending for CSS(E)L at year-end 2020;
- Gender and Equal Pay: review and consider internal equal pay review process outcomes for CSS(E)L and the reasoning for the annual UK Gender Pay Gap disclosures;
- Individual Compensation Awards: review CEO Balanced Scorecard and review compensation for CSS(E)L CEO. Review and, where relevant, challenge individual compensation awards for CSS(E)L Executive Committee, Senior Managers and all other MRTs, both inside and outside the UK for 2020 year-end;
- Senior Manager ('SM') Scorecards: review process for SM Scorecards for year-end 2020 and consider how they meet regulatory priorities; and
- Regulatory Reporting: approve regulatory reporting and disclosures that CSS(E)L are required to make under relevant UK compensation regulations in respect of the 2020 performance year.

The Advisory Remuneration Committee members are Andreas Gottschling, Alison Halsey and Debra Davies.

Conflicts Committee

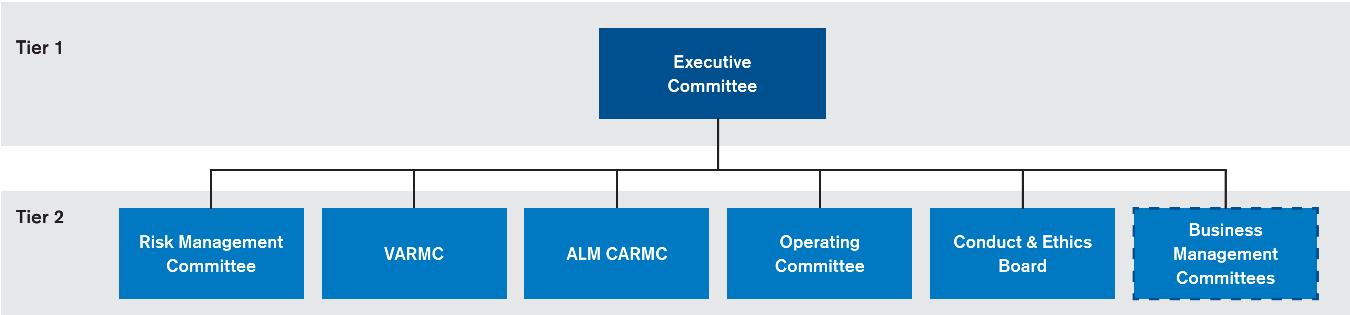
The purpose of the Conflicts Committee is to assist the Board in fulfilling the Board's responsibilities to consider and avoid conflicts of interest and where they arise to declare and manage conflicts, consistent with the Board of Directors Terms of Reference and the Management of Conflicts of Interest Framework. Committee duties are to conduct an annual assessment on behalf of the Board, the Board conflicts governance process and effectiveness of the Conflicts Management Framework, including in particular the effectiveness with which potential conflicts between CSS(E)L and CSG arising out of the multiple roles performed by CSS(E)L Board Directors have been effectively managed, and to report to the Board on such assessment

The duties of the Conflicts Committee are:
- Review of the Conflict Management Framework to confirm that it remains fit for purpose. Update in light of role changes/new subject matter conflicts etc;
- Review of training received by Board Directors/Senior Managers on the framework and assessment of effectiveness;
- Review of which conflicts were escalated/declared through the Conflict Management Framework and how those conflicts were resolved, especially by reference to the subject/role topics in the Conflict Management Framework;
- Consideration of whether issues arose which in retrospect should have been discussed/escalated/declared and were not, and lessons learned;
- Review of progress made in addressing action already undertaken; and
- Review the Conflicts Management Framework for regulatory/legal compliance and address any other feedback.

The Conflicts Committee members are Alison Halsey (Chair), John Devine, Debra Davies and Doris Honold (from 18 September 2020).

Management committees overview

Tier 1 and Tier 2 committees support the Board.



Tier 1 comprises a single management committee, the CSS(E)L Executive Committee ('ExCo'). It is chaired by the CEO and members include the Deputy CEO, CFO, CRO, Head of Internal Audit, CCO, Business Heads and other Support Head Senior Managers. The Deputy CEO deputises as Chair when necessary.

The purpose of the ExCo is to support the CEO in the day-to-day management of CSS(E)L and, in particular, in the delivery of the strategy agreed by the Board. The ExCo facilitates the decision-making process which impacts all aspects of CSS(E)L including: culture, strategy, revenue, reporting, policy, regulatory compliance, risk and control, costs and people. The ExCo is also responsible for identifying and escalating issues to the Board or relevant Board Committees for review, recommendation and/or approval as necessary.

Given the breadth of business activities and multiple areas of focus, the ExCo has an established support structure and it has delegated particular aspects of its mandate to Tier 2 committees, which have a more focused mandates. These Tier 2 committees are chaired by members of the ExCo and are all accountable to the ExCo. The ExCo has also adopted certain Business Management Committees for those business areas without sufficient direct representation on the ExCo.

Risk Management Committee ('RMC')
The RMC is chaired by the CRO of CSS(E)L. It has delegated authority from the ExCo to establish more granular limits within the bounds of CSS(E)L's overall risk limits and risk appetite. Its purpose is to:

- i ensure that proper standards for risk oversight and management are in place;
- ii make recommendations to the Board on risk appetite;
- iii review and challenge the ICAAP and ILAAP results and to make recommendations to the CSS(E)L Board;
- iv define and establish risk limits for both individual businesses and at the portfolio level within authorities delegated by the CSS(E)L Board; and
- v review and implement appropriate controls over remote booking risk relating to CSS(E)L.

Valuation Risk Management Committee ('VARMC')
VARMC is the most senior decision making forum for valuation issues in CSS(E)L, and is run as a sub-committee of the CSG VARMC. Its purpose is to:

- i review, challenge and ratify/modify conclusions from Inventory Valuation Reviews; and
- ii direct resolution of significant inventory valuation issues. It also establishes non-actionable variance thresholds (both positive and negative) that are to be monitored on a monthly basis.

Asset and Liability Management & Capital Allocation and Risk Management Committee ('ALM CARMC')
The ALM CARMC is chaired by the CFO. It is responsible for assisting the Board in providing a robust governance and oversight function with respect to capital, liquidity and balance sheet management in relation to CSS(E)L. Its purpose is to:

- i monitor and challenge the capital and liquidity positions of CSS(E)L against internal and external regulatory limits;
- ii monitor and challenge the systems and controls related to the ALM management framework for CSS(E)L; and
- iii manage CSS(E)L's leverage ratio.

Operating Committee ('OpCo')
The OpCo is chaired by the Deputy CEO. It provides a forum for the effective supervision of operational and control matters across the business areas and central functions, including the projects portfolio, on a front-to-back basis. Its purpose is to:

- i ensure effective performance and control of the business areas and corporate functions;
- ii ensure resolution of Audit points and compliance with regulatory requirements, including compliance with the CASS regime;
- iii ensure the policy framework is fit for purpose, including the adoption of new policies, as appropriate;
- iv provide oversight over operational activities including remote booking activity, outsourcing activities and the governance of the legal entity branch, subsidiary and representative office network; and
- v provide oversight over projects, management initiatives and new business activities.

Conduct & Ethics Board ('CEB')
The CEB is chaired by the CEO, and is run as a sub-committee of the CS group CEB. Its purpose is to:

i establish, run and monitor a structured approach to embed an appropriate culture in CSS(E)L on behalf of the Board and Chair;
ii support the Divisions and Functions to embed the Conduct and Ethics Standards, ensuring a coordinated and appropriate approach in CSS(E)L;
iii implement and embed the governance framework mandated by the CS group CEB, ensuring coordination with Divisional/Corporate Functions CEBs;
iv review disciplinary cases and provide feedback to those responsible for disciplinary decisions for future reference; and
v ensure compliance with local regulation and statutory requirements.

Business Management Committees ('BMC')
Two additional committees have been established to ensure sufficient oversight for business areas with little or no direct representation on the ExCo:

- ARU, Global Liquidity Group ('GLG') and Valuations Adjustments ('XVA') UK IB Senior Manager Committee; and
- APAC UK IB Senior Manager Committee

Section 172 Statement

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

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

Purpose and Leadership

As part of the CS group stated purpose of building lasting value by serving its clients with care and entrepreneurial spirit, CSS(E)L supports economies through its activities and to play a constructive role within society while generating long-term sustainable returns. CSS(E)L aims to create value for its clients by providing services and products to help them succeed. CSS(E)L recognises the importance of its relationship and engages with its stakeholders. CSS(E)L has implemented a strategy which takes into account the impact of its long-term decisions on its stakeholders and, in doing so, aims to deliver consistent and sustainable profitability.

Strategy

The CSS(E)L strategy is to provide securities and non-securities sales, trading, risk management and settlement services for IB clients and to provide solutions for other divisions, and businesses, including wealth management clients.

Following the UK's withdrawal from the EU, subject to certain exceptions, CSS(E)L completed the transfer of EU clients and EU venue-facing businesses to entities in the EU. Management's strategy continues to be transferring CSS(E)L core businesses to CSi during 2021, as part of a plan to consolidate the UK business in one legal entity.

Corporate Responsibility

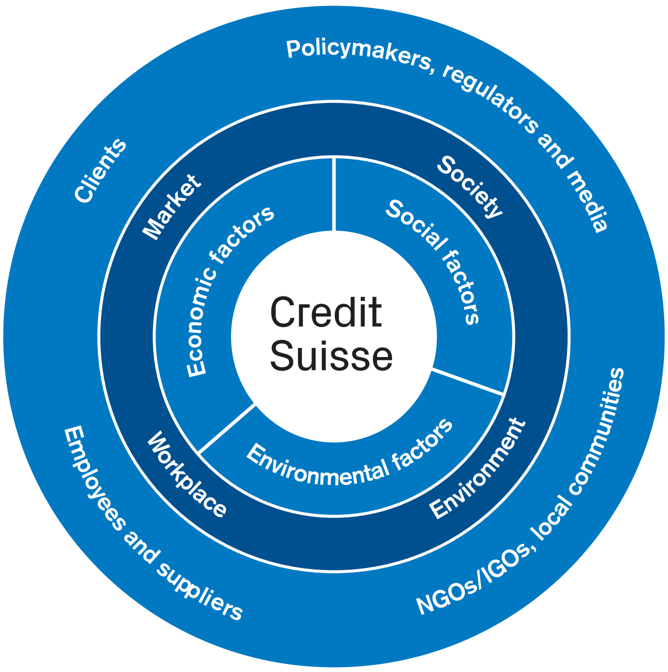
For CSS(E)L, corporate responsibility is about creating sustainable value for clients, shareholders, employees and other stakeholders. CSS(E)L strives to comply with the ethical values and professional standards set out in the CS group Code of Conduct in every aspect of its work, including in the relationship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

The CSS(E)L approach to corporate responsibility is broad and considers respective responsibilities toward clients, shareholders, employees, the environment and society as a whole, which CSS(E)L believes is essential for long-term success. Competence, client focus, compliance, diligence and responsible conduct from qualified and motivated employees are key to the success of its business. CSS(E)L sees itself as an integral part of the economy and society. Through its role as a financial intermediary, CSS(E)L as a material legal entity of CS group supports entrepreneurship and economic growth and makes an economic contribution as an employer, taxpayer and contractual partner. CSS(E)L also supports various organisations, projects and events. CSS(E)L as a material legal entity of CS group supports environmental sustainability, for example, through the development of sustainable and impact investment products and services.

Stakeholders Relationships and Engagement

CSS(E)L businesses work on the basis that long-term success depends to a significant extent on the ability to inspire confidence in CSS(E)L stakeholders. In the current challenging regulatory environment and in view of the developments in the area of financial market policy, it is essential that CSS(E)L takes steps to safeguard and maintain trust.

CSS(E)L is a material legal entity of CS group and regularly engages directly in a dialogue with stakeholders including clients, and employees as well as with regulators, policymakers and Non-Governmental Organisations ('NGO'). This dialogue, combined with the insights gained through CSS(E)L involvement in initiatives, business associations, and forums, as well as through surveys, strengthens Company understanding of the different, and sometimes conflicting, perspectives of CSS(E)L stakeholders. This helps us to identify their interests and expectations at an early stage, to offer its own perspective and to contribute to the development of solutions in response to current challenges wherever possible. At the same time, this exchange allows us to further develop its understanding of corporate responsibilities.



Clients

The CSS(E)L Board has maintained its focus on Client Strategy and ESG client needs. The CSS(E)L Board receives reporting of client trends, themes, performance and strategic direction. This reporting and management information allows the Board to have a clear picture of client activities across all relevant engagement points. As part of the EU Exit Strategy, the CSS(E)L Board has taken decisions to transfer EU clients and EU venue facing broker-dealer business to CSSSV, to transfer EU client lending business activities to CSD and to CSSSV branches. Client concentration trends are monitored to ensure that there is a meaningful depth of client relationships to sustain the viability, profitability and growth of individual business lines. The Investment Banking ('IB') division operates a Key Account Management programme covering the division's most important clients via dedicated senior relationship managers who provide a holistic approach to clients. Regular benchmarking of client performance and service takes place across the businesses and competitor / peer analysis is tracked to ensure a focus on the right client sectors. There is a pro-active effort to maintain high rates of client retention via monitoring of client trends and a continuous self-review. The CSS(E)L client strategy has been to focus on areas of strength and the product pillar approach is an extension of this with strategy aligned to products and clients with whom CSS(E)L can generate profitable growth and build market share.

Equities: The business provides coverage of strategic clients across the Equities pillar with an enhanced client framework. Investment continues to take place in the electronic/low-touch businesses and incorporating emerging technologies.

Credit Products: This business provides a globally coordinated client franchise focusing on origination, trading and financing across investment grade and leveraged finance product. Client coverage strategy is managed within Credit, whilst ensuring holistic coverage of large accounts in collaboration with Key Account Management and other IB businesses.

GTS: This business provides a consolidated global offering with improved distribution capabilities through collaboration across the IB, APAC, IWM and SUB divisions. Cross Asset Investor Products business continues to differentiate by developing innovative structured solutions catering to client demand in key clients sectors. The Financing and Corporate Derivatives business is focused primarily on IWM/SUB clients, Sovereigns, Corporates and Financial Institutions. The Macro and Emerging Markets business targets capital efficient client business. Key strengths also lie in offering clients liquidity and efficient trading solutions via the Agency and Cross Asset Execution businesses.

Society

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

CSS(E)L contributes its expertise to discussions about economic, political, environmental and social issues through its involvement in initiatives, associations and forums. This provides us with an opportunity to contribute its viewpoint as a global bank and to offer its expertise on a range of topics.

Policymakers and legislators

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

CSS(E)L is strongly anchored within its industry and the regulatory environment. This results in an extensive network of organisations and trade bodies, with which CSS(E)L maintains an intensive exchange of ideas and information. Key affiliations of CSS(E)L include CityUK, UK Finance, City of London Corporation and International Regulatory Strategy Group, Association of Financial Markets Europe ('AFME'), International Swaps and Derivatives Association ('ISDA'), International Capital Markets Association ('ICMA'), and New Financial. Public Affairs and Policy provide regular updates to the CSS(E)L Board on strategic topics of relevance, including regular updates on the UK exit from the EU during 2020.

→ For Credit Suisse main global affiliations please see https://www.credit-suisse.com/ch/en/about-us/responsibility/economy-society/our-network.html

Regulators

CSS(E)L works closely with regulators to ensure a constructive regulatory dialogue and to provide transparency on the strategy the CS group is taking, particularly in the UK, in order to help reduce risk in the industry and provide a more sustainable banking landscape over the long term. CSS(E)L has open and regular engagement with its regulators, ensuring clarity and transparency, and sharing views and expectations of CSS(E)L. The primary regulatory engagement for CSS(E)L is with the Bank of England including the PRA and FCA supervisory teams and senior management.

Workplace and Employees

The Board has worked with management to raise the profile of talent management, to develop insights into the workforce of the future, and to reinforce the Group Culture program and ensure that it remains a CSS(E)L management priority. The Board has also worked with management to build an inclusive culture reflecting all aspects of diversity but with particular focus on gender parity and black talent.

CSS(E)L's dialogue with society involves listening to its employees to ensure the needs of its people are taken properly into account. CSS(E)L is also in dialogue with suppliers to ensure that they are in line with CSS(E)L requirements for responsible social and environmental conduct.

CSS(E)L engaged with employees has during the year via forums and channels, to gather feedback on how CSS(E)L is doing, with employees given the opportunity to ask questions directly to CSS(E)L Board members and senior management. These channels include employee surveys, town halls, and senior management and Board meetings with small groups of employees. In addition to formal consultation processes where required, employee feedback is frequently sought and is encouraged. For example, in 2020, all CSS(E)L employees were consulted on the Covid-secure changes which had been made to the working environment for employees who were voluntarily re-entering the workplace and were informed about how to provide feedback and raise issues on an ongoing basis. Throughout the pandemic in 2020, employees have received four separate pulse surveys to gauge their views and provide feedback on a number of topics related to the pandemic including whether they felt supported and informed throughout the year. This feedback was then used to determine what further support was required for employees.

CSS(E)L has appointed a Board iNED to be responsible for Employee Engagement on behalf of the Board and to assist the Board in complying with its Board 'People' objective. The iNED keeps the Board apprised on material employee matters including on key people and culture related insights and trends.

Suppliers

CSS(E)L, as a material legal entity of CS group, strives to maintain a fair and professional working relationship with its suppliers. CSS(E)L considers factors like quality and shared values when forming such relationships and strive to work with those who conduct their businesses responsibly. In addition, CSS(E)L has developed a framework to monitor these relationships. It is important for its business partners to know how CSS(E)L's understanding of corporate responsibility affects them. The CS group Supplier Code of Conduct defines the standards relating to business integrity, labour and social aspects, environmental protection and general business principles that CSS(E)L expects suppliers to meet. To achieve further progress in the areas of social and environmental responsibility, the Supplier Code of Conduct may require suppliers to implement measures that go beyond local laws and regulations.

CSS(E)L, as a material legal entity of CS group, has introduced the Third Party Risk Management ('TPRM') Framework to manage financial, operational and reputational risks and to meet the increasing regulatory requirements governing business relationships with third parties. CSS(E)L assesses potential environmental, social and labour law-related risks, among others, in connection with third party suppliers. This assessment informs the commercial assessment, negotiations and eventual contract award process. The TPRM Framework also allows CSS(E)L to continuously monitor these relationships, to raise and track issues, and to better understand the associated risks and if necessary demand actions for improvement from suppliers and service providers.

In addition, CSS(E)L management has established a Service Management Framework ('SMF') to ensure that CSS(E)L operates an effective risk and control environment across all types of service dependencies, which includes ensuring outsourcing arrangements operate within acceptable risk appetite and meet the FCA/PRA Outsourcing Rule book ('SYSC8'). In addition, CS Services AG, London Branch ('UK Service Co') is a London branch of CS Services AG, providing UK-based RRP critical services supporting CSS(E)L. The UK Service Co reports into the Board of the Zurich based parent

The CSS(E)L Board has undertaken a specific review of Corporate Sourcing and Contract Management via its Audit Committee in 2020.

Environment NGOs/IGOs

CSS(E)L, as a material legal entity of CS group, maintains a dialogue with NGOs, intergovernmental organisations ('IGO'), local organisations and other stakeholders to understand their concerns and to address social and environmental issues. CSS(E)L, as a material legal entity of CS group, contributes to the public debate on these topics through its publications, initiatives and events. CSS(E)L considers this dialogue important since it encourages each party to see key issues from a new perspective and it promotes mutual understanding. Working with partner organisations, CSS(E)L strives to contribute to economic and social development. CSS(E)L regularly engages with its stakeholders through participation in forums and round tables and joined industry, sector and specific topic debates. Examples include the Equator Principles Association, Organisation for Economic Co-operation and Development ('OECD') Responsible Business Conduct in the financial sector and the UN Principles on Responsible Banking. Discussions with NGOs centre on topics such as climate change, biodiversity and conservation as well as risks relating to the financing of projects and human rights-related issues.

→ For an overview of sustainability initiatives and memberships, please refer to: https://www.credit-suisse.com/about-us/en/our-company/corporate-responsibility/banking/agreements-memberships.html

Local communities

CSS(E)L cultivates constructive relationships with local organisations and institutions and supports charitable projects through financial contributions, employee volunteering and expertise sharing. The Credit Suisse EMEA Foundation (the 'Foundation'), set up in 2008, is a key vehicle to deliver its strategy to promote economic growth and social change across EMEA through multi-year partnerships involving both financial support and employee engagement. Under the Future Skills Initiative, the Foundation focuses on providing disadvantaged young people with the knowledge skills and attitudes needed for successful careers and adult life. The Foundation grants programme is guided by its Trustees, all of whom are senior leaders within the region. Two of the trustees are CSS(E)L directors and both now serve on the board of two of the Credit Suisse EMEA Foundation grant partners St Giles Trust and Royal National Children's SpringBoard Foundation.

Cancer Research UK was selected 2020 Charity of the Year.

Credit Suisse transferred some of its UK Apprenticeship Levy – which benefitted 12 charities, including 7 Foundation grant partners and other key community partners such as the National Emergency Trust – to support the development of their employees and the capacity of these organisations.

→ More details can be found at www.credit-suisse.com/responsibility/society.

The Strategic Report is approved by Order of the Board

Paul E Hare
Company Secretary

One Cabot Square
London E14 4QJ
30 April 2021

Directors' Report for the year ended 31 December 2020

International Financial Reporting Standards

The CSS(E)L Group and Company 2020 audited Financial Statements have been on a going concern basis and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ('IFRS') and the applicable legal requirements of the Companies Act 2006.

The Annual Report and financial statements were authorised for issue by the directors on 30 April 2021. 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

No dividends were paid or are proposed for the year ended 31 December 2020 (2019: USD Nil).

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 2019 and up to the date of this report are as follows:

Appointment	
Doris Honold	18.09.20
Ralf Hafner	19.11.20
Resignation	
Michael Dilorio	11.05.20
Paul Ingram	22.05.20

On the 30 April 2021 Andreas Gottschling indicated his intention to step down from the board of CSS(E)L effective 30 April 2021.

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

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the directors have prepared the CSS(E)L Group and Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Additionally, the directors are required to prepare the CSS(E)L Group and Company financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the EU.

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

- select suitable accounting policies and then apply them consistently;
- state whether, for CSS(E)L Group and Company, international standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the EU 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 CSS(E)L Group and Company will continue in business.

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the CSS(E)L Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the CSS(E)L Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the CSS(E)L Group financial statements, Article 4 of the IAS Regulation.

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

Directors' confirmations

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

- the CSS(E)L Group and Company financial statements, which have been prepared in accordance with international standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the EU, give a true and fair view of the assets, liabilities, financial position and profit of the CSS(E)L Group and profit of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of CSS(E)L Group and Company, together with a description of the principal risks and uncertainties that it faces.

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

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

Risk and Capital

Risks are detailed in Note 40 – Financial Risk Management. The way in which these risks are managed are detailed in the Risk Management Section of the Strategic Report.

Changes made to the capital structure are set out in Note 28 – Share Capital and Share Premium and Note 42 – Capital Adequacy.

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

→ https://www.credit-suisse.com/about-us/en/investor-relations/financial-regulatory-disclosures/regulatory-disclosures/pillar-3.html

Future Developments

Future developments impacting the Company are detailed in the 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 Company develops new products and services in each of its business divisions.

SECR

The new 2020 SECR disclosures have been disclosed in the Strategic Report.

Branches and Representative Offices

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

Donations

During the year the CSS(E)L Group made USD 123,634 (2019: USD 163,854) of charitable donations. There were no political donations made by the CSS(E)L Group during the year (2019: USD Nil).

Auditor

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

PricewaterhouseCoopers AG was elected as the CS group's new statutory auditor at the 2020 Annual General Meeting ('AGM') for the CS group and the CS group has successfully completed rotation of its external auditor from KPMG AG. The CS group retains a single global audit firm as its principal external auditor. The CS group AGM elects the statutory auditor annually. The CSS(E)L Audit Committee was consulted at each stage and contributed to the process. The Board resolved to appoint PricewaterhouseCoopers LLP ('PwC') as the new statutory auditor for CSS(E)L on 25 March 2020. The appointment is effective from the financial year ended 31 December 2020 and this is therefore PwC's first full year in post as external auditor.

Subsequent events

In the UK budget announcement of 3 March 2021, the UK government announced its intention to increase the UK corporation tax rate from 19% to 25% with effect from 1 April 2023. In addition, it announced that it would be undertaking a review of the UK bank corporation tax surcharge rate (currently 8%) in Autumn 2021 to ensure that the combined rate of tax on banks' profits does not increase substantially from its current level, that rates of taxation in the UK are competitive with the UK's major competitors in the US and the EU, and that the UK tax system is supportive of competition in the UK banking sector. Given the uncertainty of the combined rate of tax on bank's profits to apply from 1 April 2023, it is not possible to assess the overall impact of the proposed changed in the UK corporation tax rate and UK bank corporation tax surcharge on deferred tax assets and liabilities.

By behalf of the Board

C. Waddington

Caroline Waddington
Director

One Cabot Square
London E14 4QJ
30 April 2021

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

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2020 and of the group's and company's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements 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 the company statement of financial position as at 31 December 2020; the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and the company statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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 the 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 the Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and the Directors' report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to securities markets, trading and other financial products and services including conduct of business, principally those determined by the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA"), 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 preparation of the financial statements such as the Companies Act 2006. 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 increase revenue or reduce costs; creating fictitious transactions to hide losses or to improve financial performance; 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 accounting estimates. 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 group engagement team and/or supporting auditors 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;
- Evaluating and testing of the operating effectiveness of management's controls designed to prevent and detect fraud in financial reporting;
- Reviewing key correspondence with regulatory authorities (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 posted with particular descriptions, relating to particular dates or with other unusual characteristics;
- 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 significant accounting estimates, in particular those related to the valuation of financial instruments;
- Testing of information security controls relating to system access and change management;
- Testing of entity-level controls; and
- Incorporating unpredictability in the selection of the nature, timing and extent of audit procedures performed.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or

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

We have no exceptions to report arising from this responsibility.

Duncan McNab (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 April 2021

Financial Statements for the year ended 31 December 2020

Consolidated Statement of Income for the year ended 31 December 2020

	Reference to note	2020	2019
Consolidated Statement of Income (USD million)			
Continuing Operations			
Interest income	4	22	113
- of which Interest income from instruments at amortised cost		22	113
Interest expense	4	(8)	(4)
- of which Interest expense on instruments at amortised cost		(8)	(4)
Net interest income		14	109
Commission and fee income	5	101	72
Release of provision for credit losses	7	–	–
Net gains/(losses) from financial assets/liabilities at fair value through profit or loss	8	4	66
Other revenues	9	16	17
Net revenues		**135**	**264**
Compensation and benefits	10	(24)	(27)
General, administrative and trading expenses	11	(248)	(60)
Restructuring expenses		(1)	–
Total operating expenses		**(273)**	**(87)**
(Loss)/Profit before taxes from continuing operations		**(138)**	**177**
Income tax expense from continuing operations	12	(21)	(43)
(Loss)/Profit after taxes from continuing operations		**(159)**	**134**
Discontinued Operations			
Profit before tax from discontinued operations	26	**107**	**21**
Income tax expense from discontinued operations	12,26	–	(81)
Profit/(Loss) after taxes from discontinued operations		**107**	**(60)**
Net (loss)/profit attributable to Credit Suisse Securities (Europe) Limited shareholders		**(52)**	**74**

Consolidated Statement of Comprehensive Income for the year ended 31 December 2020

CSS(E)L Group	2020	2019
Consolidated Statement of Comprehensive Income (USD million)		
Net (Loss)/ Profit	**(52)**	**74**
Foreign currency translation	27	(16)
Net investment hedge – net (loss)/gain	(20)	21
Cash flow hedges – effective portion of changes in fair value	(1)	2
Total items that may be reclassified to Statement of income	**6**	**7**
Transfer of UK Pension Fund to CSi-reclass from AOCI to retained earnings	–	(577)
Transfer of UK Pension Fund to CSi-reclass of Tax from AOCI to retained earnings	–	168
Remeasurement of defined benefit pension assets	–	173
Related tax on re-measurement of defined benefit pension assets	–	(43)
Remeasurement of defined benefit liability	–	(9)
Total items that will not be reclassified to Statement of income	**–**	**(288)**
Other comprehensive profit/(loss), net of tax	**6**	**(281)**
Total comprehensive loss	**(46)**	**(207)**
Attributable to Credit Suisse Securities (Europe) Limited shareholders	(46)	(207)

Refer to Note 27 Accumulated Other Comprehensive Income for details.

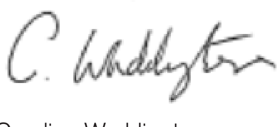
The notes on pages 60 to 177 form an integral part of the Financial Statements.

Consolidated Statement of Financial Position as at 31 December 2020

	Reference to note	2020	end of 2019
Assets (USD million)			
Cash and due from banks		2,347	2,744
Interest bearing deposits with banks		7,990	14,550
Securities purchased under resale agreements and securities borrowing transactions	14	11,413	8,329
Trading financial assets mandatorily at fair value through profit or loss	15	4,428	4,325
of which positive market values from derivative instruments	*15*	4,380	4,087
Non-trading financial assets mandatorily at fair value through profit or loss	16	8,715	17,151
Current tax assets		19	38
Deferred tax assets	13	48	44
Other assets	18	6,053	6,201
Property and equipment	20	18	2
Intangible assets	21	3	2
Assets held for sale	26	23,341	39,979
Total assets		**64,375**	**93,365**
Liabilities (USD million)			
Due to Banks [1]	22	171	237
Securities sold under repurchase agreements and securities lending transactions	14	292	2,063
Trading financial liabilities mandatorily at fair value through profit or loss	15	5,681	5,270
of which negative market values from derivative instruments	*15*	4,572	3,812
Financial liabilities designated at fair value through profit or loss	17	7,184	16,652
Borrowings	23	3,429	3,663
Current tax liabilities		16	11
Other liabilities	18	9,713	10,666
Provisions	24	229	33
Debt in issuance	25	8,955	15,239
Liabilities held for sale	26	21,663	32,462
Total liabilities		**57,333**	**86,296**
Shareholders' equity (USD million)			
Share capital	28	3,859	3,859
Capital contribution		175	156
Retained earnings		3,349	3,401
Accumulated other comprehensive income	27	(341)	(347)
Total shareholders' equity		**7,042**	**7,069**
Total liabilities and shareholders' equity		**64,375**	**93,365**

[1] Deposits are renamed as 'Due To Banks' to better describe the nature of items under the heading.

The financial statements on pages 52 to 177 were approved by the Board of Directors on 30 April 2021 and signed on its behalf by:



Caroline Waddington
Director

The notes on pages 60 to 177 form an integral part of the Financial Statements.

Company Statement of Financial Position as at 31 December 2020

	Reference to note	2020	end of 2019
Assets (USD million)			
Cash and due from banks		2,343	2,740
Interest bearing deposits with banks		7,990	14,550
Securities purchased under resale agreements and securities borrowing transactions	14	11,413	8,329
Trading financial assets mandatorily at fair value through profit or loss	15	4,433	4,333
of which positive market values from derivative instruments	*15*	4,386	4,094
Non-trading financial assets mandatorily at fair value through profit or loss	16	8,716	17,153
Current tax assets		19	38
Deferred tax assets	13	48	44
Other assets	18	6,034	6,169
Property and equipment	20	18	2
Intangible assets	21	3	2
Assets held for sale	26	23,341	39,979
Total assets		**64,358**	**93,339**
Liabilities (USD million)			
Due to Banks [1]	22	171	237
Securities sold under repurchase agreements and securities lending transactions	14	292	2,063
Trading financial liabilities mandatorily at fair value through profit or loss	15	5,684	5,266
of which negative market values from derivative instruments	*15*	4,575	3,808
Financial liabilities designated at fair value through profit or loss	17	7,168	16,634
Borrowings	23	3,429	3,663
Current tax liabilities		16	11
Other liabilities	18	9,713	10,666
Provisions	24	229	33
Debt in issuance	25	8,955	15,239
Liabilities held for sale	26	21,663	32,462
Total liabilities		**57,320**	**86,274**
Shareholders' equity			
Share capital	28	3,859	3,859
Capital contribution		175	156
Retained earnings		3,345	3,397
Accumulated other comprehensive income	27	(341)	(347)
Total shareholders' equity		**7,038**	**7,065**
Total liabilities and shareholders' equity		**64,358**	**93,339**

[1] Deposits are renamed as 'Due To Banks' to better describe the nature of items under the heading.

The Company's loss after tax for the year ended 31 December 2020 was USD 52 million (2019: Profit USD 74 million). As permitted by s408 of the Companies Act 2006, no separate income statement is presented in respect of the Company.

The financial statements on pages 52 to 177 were approved by the Board of Directors on 30 April 2021 and signed on its behalf by:

Caroline Waddington
Director

The notes on pages 60 to 177 form an integral part of the Financial Statements.

Consolidated Statement of Changes in Equity for the year ended 31 December 2020

	Share Capital	Capital contribution	Retained earnings	AOCI [1]	Total share-holders' equity
2020 Consolidated statement of changes in equity (USD million)					
Balance at 1 January 2020	**3,859**	**156**	**3,401**	**(347)**	**7,069**
Foreign exchange translation differences	–	–	–	27	27
Net gain on hedges of net investments in foreign entities taken to equity	–	–	–	(20)	(20)
Cash flow hedges – effective portion of changes in fair value	–	–	–	(1)	(1)
Cash flow hedges – reclassified to profit or loss	–	–	–	–	–
Re-measurement of defined benefit asset	–	–	–	–	–
Related tax on Re-measurement of defined benefit pension assets	–	–	–	–	–
Transfer of UK Pension Fund to CSi	–	–	–	–	–
Tax on transfer of UK Pension Fund to CSi	–	–	–	–	–
Transfer of UK Pension fund to CSi – reclass from AOCI to retained earnings	–	–	–	–	–
Transfer of UK Pension fund to CSi – reclass of Tax from AOCI to retained earnings	–	–	–	–	–
Re-measurement of defined benefit pension liability	–	–	–	–	–
Net loss recognised directly in retained earnings and AOCI	**–**	**–**	**–**	**6**	**6**
Net loss for the year	–	–	(52)	–	(52)
Total comprehensive loss recognised for the year	**–**	**–**	**(52)**	**6**	**(46)**
Gain from business transfer to other CS entities	–	19	–	–	19
Balance at 31 December 2020	**3,859**	**175**	**3,349**	**(341)**	**7,042**
2019 Consolidated statement of changes in equity (USD million)					
Balance at 1 January 2019	**3,859**	**–**	**3,792**	**(66)**	**7,585**
Foreign exchange translation differences	–	–	–	(16)	(16)
Net gain on hedges of net investments in foreign entities taken to equity	–	–	–	21	21
Cash flow hedges – effective portion of changes in fair value	–	–	–	2	2
Re-measurement of defined benefit asset	–	–	–	173	173
Related tax on Re-measurement of defined benefit pension assets	–	–	–	(43)	(43)
Transfer of UK Pension Fund to CSi	–	–	(1,165)	–	(1,165)
Tax on transfer of UK Pension Fund to CSi	–	–	291	–	291
Transfer of UK Pension fund to CSi – reclass from AOCI to retained earnings	–	–	577	(577)	–
Transfer of UK Pension fund to CSi – reclass of Tax from AOCI to retained earnings	–	–	(168)	168	–
Re-measurement of defined benefit pension liability	–	–	–	(9)	(9)
Net loss recognised directly in retained earnings and AOCI	**–**	**–**	**(465)**	**(281)**	**(746)**
Net profit for the year	**–**	**–**	74	**–**	74
Total comprehensive loss recognised for the year	**–**	**–**	**(391)**	**(281)**	**(672)**
Transfer of Prime business to CS AG, Dublin Branch	–	156	–	**–**	**156**
Balance at 31 December 2019	**3,859**	**156**	**3,401**	**(347)**	**7,069**

[1] AOCI refers to Accumulated Other Comprehensive Income.

The notes on pages 60 to 177 form an integral part of the Financial Statements.

Company Statement of Changes in Equity for the year ended 31 December 2020

	Share Capital	Capital contribution	Retained earnings	AOCI [1]	Total share-holders' equity
2020 Company statement of changes in equity (USD million)					
Balance at 1 January 2020	**3,859**	**156**	**3,397**	**(347)**	**7,065**
Foreign exchange translation differences	–	–	–	27	27
Net gain on hedges of net investments in foreign entities taken to equity	–	–	–	(20)	(20)
Cash flow hedges – effective portion of changes in fair value	–	–	–	(1)	(1)
Cash flow hedges – reclassified to profit or loss	–	–	–	–	–
Re-measurement of defined benefit asset	–	–	–	–	–
Related tax on Re-measurement of defined benefit pension assets	–	–	–	–	–
Transfer of UK Pension Fund to CSi	–	–	–	–	–
Tax on transfer of UK Pension Fund to CSi	–	–	–	–	–
Transfer of UK Pension fund to CSi – reclass from AOCI to retained earnings	–	–	–	–	–
Transfer of UK Pension fund to CSi – reclass of Tax from AOCI to retained earnings	–	–	–	–	–
Re-measurement of defined benefit pension liability	–	–	–	–	–
Net loss recognised directly in retained earnings and AOCI	**–**	**–**	**–**	**6**	**6**
Net loss for the year	–	–	(52)	–	(52)
Total comprehensive loss recognised for the year	**–**	**–**	**(52)**	**6**	**(46)**
Gain from transfer to other CS entities	–	19	–	–	19
Balance at 31 December 2020	**3,859**	**175**	**3,345**	**(341)**	**7,038**
2019 Company statement of changes in equity (USD million)					
Balance at 1 January 2019	**3,859**	**–**	**3,788**	**(66)**	**7,581**
Foreign exchange translation differences	–	–	–	(16)	(16)
Net gain on hedges of net investments in foreign entities taken to equity	–	–	–	21	21
Cash flow hedges – effective portion of changes in fair value	–	–	–	2	2
Re-measurement of defined benefit asset	–	–	–	173	173
Related tax on Re-measurement of defined benefit pension assets	–	–	–	(43)	(43)
Transfer of UK Pension Fund to CSi	–	–	(1,165)	–	(1,165)
Tax on transfer of UK Pension Fund to CSi	–	–	291	–	291
Transfer of UK Pension fund to CSi – reclass from AOCI to retained earnings	–	–	577	(577)	–
Transfer of UK Pension fund to CSi – reclass of Tax from AOCI to retained earnings	–	–	(168)	168	–
Re-measurement of defined benefit pension liability	–	–	–	(9)	(9)
Net loss recognised directly in retained earnings and AOCI	**–**	**–**	**(465)**	**(281)**	**(746)**
Net profit for the year	–	–	74	–	74
Total comprehensive loss recognised for the year	**–**	**–**	**(391)**	**(281)**	**(672)**
Transfer of Prime business to CS AG, Dublin Branch	–	156	–	–	156
Balance at 31 December 2019	**3,859**	**156**	**3,397**	**(347)**	**7,065**

[1] AOCI refers to Accumulated Other Comprehensive Income.

The notes on pages 60 to 177 form an integral part of the Financial Statements.

Consolidated Statement of Cash Flows for the year ended 31 December 2020

	Reference to notes	2020 [1]	2019 [1]
Cash flows from operating activities (USD million)			
(Loss)/Profit before tax for the period		(31)	198
Adjustments to reconcile profit/(loss) before tax to net cash used in operating activities			
Non-cash items included in net profit/(loss) before tax and other adjustments:			
Impairment, depreciation and amortisation		1	–
Pension plan charge/(credit)	30	1	(30)
Foreign exchange losses/(gains)		194	63
Accrued interest on debt in issuance		82	186
Share-based payment credit		(1)	(25)
Cash generated before changes in operating assets and liabilities		**246**	**392**
Net decrease in operating assets:			
Interest bearing deposits with banks		6,560	(7,129)
Securities purchased under resale agreements and securities borrowing transactions	14,26	(1,409)	4,128
Trading financial assets mandatorily at fair value through profit or loss	15,26	5,789	(3,299)
Non-Trading financial assets mandatorily at fair value through profit or loss	16,26	16,324	6,478
Other assets	18,26	1,301	1,155
Net decrease in operating assets:		**28,565**	**1,333**
Net (decrease) in operating liabilities:			
Securities sold under repurchase agreements and securities lending transactions	14,26	(5,675)	1,958
Borrowings	23	(234)	831
Trading financial liabilities mandatorily at fair value through profit or loss	15,26	2,451	(5,726)
Financial liabilities designated at fair value through profit or loss	17,26	(18,191)	3,080
Accrued expenses and other liabilities	18,26	(1,222)	(4,201)
Provisions	24	196	32
Net (decrease) in operating liabilities:		**(22,675)**	**(4,026)**
Income taxes paid		(44)	(65)
Income tax refunded		–	49
Group relief received		34	31
Pension plan contribution	30	(1)	(3)
Net cash generated from/(used in) operating activities		**6,125**	**(2,289)**
Cash flows from investing activities (USD million)			
Proceeds from sale of property, equipment and intangible assets	20,21	29	45
Capital expenditure for property, equipment and intangible assets	20,21	(36)	(47)
Net cash (used) in investing activities		**(7)**	**(2)**
Cash flows from financing activities (USD million)			
Issuances of debt in issuance	25	8,849	17,494
Repayment of debt in issuance	25	(15,405)	(15,208)
Increase in capital contribution due to sale of business to common control entity		21	156
Net cash (used in)/generated from financing activities		**(6,535)**	**2,442**
Net (decrease)/increase in cash and cash equivalents		**(417)**	**151**
Cash and cash equivalents at beginning of period [2]		2,507	2,353
Effect of exchange rate fluctuations on cash and cash equivalents held		86	3
Cash and cash equivalents at end of period		**2,176**	**2,507**
Cash and due from banks		2,347	2,744
Due to Banks [3]	22	(171)	(237)
Cash and cash equivalents at end of period		**2,176**	**2,507**

Interest received was USD 684 million (2019: USD 1,275 million), interest paid was USD 699 million (2019: USD 1,441 million).

[1] The CSS(EL) Group has elected to present a statement of cash flows that analyses all cash flows in total – i.e. including both continuing and discontinued operations; amounts related to discontinued operations are disclosed in Note 26.

[2] At 31 December 2020, USD Nil (2019: USD Nil) was not available for use by CSS(E)L relating to mandatory deposits at central banks.

[3] Deposits are renamed as 'Due To Banks' to better describe the nature of items under the heading

The notes on pages 60 to 177 form an integral part of the Financial Statements.

Company Statement of Cash Flows for the year ended 31 December 2020

	Reference to notes	2020 [1]	2019 [1]
Cash flows from operating activities (USD million)			
(Loss)/Profit before tax for the period		(31)	198
Adjustments to reconcile profit/(loss) before tax to net cash used in operating activities			
Non-cash items included in net profit/(loss) before tax and other adjustments:			
Impairment, depreciation and amortisation	20,21	1	–
Pension plan charge/(credit)	30	1	(30)
Foreign exchange losses /(gains)		194	63
Accrued interest on debt in issuance		82	186
Share-based payment credit		(1)	(25)
Cash generated before changes in operating assets and liabilities		**246**	**392**
Net decrease in operating assets:			
Interest bearing deposits with banks		6,560	(7,129)
Securities purchased under resale agreements and securities borrowing transactions	14,26	(1,409)	4,128
Trading financial assets mandatorily at fair value through profit or loss	15,26	5,792	(3,301)
Non-Trading financial assets mandatorily at fair value through profit or loss	16,26	16,325	6,455
Other assets	18,26	1,288	1,172
Net decrease in operating assets:		**28,556**	**1,325**
Net (decrease) in operating liabilities:			
Securities sold under repurchase agreements and securities lending transactions	14,26	(5,675)	1,958
Borrowings	23	(234)	831
Trading financial liabilities mandatorily at fair value through profit or loss	15,26	2,458	(5,717)
Financial liabilities designated at fair value through profit or loss	17,26	(18,189)	3,081
Accrued expenses and other liabilities	18,26	(1,222)	(4,196)
Provisions	24	196	32
Net (decrease) in operating liabilities:		**(22,666)**	**(4,011)**
Income taxes paid		(44)	(65)
Income tax refunded		–	49
Group relief received		34	31
Pension plan contribution	30	(1)	(3)
Net cash generated from/(used in) operating activities		**6,125**	**(2,282)**
Cash flows from investing activities (USD million)			
Proceeds from sale of property, equipment and intangible assets	20,21	29	45
Capital expenditure for property, equipment and intangible assets	20,21	(36)	(47)
Net cash (used) in investing activities		**(7)**	**(2)**
Cash flows from financing activities (USD million)			
Issuances of debt in issuance	25	8,849	17,494
Repayment of debt in issuance	25	(15,405)	(15,208)
Increase in capital contribution due to sale of business to common control entity		21	156
Net cash (used in)/generated from in financing activities		**(6,535)**	**2,442**
Net (decrease)/increase in cash and cash equivalents		**(417)**	**158**
Cash and cash equivalents at beginning of period [2]		2,503	2,342
Effect of exchange rate fluctuations on cash and cash equivalents held		86	3
Cash and cash equivalents at end of period		**2,172**	**2,503**
Cash and due from banks		2,343	2,740
Due to Banks [3]	22	(171)	(237)
Cash and cash equivalents at end of period		**2,172**	**2,503**

Interest received was USD 684 million (2019: USD 1,275 million), interest paid was USD 699 million (2019: USD 1,441 million).

1 The Company has elected to present a statement of cash flows that analyses all cash flows in total – i.e. including both continuing and discontinued operations; amounts related to discontinued operations are disclosed in Note 26.

2 At 31 December 2020, USD Nil (2019: USD Nil) was not available for use by CSS(E)L relating to mandatory deposits at central banks.

3 Deposits are renamed as 'Due To Banks' to better describe the nature of items under the heading

The notes on pages 60 to 177 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 2020

1 General

Credit Suisse Securities (Europe) Limited is domiciled in the United Kingdom and registered in England and Wales. The address of the CSS(E)L Group's registered office is One Cabot Square, London, E14 4QJ. The Consolidated Financial Statements for the year ended 31 December 2020 comprise Credit Suisse Securities (Europe) Limited and its subsidiaries (including structured entities). The Consolidated Financial Statements were authorised for issue by the Directors on 30 April 2021.

2 Significant Accounting Policies

a) Statement of compliance

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

b) Basis of preparation

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

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

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

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

Going Concern

CSS(E)L witnessed a highly challenging environment severely impacted by COVID-19 pandemic. The rapid spread of COVID-19 across the world in early 2020 led to the introduction of tight government controls and travel bans, as well as the implementation of other measures, which quickly closed down activity and increased economic disruption globally. World markets were severely negatively impacted, with multiple industries, including energy, industrials, retail and leisure, significantly affected. However, major central banks and governments around the world have responded by implementing unprecedented monetary and fiscal policy stimulus measures. CSS(E)L is closely monitoring the spread of COVID-19 and the effects on operations and business.

CSS(E)L delivered a stable performance after excluding litigation provisions driven by its IB division. CSS(E)L's balance sheet has decreased significantly in line with its strategic objective of transferring its core businesses primarily to CSi, resulting in CSi being the core UK entity.

Furthermore, from an early stage, CSS(E)L implemented responsive contingency measures for its own operations globally to help protect against the spread of COVID-19, while providing continuity of service. CSS(E)L deployed its robust business continuity management capabilities and took what it believed to be the necessary actions to safeguard operations while ensuring the safety of our teams. In addition, CSS(E)L established and continues to support numerous measures for employees to overcome the challenges of the pandemic, including working from home measures or split working arrangements as well as paid family leave in all markets in which schools are closed for colleagues who are unable to work from home while also looking after their children or other family members. Also, no employees were furloughed under the Government's Coronavirus Job Retention Scheme ('CJRS'). To contribute to the communities in which CS group operates, CS group set up a bank-wide donor-advised matching program, launched to encourage employee donations to charities.

The Board has made an assessment of the ability of the CSS(E)L Group to continue as a going concern for a period of at least 12 months from the date of this report. Based on this assessment, the Board is satisfied that the CSS(E)L 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.

In considering going concern, the directors have reviewed the capital, liquidity and financial position of CSS(E)L including future capital, liquidity and financial plans to the end of 2022, including under a series of stress scenarios. The directors have also considered the market developments during the year caused by COVID-19 and subsequent events in 2021.

CSS(E)L has capital and liquidity surpluses to all regulatory and internal limits and is forecast to maintain its capital surplus through to the end of 2022. Due to CSS(E)L's capital position, surplus capital is expected to be repatriated from CSS(E)L back to CSG during 2021.

CSS(E)L is reliant on funding from Credit Suisse AG ('CS AG') and has received a letter of intent to ensure CSS(E)L can meet its debt obligations for the next 18 months.

CSS(E)L did not utilise any financial assistance offered by the UK government, in order to cope with the COVID-19 pandemic.

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

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

Amendment to definition of Business (IFRS 3): In October 2018, the IASB issued 'Definition of a Business' (Amendments to IFRS 3) to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period. The CSS(E)L Group adopted the Amendments to IFRS 3 on 1 January 2020. The adoption had no material impact to the CSS(E)L Group's financial position, results of operation or cash flows.

Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform: In September 2019, the IASB issued 'Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform' (Amendments to IFRS 9, IAS 39 and IFRS 7) in order to address the financial reporting consequences of the interest rate benchmark reform in the period before the replacement of an existing interest rate benchmark with an alternative reference rate. The amendments are effective for annual periods beginning on or after 1 January 2020. The CSS(E)L Group adopted the Amendments to IFRS 9, IAS 39 and IFRS 7 on 1 January 2020. The adoption had no impact to the CSS(E)L Group's financial position, results of operation or cash flows.

Standards and Interpretations endorsed by the UK Endorsement Board and not yet effective
The CSS(E)L Group is not yet required to adopt the following standard and interpretation which is issued by the IASB but not yet effective and have been endorsed by the UK Endorsement Board.

Amendments to IFRS 9, IAS 39. IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform- Phase 2: In August 2020, IASB Issued 'Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform- Phase 2' (Amendments to IFRS 9, IAS 39, IFRS 4, IFRS 7 and IFRS 16) in order to address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues). The amendments are effective for annual periods starting on or after 1 January 2021. Earlier application is permitted. The amendments will not have material to CSS(E)L Group's financial position, results of operation or cash flows.

c) Basis of consolidation

The consolidated financial statements include the results and positions of the CSS(E)L Group and its subsidiaries (which includes consolidated structured entities). Subsidiaries are entities controlled by the CSS(E)L Group. The CSS(E)L Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When the CSS(E)L Group has decision making rights, it assesses whether it controls an entity and determines whether it is a principal or an agent. The CSS(E)L Group also determines whether another entity with decision-making rights is acting as an agent for the CSS(E)L Group. An agent is a party primarily engaged to act on behalf and for the benefit of another party (the principal) and therefore does not control the entity when it exercises its decision-making authority. A decision maker considers the overall relationship between itself and other parties involved with the entity, in particular all of the following factors, 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 CSS(E)L Group makes significant judgements and assumptions when determining if it has control of another entity. The CSS(E)L Group may control an entity even though it holds less than half of the voting rights of that entity, for example if the CSS(E)L Group has control over an entity on a de facto basis because the remaining voting rights are widely dispersed and/or there is no indication that other shareholders exercise their votes collectively. Conversely, the CSS(E)L Group may not control an entity even though it holds more than half of the voting rights of that entity, for example where the CSS(E)L Group holds more than half of the voting power of an entity but does not control it, as it has no right to variable returns from the entity and is not able to use its power over the entity to affect those returns. The financial statements of subsidiaries are consolidated within the consolidated financial statements from the date which control commences until the date on which control ceases. The CSS(E)L Group reassesses consolidation status on at least a quarterly basis.

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

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

The acquisition method of accounting is used to account for business combinations by the CSS(E)L Group. CSS(E)L 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 CSS(E)L Group is the acquirer in the transaction, the difference is recorded as a reduction in retained earnings. If CSS(E)L 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 CSS(E)L Group is the acquirer in the transaction, the difference is recorded as an increase in Capital contribution. If CSS(E)L 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) Equity method investments

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

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

e) Foreign currency

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

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

f) Financial assets and liabilities

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

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

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

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

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

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

These criteria determine how a financial asset is subsequently measured.

Amortised Cost
Financial assets which have contractual cash flows which consist solely of payments of principal and interest and are held in a 'Hold to Collect' business model are subsequently measured at amortised cost and are subject to impairment.

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

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

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

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

A financial asset is considered to be managed on a fair value basis if at least two of these three conditions are fulfilled:

- the performance of these assets is evaluated and reported to the management by using the fair value of the financial assets
- the managers of the business are compensated on the fair value of the assets (for example their variable compensations are 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 CSS(E)L Group is provided internally on that basis to the entity's key management personnel.

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

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

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

The fair value measurement guidance establishes a single authoritative definition of fair value and sets out a framework for measuring fair value. Refer to Note 37 Financial Instruments.

g) Derivative financial instruments and hedging

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

Embedded derivatives

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

Cash flow hedge accounting

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

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

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

h) Recognition and derecognition

Recognition

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

Regular-way securities transactions

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

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

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

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

Securitisation
The CSS(E)L 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 CSS(E)L 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.

i) Netting

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

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

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

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

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

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

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

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

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

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 CSS(E)L Group expects to receive. The CSS(E)L Group applies a PD/LGD approach under which term structures of point-in-time probability of defaults ('PDs'), point-in-time loss given defaults ('LGDs') 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 CSS(E)L Group if the commitment is drawn down and the cash flows that the CSS(E)L Group expects to receive;
- Financial guarantee contracts apply the present value of the expected payments to reimburse the holder less any amounts that the CSS(E)L Group expects to recover.
- The CSS(E)L 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 CSS(E)L 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 CSS(E)L 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 CSS(E)L 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 CSS(E)L 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 CSS(E)L 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 CSS(E)L 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 CSS(E)L 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 CSS(E)L 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 CSS(E)L 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 CSS(E)L 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 CSS(E)L 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 CSS(E)L Group calculates ECL on an individual basis.

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

k) Loans and advances

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

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

l) Cash and due from banks

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

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

The CSS(E)L group does not recognize on its Consolidated Statement of Financial Position client cash balances subject to the following contractual arrangements:
- The CSS(E)L Group will pass through to the client all interest paid by the CCP, Broker or Deposit Bank on cash deposits;

- The CSS(E)L Group is not permitted to transform cash balances into other assets; and
- The CSS(E)L Group does not guarantee and is not liable to the client for the performance of the CCP, Broker or Deposit Bank.

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

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

m) Interest income and expense

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

n) Commissions and fees

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

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

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

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

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

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

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

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

p) Securities borrowing and lending transactions

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

Securities borrowing and lending transactions generally do not result in the de-recognition of the transferred assets because the CSS(E)L Group retains risks & rewards of owning the transferred security.

If securities pledged to collateralise a securities borrowing trade endow the securities lender with the right to re-hypothecate those collateral assets, the CSS(E)L Group will present the collateral assets as encumbered on the Consolidated Statement of Financial Position.

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

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

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

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

q) Income tax

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

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

For UK corporation tax purposes CSS(E)L 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 12 – Income Tax.

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

r) Property and equipment

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

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

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

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

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

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

s) Intangible assets

Intangible assets consist primarily of internally developed software. Expenditure on internally developed software are recognised as an asset when the CSS(E)L 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 CSS(E)L 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.

t) Provisions

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

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

u) Debt in issuance

Debt in issuances are initially recognised on the date on which the cash is received and are measured at amortised cost or designated at fair value through profit or loss. Direct costs incurred upon the issuance of debt instruments designated at fair value through profit or loss is 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 designated at fair value through profit or loss are disclosed as a separate line item on the face of the balance sheet. 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 CSS(E)L Group issues structured products with embedded derivatives. A structured product that contains an embedded derivative is designated at fair value through profit or loss. If it is determined that the embedded derivative is not reliably measurable because it is settled in an unquoted equity instrument, the entire combined contract is treated as a financial instrument held at fair value.

v) Disposal Groups and Discontinued Operations

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

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

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

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

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

w) Retirement benefit costs

The CSS(E)L Group has both defined contribution and defined benefit pension plans. The defined benefit plans are CSG schemes of which the Company is the sponsor however the Company is a participant in the UK Defined Benefit Plan (UK DB Plan). In accordance with the provisions of IAS 19, "Employee Benefits" for defined benefit plans that share risks between various entities under common control, no retirement benefit obligation is recognised in the Consolidated Statement of Financial Position of the Company for the UK DB Plan and defined contribution accounting is applied, as the Company has no contractual agreement or stated policy for incurring any charges by the sponsoring employer for the net defined benefit cost. The Company's share of the retirement benefit obligation is instead recognised in the Consolidated Statement of Financial Position of the sponsoring entity, the CSi group, a related party also part of CSG group. Plans where the Company is the legal sponsor, are accounted for using defined benefit accounting where the Company´s Defined Benefit Obligations (¨DBO¨) are calculated using the projected unit credit method. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Consolidated Statement of Income as incurred.

x) Share-based compensation benefits

The Company grants shares in its ultimate parent, Credit Suisse Group ('CSG') to certain employees. The Company pays for CSG shares at market value at the time of settlement to employees.

The share-based awards are classified as a cash-settled share-based payment plan. A liability equal to the portion of the services received is recognised at the current market value determined at each balance sheet date. 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.

Share awards are made to employees in one of the following ways:
i) Phantom share Awards;
ii) Special Awards, which are typically awarded upon hiring of certain senior employees or in relation to business acquisitions. The terms (including amount, vesting, settlement, etc) of special awards vary significantly from award to award;
iii) Performance Share Awards;

Phantom shares and Performance share awards are accrued over the vesting period, which generally range between 3 to 7 years. Certain awards vest at grant date and are therefore accrued fully at grant date. Special awards are accrued over the vesting period as per award terms.

Changes in foreign exchange and market value of the above share plan obligations between grant date and settlement date are expensed within operating expenses. Total value of awards accrued and outstanding at end of the accounting period is classified as a liability.

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

y) Other compensation plans

The CSS(E)L Group has other deferred compensation plans which can be in the form of fixed or variable deferred cash compensation. A liability equal to the portion of the services received 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. Fixed deferred cash compensation is generally awarded in the form of sign-on bonuses and employee forgivable loans. Variable deferred cash compensations are awards where the final cash payout is determined by the performance of certain assets, a division or the CS group as a whole. The awards are expensed over the required service period and accruals are adjusted for changes to the expected final payout.

z) Financial guarantee contracts

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

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

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

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

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

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

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

aa) Leases

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

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

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

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

ab) Contingent liabilities

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

ac) 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 in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, management is required to make critical judgements. Management also makes certain accounting estimates to ascertain the value of assets and liabilities and determine the impact to the income statement. Judgments 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. However, the spread of COVID-19 has resulted in significant uncertainty. In light of this uncertainty, the CSS(E)L group applies appropriate judgement in complying with the IFRS 13 requirements for measuring fair value, specifically when the volume or level of activity for an asset or a liability has significantly decreased and when identifying transactions that are not orderly.

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

Taxes

Deferred tax valuation

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

Key Judgements

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

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

→ Please see Note 13 – 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 CSS(E)L Group's estimate of future taxable profits and potential restructurings, could lead to changes in the amount of deferred tax assets that are realisable, or considered realisable, and would require a corresponding adjustment to the level of recognised DTA.

→ Please see Note 13 – Deferred Taxes for more information.

Fair Value

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

Key Estimates
The CSS(E)L Group holds some financial instruments for which no prices are publicly available and which have little or no observable inputs. For these instruments, the determination of fair value requires subjective assessment and judgement on key estimates to be made depending on liquidity, pricing assumptions, the current economic and competitive environment and the risks affecting the specific instrument. In such circumstances, the valuation of financial instruments involves a significant degree of judgement, in particular where valuation models make use of unobservable inputs. These instruments that use valuation models that make use of unobservable inputs include certain OTC derivatives, including equity and credit derivatives, life settlement contracts, 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 see Note 37 – Financial Instruments for more information.

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

Control processes are applied to ensure that the fair value of the financial instruments reported in the Company and the CSS(E)L Group Financial Statements, including those derived from pricing models, are appropriate and determined on a reasonable basis. For further information related to the CSS(E)L Group's control and governance processes on the fair value of financial instruments please refer Note 37 – Financial Instruments.

Disposal Group and Discontinued Operations
The classification of assets and liabilities as a disposal group held for sale and the related presentation of discontinued operations requires a judgement by management, as to whether it is highly probable that the assets and liabilities will be recovered primarily through a sale, rather than through continuing use.

Key Judgements
For management to consider a sale to be highly probable, it must make the key judgement to determine if it is committed to a plan to sell the disposal group and an active programme to locate a buyer and complete the plan must have been initiated. Further, the disposal group must be actively marketed for sale at a price that is reasonable in relation to its current fair value. The key judgement performed by management focuses on the timing of these plans within the wider strategic plan of the company and the reduction plans of the SRU. The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Events or circumstances may extend the period to complete the sale beyond one year.

The estimate of the time period required until the transfer of a disposal group held for sale is recognised as a completed sale represents a critical accounting judgement. Note 26 – Discontinued

Operations and Assets Held for Sale discloses those disposal groups for which management expects that a completed sale will be recognised within one year or for which events or circumstances have extended the period to complete the sale beyond one year.

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

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

→ Please see Note 24 – Provisions for more information.

Structured Entities
As part of normal business, the CSS(E)L Group engages in various transactions that include entities which are considered structured entities. A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities

are directed by means of contractual arrangements. Transactions with structured entities are generally executed to facilitate securitisation activities or to meet specific client needs, such as providing liquidity or investment opportunities, and, as part of these activities, the CSS(E)L Group may hold interests in the structured entities. If the CSS(E)L Group controls the structured entity then that entity is included in the CSS(E)L Group's consolidated financial statements.

Key Judgements

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

→ Please see Note 36 – Interests in Other Entities for more information.

4 Net Interest Income

	2020	2019
Net interest income/(expense) (USD million)		
Securities purchased under resale agreements and securities borrowing transactions	14	89
Other	8	24
Interest income	**22**	**113**
Debt in Issuance	(8)	–
Other	–	(4)
Interest expense	**(8)**	**(4)**
Net interest income	**14**	**109**
of which		
Interest income of Financial assets measured at amortised cost	22	113
Interest expenses of Financial liabilities measured at amortised cost	(8)	(4)

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

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

5 Commission and Fee Income

	2020	2019
Commission and fee income (USD million)		
Brokerage	71	51
Other customer services	30	21
Commission and fee income	**101**	**72**

Income under other customer services primarily consists of research income fees, fees from mergers and acquisitions and advisory services.

6 Revenue from Contracts with Customers

Nature of services

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

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

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

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

Type of Services (USD million)	2020	2019
Brokerage	71	51
Other customer services	45	38
Total	**116**	**89**

Contract Balances (USD million)	2020	2019
Receivables	8	19
Revenue recognised in the reporting period included in the contract liabilities balance at the beginning of period	–	3

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

The CSS(E)L Group did not recognise a net impairment loss on contract receivables and did not recognise any contract assets during 2020.

Remaining performance obligations

The practical expedient allows the CSS(E)L 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 CSS(E)L Group determined that no material remaining performance obligations are in scope of the remaining performance obligations disclosure.

7 Release of provision for credit losses

There were no credit losses for the year 2020 and 2019.

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

	2020	2019
Net gains/(losses) from financial assets/liabilities at fair value through profit or loss (USD million)		
Net gains from financial assets/liabilities mandatorily measured at fair value through profit or loss	40	131
Net losses from financial liabilities designated at fair value through profit or loss	(36)	(65)
Total net gains from financial assets/liabilities at fair value through profit or loss	**4**	**66**

	2020	2019
Trading financial assets/ liabilities mandatorily measured at fair value through profit or loss (USD million)		
Total losses from trading financial assets/liabilities mandatorily measured at fair value through profit or loss	**(107)**	**(81)**
Non-trading financial assets mandatorily measured at fair value through profit or loss (USD million)		
Securities purchased under resale agreements and securities borrowing transactions	7	(1)
Loans	1	–
Other financial assets	139	213
Total net gains from non-trading financial assets mandatorily measured at fair value through profit or loss	**147**	**212**
Total net gains from financial assets/liabilities mandatorily measured at fair value through profit or loss	**40**	**131**

	2020	2019
Net gains/(losses) from financial liabilities designated at fair value through profit or loss (USD million)		
Debt in issuance	11	(12)
Other financial liabilities designated at fair value through profit or loss	(47)	(53)
Total net losses from financial liabilities designated at fair value through profit or loss	**(36)**	**(65)**

9 Other revenues

	2020	2019
Other revenues (USD million)		
Transfer pricing arrangements	16	17
Total other revenues	**16**	**17**

The transfer pricing arrangements reflect the revenues allocated to the CSS(E)L Group from other companies in the CS group under transfer pricing policies.

10 Compensation and Benefits

	2020	2019
Compensation and benefits (USD million)		
Salaries and variable compensation	(21)	(23)
Social security costs	(1)	(2)
Pension costs	(2)	(2)
Total compensation and benefits	**(24)**	**(27)**

Included in the previous table are amounts relating to Directors' remuneration. Further details are disclosed in Note 32 – Related Parties. Staff costs and staff numbers do not differ between the CSS(E)L Group and Company.

In 2019, CSS(E)L transferred the majority of its employees to CSi decreasing compensation and benefit expenses with a corresponding offset in general, administrative and trading expenses.

The CSS(E)L Group incurs compensation and benefits costs which are recharged to the relevant CS group companies through 'Expenses payable to other Credit Suisse group companies' in Note 11 – General, Administrative and Trading Expenses.

11 General, Administrative and Trading Expenses

	Reference to note	2020	2019
General, administrative and trading expenses (USD million)			
Occupancy expenses		(1)	(1)
Provision for Litigation	24	(221)	(33)
Travel and entertainment		(2)	(2)
Professional services		–	(3)
Other		(2)	–
General,Administrative and trading expenses		**(226)**	**(39)**
Expenses payable to other Credit Suisse group companies		(22)	(21)
Total General, administrative and trading expenses		**(248)**	**(60)**

The CS group companies incur expenses on behalf of other group companies under common control. These are subsequently recharged to the relevant companies through 'Expenses payable to other CS group companies'. The recharges comprise of compensation and benefit expenses and general administrative expenses. See Note 32- Related Parties.

Auditors' remuneration

Auditors' remuneration in relation to the statutory audit amounted to USD 1.02 million (2019: USD 1.4 million).

The following fees were payable by the CSS(E)L Group to the independent auditors, PricewaterhouseCoopers LLP (2019: KPMG LLP).

CSS(E)L Auditors' Remuneration (USD '000)	2020	2019
Fees payable to CSS(E)L Group's auditor for the audit of the CSS(E)L Group's annual accounts	(1,025)	(1,471)
Fees payable to CSS(E)L Group's auditor and its associates for other services	–	(83)
Audit-related assurance services	(684)	(558)
Other assurance services	(51)	(9)
Total Fees	**(1,760)**	**(2,121)**

12 Income Tax

CSS(E)L Group and Company	**2020**	2019
Current and deferred taxes (USD million)		
Current tax expense for the period [1]	(39)	(70)
Adjustments in respect of previous periods	3	12
Income tax expense	**(36)**	**(58)**
Deferred tax		
Deferred tax (expense) / benefit for the period	(9)	2
Adjustments in respect of previous periods	21	1
Increase in Impairment of deferred tax asset	–	(69)
Effect of changes in tax rate or imposition of new taxes	3	–
Deferred income tax benefit /(expense)	**15**	**(66)**
Income tax expense	**(21)**	**(124)**

[1] Withholding taxes are included within income taxes.

Income tax of USD Nil (2019:USD 125 million) were credited to Other Comprehensive Income and USD Nil (2019:USD 123 million) were credited to Retained Earnings.

In the UK budget announcement of 3 March 2021, the UK government announced its intention to increase the UK corporation tax rate from 19% to 25% with effect from 1 April 2023. Please refer to Note 44-Subsequent Events for further details. Further information in respect of deferred taxes is presented in Note 13 – Deferred Taxes.

Reconciliation of taxes computed at the UK statutory rate

CSS(E)L Group and Company	**2020**	2019 [2]
Reconciliation of taxes computed at the UK statutory rate (USD million)		
Profit/(Loss) before tax (continued and discontinued operations)	(31)	198
(Loss)/Profit before tax multiplied by the UK statutory rate of corporation tax @ 19%	6	(38)
Other permanent differences	2	2
Impact of UK bank corporation tax surcharge	2	1
Non-deductible expenses	(51)	(9)
Non-recoverable foreign taxes including withholding taxes [1]	(15)	(37)
Effect of change in tax rates	3	–
Tax rate differential in relation to branches	6	2
Adjustments to current tax in respect of previous periods	3	12
Adjustments to deferred tax in respect of previous periods	21	1
Other movements in deferred tax for current period	2	11
Net impact on deferred tax balances following transfer of pension to CSi	–	(69)
Income tax expense	**(21)**	**(124)**

[1] Withholding taxes are included within income taxes.
[2] 2019 numbers have been re-stated to conform to current period's presentation

13 Deferred Taxes

Deferred taxes are calculated on all temporary differences under the liability method using an effective tax rate of 27% (2019: 25%) which includes the impact of the UK banking surcharge.

Deferred taxes are calculated on carry forward tax losses using effective tax rates of 19% or 27% (2019:17% or 25%).

CSS(E)L Group and Company	**2020**	2019
Deferred tax (USD million)		
Deferred tax assets	48	44
Net position	**48**	**44**
Balance at 1 January, net position	**44**	**(137)**
Debit to statement of income for the year	(9)	(66)
Effect of change in tax rate	3	–
Tax booked to other comprehensive income	–	(43)
Tax impact of UK pension fund transferred to CSi	–	291
Adjustments related to the previous year	21	1
Other movements	(11)	(2)
Balance at 31 December, net position	**48**	**44**

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

Components of net deferred tax assets

CSS(E)L Group and Company	**2020**	2019
Components of net deferred tax assets (USD million)		
Employee Benefits	10	15
Decelerated tax depreciation	14	–
Other temporary differences	24	29
Balance at 31 December	**48**	**44**

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

CSS(E)L Group and Company	**2020**	2019
Tax effect of temporary differences (USD million)		
Employee Benefits	(5)	(14)
Decelerated tax depreciation	14	–
Other short term temporary differences	6	2
Tax losses	–	(48)
Pensions and other post-retirement benefits	–	(6)
Total deferred tax benefit / (expense) in the Statement of Income	**15**	**(66)**

The Income tax benefit in Other Comprehensive Income related to:

CSS(E)L Group and Company	**2020**	2019
Income Tax benefit in Other Comprehensive Income (USD million)		
Pensions and other post-retirement benefits	–	(43)
Transfer UK Pension Fund to CSi – reclass of tax to retained earnings	–	168
Total income tax benefit in Other Comprehensive Income	–	**125**

The deferred tax benefit/(expenses) in Retained Earnings related to:

CSS(E)L Group and Company	**2020**	2019
Income Tax benefit in Retained Earning (USD million)		
Transfer UK Pension Fund to CSi – reclass of tax from AOCI	–	(168)
Tax impact of transfer of UK Pension Fund to CSi	–	291
Total income tax benefit in Retained Earnings	–	**123**

Following management's evaluation, deferred tax assets of USD 928 million (2019: USD 845 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 ('DTA') may need to be adjusted if full recovery of the remaining deferred tax asset balance is no longer probable.

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

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

CSS(E)L Group and Company	**2020**	2019
Securities purchased under resale agreements and securities borrowing transactions (USD million)		
Securities purchased under resale agreements	8,107	5,326
Deposits paid for securities borrowed	3,306	3,003
Total Securities purchased under resale agreements and securities borrowing transactions	**11,413**	**8,329**

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

CSS(E)L Group and Company	**2020**	2019
Securities sold under repurchase agreements and securities lending transactions (USD million)		
Securities sold under repurchase agreements	23	23
Deposits received for securities lent	269	2,040
Total Securities sold under repurchase agreements and securities lending transactions	**292**	**2,063**

See Note 16 – Non Trading Financial Assets Mandatorily at Fair Value Through Profit or Loss and Note 17 – Financial Liabilities Designated at Fair Value Through Profit or Loss for Securities Borrowed, Lent and Purchased/Sold under Resale/Repurchase Agreements that are measured at fair value.

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

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

Refer Note 32 – Related Parties for details on balances with related parties.

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

	CSS(E)L Group		Company	
	2020	2019	**2020**	2019
Trading financial assets at fair value through profit or loss (USD million)				
Debt securities	41	157	40	157
Equity securities	7	81	7	82
Derivative instruments	4,380	4,087	4,386	4,094
Total trading financial assets at fair value through profit or loss	**4,428**	**4,325**	**4,433**	**4,333**
Trading financial liabilities at fair value through profit or loss (USD million)				
Debt securities	38	162	38	162
Equity securities	1,071	1,296	1,071	1,296
Derivative instruments	4,572	3,812	4,575	3,808
Total trading financial liabilities at fair value through profit or loss	**5,681**	**5,270**	**5,684**	**5,266**

Debt securities primarily consist of corporate bonds and government securities.

Trading financial assets include USD 6,807 million (2019: USD 10,720 million) which are encumbered, representing debt and equity securities from both continued and discontinued operations. Refer Note 38 – Assets Pledged or Assigned. The transactions in relation to the encumbered assets are conducted under terms that are usual and customary for securities lent, resale agreements or other collateralised borrowings. Refer Note 32 – Related Parties for details on balances with related parties.

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

	CSS(E)L Group		Company	
	2020	2019	**2020**	2019
Non-trading financial assets mandatorily at fair value through profit or loss (USD million)				
Securities purchased under resale agreements and securities borrowing transactions	6,840	15,951	6,840	15,951
Other non-trading financial assets mandatorily at fair value through profit or loss	1,875	1,200	1,876	1,202
Total non-trading financial assets mandatorily at fair value through profit or loss	**8,715**	**17,151**	**8,716**	**17,153**

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

Other non-trading financial assets mandatorily at fair value through profit or loss are exposed to credit risk and the maximum fair value maximum exposure to credit risk as at 31 December 2020 for the CSS(E)L Group as well as the Company equals their fair value.

The movement in fair values that is attributable to changes in the credit risk of the financial assets mandatorily at fair value through profit or loss during the period ended 31 December 2020 was USD 1 million (2019 USD 1 million) for the CSS(E)L Group and Company in the Statement of Income. The remaining changes in fair value are mainly due to movements in market risk.

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

→ Refer Note 32- Related Parties for details on balances with related parties.

17 Financial Liabilities Designated at Fair Value Through Profit or Loss

	CSS(E)L Group		Company	
	2020	2019	**2020**	2019
Financial liabilities designated at fair value through profit or loss (USD million)				
Securities sold under repurchase agreements and securities lending transactions	5,563	16,430	5,563	16,430
Debt in issuance	31	37	24	29
Other financial liabilities designated at fair value through profit or loss	1,590	185	1,581	175
Total financial liabilities designated at fair value through profit or loss	**7,184**	**16,652**	**7,168**	**16,634**

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

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

The carrying amount of debt in issuance is USD 3 million higher than the principal amount that the CSS(E)L Group and Company would be contractually required to pay to the holder of these financial liabilities at maturity (2019: USD 1 million lower (CSS(E)L Group and Company).

→ Refer Note 32- Related Parties for details on balances with related parties.

18 Other Assets and Other Liabilities

	CSS(E)L Group		Company	
	2020	2019	**2020**	2019
Other assets (USD million)				
Brokerage receivables (refer to Note 19)	3,453	3,354	3,451	3,353
Interest and fees receivable	441	898	445	898
Cash collateral on derivative and non-derivative instruments	**1,919**	**1,524**	**1,919**	**1,524**
Banks	1,132	970	1,132	970
Customers	787	554	787	554
Prepaid expenses	3	6	3	6
Other	237	419	216	388
Total other assets	**6,053**	**6,201**	**6,034**	**6,169**

Other assets are materially due within one year.

	CSS(E)L Group		Company	
	2020	2019	**2020**	2019
Other liabilities (USD million)				
Brokerage payables (refer to Note 19)	2,116	2,105	2,116	2,105
Interest and fees payable	604	971	604	971
Cash collateral on derivative and non-derivative instruments	**6,418**	**6,948**	**6,418**	**6,948**
Banks	5,862	3,873	5,862	3,873
Customers	556	3,075	556	3,075
Share-based compensation liability	45	82	45	82
Other	530	560	530	560
Total other liabilities	**9,713**	**10,666**	**9,713**	**10,666**

Other liabilities are materially due within one year. Cash collateral on non-derivatives for 2020 includes financial guarantees which have been cash collateralised of USD 2,960 million (2019: USD 2,960 million) provided by Credit Suisse AG London branch to reduce regulatory capital charges on related party exposures.

Included in above are Other Loans and Receivables, none of which are past due. Other liabilities include liability towards restructuring cost of USD 1 million (2019: USD Nil) and Lease liabilities of USD 12 million (2019: USD 1 Million).

19 Brokerage Receivables and Brokerage Payables

The CSS(E)L Group recognises receivables and payables from transactions in financial instruments purchased from and sold to customers, banks, brokers and dealers. The CSS(E)L Group is exposed to a risk of loss resulting from the inability of counterparties to pay for or deliver financial instruments sold or purchased, in which case the CSS(E)L Group would have to sell or purchase, respectively, these financial instruments at prevailing market prices. To the extent that an exchange or clearing organisation acts as a counterparty to a transaction, credit risk is considered to be reduced. The CSS(E)L Group requires customers to maintain margin collateral in compliance with applicable regulatory and internal guidelines.

	CSS(E)L Group		Company	
	2020	2019	**2020**	2019
Brokerage receivables (USD million)				
Due from customers	791	814	789	813
Due from banks, brokers and dealers	2,662	2,540	2,662	2,540
Total brokerage receivables	**3,453**	**3,354**	**3,451**	**3,353**
Brokerage payables (USD million)				
Due to customers	542	840	542	840
Due to banks, brokers and dealers	1,574	1,265	1,574	1,265
Total brokerage payables	**2,116**	**2,105**	**2,116**	**2,105**

Brokerage receivables and payables include transactions in financial instruments purchased from and sold to customers, banks, brokers and dealers which have not settled as at the reporting date (excluding debt and equity securities which have not reached their settlement date as these are recognised on settlement date of the transaction), receivables and payables from the Prime Brokerage business and cash collateral from futures trading.

Included within payables are liabilities identified in respect of either initial margin or client money received from clients, but only where it has been determined that the cash received represents an asset of the CSS(E)L Group. The CSS(E)L Group and Company held USD 816 million of client money as at 31 December 2020 (2019: USD 706 million), USD 204 million as of 31 December 2020 (2019: USD 163 million) of which was not recorded in the Consolidated Statement of Financial Position as those balances did not represent assets of the CSS(E)L Group and Company. This cash, when recognised on the Statement of Financial Position, is recorded under ‘Cash and due from banks’ and ‘Other assets’.

20 Property and Equipment

CSS(E)L Group and Company	Leasehold Improvements	Equipment	**Total**
2020 (USD million)			
Cost			
Cost as at 1 January 2020	**4**	**14**	**18**
Additions	5	1	6
Other movements	(2)	–	(2)
Cost as at 31 December 2020	**7**	**15**	**22**
Accumulated depreciation:			
Accumulated depreciation as at 1 January 2020	**(3)**	**(13)**	**(16)**
Other movements	1	(1)	–
Accumulated depreciation as at 31 December 2020	**(2)**	**(14)**	**(16)**
Net book value as at 1 January 2020	**1**	**1**	**2**
Net book value as at 31 December 2020	**5**	**1**	**6**
2019 (USD million)			
Cost			
Cost as at 1 January 2019	**3**	**14**	**17**
Additions	1	–	1
Cost as at 31 December 2019	**4**	**14**	**18**
Accumulated depreciation:			
Accumulated depreciation as at 1 January 2019	**(3)**	**(13)**	**(16)**
Other movements	–	–	–
Accumulated depreciation as at 31 December 2019	**(3)**	**(13)**	**(16)**
Net book value as at 1 January 2019	**–**	**1**	**1**
Net book value as at 31 December 2019	**1**	**1**	**2**

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

No interest has been capitalised in the current year within property and equipment (2019: USD Nil).

No impairment charges were recorded in 2020 and 2019 for property and equipment.

Right of use lease asset amounting to USD 12 million (2019: USD 1 million) is also part of Property and Equipment.

21 Intangible Assets

CSS(E)L Group and Company	Right to Use Leisure Facility	Internally Developed Software	**Total**
2020 (USD million)			
Cost			
Cost as at 1 January 2020	**4**	**1**	**5**
Additions	1	29	30
Disposals	–	(29)	(29)
Cost as at 31 December 2020	**5**	**1**	**6**
Accumulated amortisation:			
Accumulated amortisation as at 1 January 2020	**(3)**	**–**	**(3)**
Amortisation for the year	–	–	–
Accumulated amortisation as at 31 December 2020	**(3)**	**–**	**(3)**
Net book value as at 1 January 2020	**1**	**1**	**2**
Net book value as at 31 December 2020	**2**	**1**	**3**
Net book value as at 1 January 2019 (USD million)			
Cost			
Cost as at 1 January 2019	**4**	**–**	**4**
Additions	–	46	46
Disposals	–	(45)	**(45)**
Cost as at 31 December 2019	**4**	**1**	**5**
Accumulated amortisation:			
Accumulated amortisation as at 1 January 2019	**(3)**	**–**	**(3)**
Amortisation for the year	–	–	–
Accumulated amortisation as at 31 December 2019	**(3)**	**–**	**(3)**
Net book value as at 1 January 2019	**1**	**–**	**1**
Net book value as at 31 December 2019	**1**	**1**	**2**

No interest has been capitalised within intangible assets (2019: USD Nil).

The internally developed software investment during 2020 was transferred from CSS(E)L to CSi as all CSS(E)L assets get capitalised in CSi except for cloud computing cost of USD 1 million which was capitalised in CSS(E)L (2019: USD 1 million). No impairment charges were recorded for internally developed software and work in progress in 2020 and 2019.

The right to use leisure facility is held in the Seoul Branch. No impairment charges was recorded on right to use leisure facility in 2020 and 2019. The assets' fair value was calculated based on an average from external price quotes and is level 2 of the fair value hierarchy. The fair value of the asset is also equal to its recoverable amount.

22 Due to Banks

CSS(E)L Group and Company	**2020**	2019
Due to banks (USD million) [1]		
Interest-bearing demand deposits	170	192
Non-interest bearing demand deposits	1	43
Time deposits	–	2
Total Due to Banks	**171**	**237**

[1] Deposits are renamed as 'Due To Banks' to better describe the nature of items under the heading.

23 Borrowings

CSS(E)L Group and Company	**2020**	2019
Borrowings (USD million)		
from banks	3,429	3,663
Total Borrowings	**3,429**	**3,663**

→ Refer Note 32- Related Parties for details on balances with related parties.

24 Provisions

CSS(E)L Group and Company	Property	Litigation	**Total**
Provisions (USD million)			
Balance at 1 January 2020	1	32	33
Charges during the year	–	222	222
Utilised during the year	–	(26)	(26)
Balance at 31 December 2020	**1**	**228**	**229**

CSS(E)L Group and Company	Property	Litigation	**Total**
Provisions (USD million)			
Balance at 1 January 2019	1	–	1
Charges during the year	–	47	47
Utilised during the year	–	(15)	(15)
Balance at 31 December 2019	**1**	**32**	**33**

Property provision

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

Litigation provision

The CSS(E)L Group accrues litigation provisions (including fees and expenses of external lawyers and other service providers) in connection with certain judicial, regulatory and arbitration proceedings when reasonably possible losses, additional losses or ranges of loss are more likely than not and can be reliably estimated. General Counsel in consultation with the business reviews CS group's judicial, regulatory and arbitration proceedings each quarter 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 litigation provision relates to legal cases that the Company is defending. CSS(E)L has established provisions in line with the above process for all cases but believes that disclosure of the specific facts of such cases would violate confidentiality obligations to which CSS(E)L is subject or to prejudice seriously CSS(E)L's management of the matters. The exact timing of outflow of economic benefits cannot be ascertained at 31 December 2020.

25 Debt in Issuance

CSS(E)L Group and Company	**2020**	2019
Debt in issuance (USD million)		
Senior debt	7,705	13,989
Subordinated debt	1,250	1,250
Total Debt in issuance	**8,955**	**15,239**

Senior Debt

Senior debt as at 31 December 2020 comprises:

CSS(E)L Group and Company	Counterparty Name	Date of facility	
Outstanding as at 31 December 2020			
EUR 3,651 million	Credit Suisse AG (London Branch)	24 March 2014	400 days call loans evergreen
GBP 547 million	Credit Suisse AG (London Branch)	24 March 2014	400 days call loans evergreen
JPY 254,500 million	Credit Suisse AG (London Branch)	22 February 2017	400 days call loans evergreen

Senior debt as at 31 December 2019 comprises:

CSS(E)L Group and Company	Counterparty Name	Date of facility	
Outstanding as at 31 December 2019			
EUR 7,656 million	Credit Suisse AG (London Branch)	24 March 2014	400 days call loans evergreen
GBP 2,495 million	Credit Suisse AG (London Branch)	24 March 2014	400 days call loans evergreen
JPY 231,500 million	Credit Suisse AG (London Branch)	22 February 2017	400 days call loans evergreen

During 2020, overall decrease in Senior debt of USD 6,284 million primarily driven by reduction in EUR, GBP and JPY denominated 400 days funding evergreen call loans with Credit Suisse AG, London Branch due to currency specific requirement).

Subordinated Debt

At 31 December 2020, subordinated debt comprises an amount of USD 1,250 million (2019: USD 1,250 million) as advanced by Credit Suisse Investment UK Limited.

On 15 April 2014 as part of restructuring of subordinated debt Company borrowed USD 1,500 million from Credit Suisse Investment UK Limited. Interest on subordinated debt is payable at a rate of 3 months LIBOR plus 342 basis points per annum. Under the terms of the loan, the Company may repay, in whole or in part, any amounts outstanding upon giving prior written notice to the lender and PRA. The earliest date at which the Company may make a repayment is 15 April 2019. The maturity of the loan is 15 April 2026. In addition to this, the Company borrowed additional USD 750 million under the subordinated loan facility dated 14th April 2014. The maturity of additional loan is 29 December 2025. Out of this, Company has repaid USD 1,000 million subordinated debt during the year 2019.

→ Refer Note 32- Related Parties for details on balances with related parties.

Pursuant to IAS 7 – *Statement of Cash Flows*, below is the reconciliation of liabilities arising from financing activities.

			Cash Flows	Non Cash Changes	
CSS(E)L Group and Company	Balance as at 1 January 2020	Issuances	Repayments and other movements	Translation FX and Interest movements	Balance as at 31 December 2020
Debt in issuance (USD million)					
Debt in issuance	15,239	8,849	(15,405)	272	8,955
Total Debt in issuance	**15,239**	**8,849**	**(15,405)**	**272**	**8,955**

			Cash Flows	Non Cash Changes	
CSS(E)L Group and Company	Balance as at 1 January 2019	Issuances	Repayments and other movements	Translation FX and Interest movements	Balance as at 31 December 2019
Debt in issuance (USD million)					
Debt in issuance	12,837	17,494	(15,208)	116	15,239
Total Debt in issuance	**12,837**	**17,494**	**(15,208)**	**116**	**15,239**

26 Discontinued Operations and Assets and Liabilities Held for Sale

Credit Suisse Group ('CSG') continued to materially reduce the business and financial footprint of CSS(E)L during 2020. CSS(E)L has transferred a significant amount of its business to Credit Suisse International ('CSi').

This will simplify the UK business model, improve resolvability and optimise capital requirements. The material reduction of business activities in CSS(E)L will result in a consolidation of business activities conducted across the core UK Investment Banking legal entities into CSi. This will be achieved through the business migration of in-scope CSS(E)L clients and positions into CSi. CS will continue progressing and is expected to complete the CSS(E)L rationalisation throughout 2021, noting CSS(E)L will still contain ARU positions.

The CSS(E)L Group has been migrating part of the Prime business to Credit Suisse AG Dublin Branch since 2019. This is almost complete with the remainder to complete in Quarter 1 2021.

CSS(E)L Group and Company	Prime Services	Other Migration	Total
2020			
Statement of Financial Position for discontinued operations (USD million)			
Securities purchased under resale agreements and securities borrowing transactions	–	3,017	**3,017**
Trading financial assets at fair value through profit or loss	–	13,227	**13,227**
of which positive market values from derivative instruments	–	1,998	**1,998**
Non-trading financial assets mandatorily at fair value through profit or loss	–	6,020	**6,020**
Other Assets	485	592	**1,077**
Total assets held for sale	**485**	**22,856**	**23,341**
Securities sold under repurchase agreements and securities lending transactions	–	2,184	**2,184**
Trading financial liabilities at fair value through profit or loss	–	9,007	**9,007**
of which negative market values from derivative instruments	–	2,429	**2,429**
Financial liabilities designated at fair value through profit or loss	–	7,001	**7,001**
Debt in issuance	–	–	**–**
Other Liabilities	809	2,662	**3,471**
Total liabilities held for sale	**809**	**20,854**	**21,663**

CSS(E)L Group and Company	Prime Services	Other Migration	Total
2019			
Statement of Financial Position for discontinued operations (USD million)			
Securities purchased under resale agreements and securities borrowing transactions	831	3,861	**4,692**
Trading financial assets at fair value through profit or loss	20	19,099	**19,119**
of which positive market values from derivative instruments	4	2,137	**2,141**
Non-trading financial assets mandatorily at fair value through profit or loss	–	13,908	**13,908**
Other Assets	929	1,331	**2,260**
Total assets held for sale	**1,780**	**38,199**	**39,979**
Securities sold under repurchase agreements and securities lending transactions	873	5,215	**6,088**
Trading financial liabilities at fair value through profit or loss	11	6,956	**6,967**
of which negative market values from derivative instruments	4	2,142	**2,146**
Financial liabilities designated at fair value through profit or loss	–	15,724	**15,724**
Debt in issuance	–	1	**1**
Other Liabilities	1,649	2,033	**3,682**
Total liabilities held for sale	**2,533**	**29,928**	**32,462**

CSS(E)L Group and Company	Other Migration	Prime Services [2]	Branches Migration [1]	**Total**
2020				
Statement of Income for discontinued operations (USD million)				
Interest income	577		–	**577**
Interest expense	(638)		–	**(638)**
Net interest expense	**(61)**	**–**	**–**	**(61)**
Commission and fee income/(expense)	**332**		**1**	333
Net gains from financial assets/liabilities at FV through profit or loss	796		–	**796**
Other revenues/(expenses)	71		12	**83**
Net revenues	**1,138**	**–**	**13**	**1,151**
Compensation and benefits	14		(11)	**3**
General and administrative expenses	(1,045)		(2)	**(1,047)**
Restructuring Expenses	–		–	**–**
Total operating expense	**(1,031)**	**–**	**(13)**	**(1,044)**
Profit/(Loss) before tax	**107**	**–**	**–**	**107**
Income tax credit/(charge)	1		(1)	**–**
Net income attributed to discontinued operations	**108**	**–**	**(1)**	**107**

[1] Tax benefit relates to prior year true up.

[2] The migration of Prime Services business to Dublin branch was completed in 2019 but there is a small tail of Balance Sheet to be transferred in 2021 and is classified as Held for Sale and not Discontinued Operations.

2019				
Statement of Income for discontinued operations (USD million)				
Interest income	1,105	68	–	**1,173**
Interest expense	(1,413)	(65)	–	**(1,478)**
Net interest expense	**(308)**	**3**	**–**	**(305)**
Commission and fee income/(expense)	**321**	**1**	**4**	**326**
Allowances for credit losses	–	**–**	**–**	**–**
Net gains from financial assets/liabilities at FV through profit or loss	848	51	–	**899**
Other revenues/(expenses)	48	15	68	**131**
Net revenues	**909**	**70**	**72**	**1,051**
Compensation and benefits	12	–	(60)	**(48)**
General and administrative expenses	(931)	(37)	(14)	**(982)**
Restructuring Expenses	–	–	–	**–**
Total operating expense	**(919)**	**(37)**	**(74)**	**(1,030)**
Profit/(Loss) before tax	**(10)**	**33**	**(2)**	**21**
Income tax credit/(charge)	(78)	(1)	(2)	**(81)**
Net income attributed to discontinued operations	**(88)**	**32**	**(4)**	**(60)**

The post-tax profit or loss of this business has been classified as discontinued operations in the CSS(E)L Group's Consolidated Statement of Income. Assets and liabilities relating to the transfers that have not yet completed have been classified as Assets/Liabilities held for sale in the Consolidated Statement of Financial Position. Cash inflow relating to operational activities in 2020 were USD 5,946 million (2019: Cash outflow of USD 9,705 million).

27 Accumulated Other Comprehensive Income

CSS(E)L Group and Company	Cumulative Translation Adjustment	Unrealised gain/(loss) on Pension Fund	Unrealised gains/(losses) on financial assets available for sale	Gains/(losses) on cash flow hedges	**Accumulated other comprehensive income**
2020					
Accumulated other comprehensive income (USD million)					
Balance at 1 January 2020	**(327)**	**(21)**	**–**	**1**	**(347)**
Increase/(decrease):					
Foreign exchange translation differences	27	–	–	–	27
Cash flow hedges – effective portion of changes in fair value	–	–	–	(1)	(1)
Net loss on hedges of net investments in foreign entities taken to equity	(20)	–	–	–	(20)
Remeasurement of defined benefit pension assets	–	–	–	–	–
Related tax on defined benefit pension assets	–	–	–	–	–
Transfer of UK Pension fund to CSi – reclass from AOCI to retained earning	–	–	–	–	–
Transfer of UK Pension fund to CSi – reclass of Tax from AOCI to retained earning	–	–	–	–	–
Re-measurement of defined benefit liability	–	–	–	–	–
Balance at 31 December 2020	**(320)**	**(21)**	**–**	**–**	**(341)**

CSS(E)L Group and Company	Cumulative Translation Adjustment	Unrealised gain/(loss) on Pension Fund	Unrealised gains/(losses) on financial assets available for sale	Gains/(losses) on cash flow hedges	**Accumulated other comprehensive income**
2019					
Accumulated other comprehensive income (USD million)					
Balance at 1 January 2019	**(332)**	**267**	**–**	**(1)**	**(66)**
Increase/(decrease):					
Foreign exchange translation differences	(16)	–	–	–	(16)
Cash flow hedges – effective portion of changes in fair value	–	–	–	2	2
Net gain on hedges of net investments in foreign entities taken to equity	21	–	–	–	21
Remeasurement of defined benefit pension assets	–	173	–	–	173
Related tax on defined benefit pension assets	–	(43)	–	–	(43)
Transfer of UK Pension fund to CSi – reclass from AOCI to retained earning	–	(577)	–	–	(577)
Transfer of UK Pension fund to CSi – reclass of Tax from AOCI to retained earning	–	168	–	–	168
Re-measurement of defined benefit liability/(asset)	–	(9) [1]	–	–	(9)
Balance at 31 December 2019	**(327)**	**(21)**	**–**	**1**	**(347)**

[1] Disclosed net of tax

28 Share Capital and Share Premium

CSS(E)L Group and Company	**2020**	2019
Share Capital (USD million)		
Opening balance	**3,859**	**3,859**
38,593,205,060 ordinary voting shares of USD 0.10 each	3,859	3,859
Total called-up share capital	**3,859**	**3,859**

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

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.

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. Also, the ECL amounts are immaterial to CSS(E)L.

	Not credit impaired				Credit impaired			
CSS(E)L Group and Company	12 Month ECL Stage 1		Lifetime ECL Stage 2		Lifetime ECL (excluding purchased / originated credit impaired) Stage 3		Total	Total
2020	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
Financial guarantees (USD million)								
Balance at 1 January 2020	**188**	**–**	**–**	**–**	**–**	**–**	**188**	**–**
Other changes	(6)	–	–	–	–	–	(6)	–
Foreign Exchange	7	–	–	–	–	–	7	–
Balance at 31 December 2020	**189**	**–**	**–**	**–**	**–**	**–**	**189**	**–**

	Not credit impaired				Credit impaired			
CSS(E)L Group and Company	12 Month ECL Stage 1		Lifetime ECL Stage 2		Lifetime ECL (excluding purchased / originated credit impaired) Stage 3		Total	Total
2019	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
Financial guarantees (USD million)								
Balance at 1 January 2019	**189**	**–**	**–**	**–**	**–**	**–**	**189**	**–**
Other changes	(6)	–	–	–	–	–	(6)	–
Foreign Exchange	5	–	–	–	–	–	5	–
Balance at 31 December 2019	**188**	**–**	**–**	**–**	**–**	**–**	**188**	**–**

30 Retirement Benefit Obligations

The Company has several pension schemes covering substantially all employees, including defined benefit pension plans and defined contribution pension plans, mainly located in the UK. Smaller defined benefit pension plans are operated in other locations consisting of an unfunded plan in Germany and a funded plan in Korea. In 2020, the French plan has not been considered in the IAS 19 consolidated report as it was transferred to Credit Suisse Securities, Sociedad de Valores, S.A. which is not under CSS(E)L Group.

In August 2019, the plan assets and plan liabilities of the funded, final salary defined benefit pension plan in the UK ('UK DB Plan') were transferred from CSS(E)L to CSi under a Flexible Apportionment Arrangement in accordance with UK law and CSi became the primary employer and sponsoring entity of the UK DB plan. The net pension asset transferred from CSS(E)L to CSi was USD 1,165 million and treated as a dividend distribution out of "Retained Earnings" at CSS(E)L and as "Additional Paid in Capital" at CSi.

The assets of the UK DB Plan are held independently of the Company's assets in separate trustee administered funds. Responsibility for governance and running of the UK DB Plan, including investment decisions (after consultation with CSi) and contribution schedules (which requires the agreement of CSi) lies with the board of trustees. The UK DB Plan is closed to future defined benefit accrual however past service benefits for active members are still linked to pensionable salary.

Approximately 3% of the UK DB Plan's obligations are attributable to current employees, 72% to former employees yet to retire and 25% to current pensioners and dependents of former members currently in receipt of benefits. The liabilities of the other plans in aggregate are broadly split 12% to current employees, 84% to former employees yet to retire and 4% to current pensioners and dependents of former members. The duration of the UK DB Plan is 22 years as per 31 December 2020 (22 years as per 31 December 2019).

Accounting for Defined Benefit Plans

Prior to the transfer of the UK DB Plan, the Company was the legal sponsor of the UK DB Plan and did not have contractual agreement or stated policy for charging the net defined benefit cost to the other participating entities. Therefore, as legal sponsor, the Company accounted 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.

Subsequent to the transfer of the UK DB Plan, the Company became one of the participating entities, who are all related parties under common control, in the UK DB plan and therefore accounts for its share of the plan using defined contribution accounting. No contributions have been made or expensed by the Company for the UK DB Plan subsequent to the plan transfer.

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

The following disclosures contain the entire balances in accordance with Defined Benefit accounting for the UK DB Plan sponsored by CSi, and the entire balances for Germany and Korea defined benefit plans on a combined basis ("International").

Defined Benefit Costs and Remeasurement in OCI

All expenses arising from retirement benefit obligations for the International plans and the UK DB Plan, prior to the transfer of legal sponsorship, are recorded in the Company's Consolidated Statement of Income under 'Compensation and benefits'. Subsequent to the transfer in 2019 and for 2020, all expenses arising from the UK DB Plan are recorded in CSi. The following tables show the defined benefit (credits)/costs and remeasurement in OCI for the UK DB Plan, sponsored by CSi and the Company's International defined benefit pension plans for 2020 and 2019.

Defined Benefit Pension Plans

	UK		International	
CSS(E)L Group and Company	**2020**	2019	**2020**	2019
Defined benefit pension plans (USD million)				
Operating Cost				
Current service costs on benefit obligation	2	1	–	1
Past service costs (including curtailments)	2	–	–	–
Administrative expense	1	2	–	–
Settlement Cost	41	–	–	–
Financing Cost				
Net Interest (credits)/costs	(21)	(25)	1	1
Defined benefit (credits)/costs	**25**	**(22)**	**1**	**2**

	UK		International	
CSS(E)L Group and Company	**2020**	2019	**2020**	2019
Remeasurements in OCI (USD million)				
Return on plan assets (in excess of)/below that recognised in net interest	(353)	(250)	–	–
Actuarial (gains)/losses due to changes in financial assumptions	395	265	–	10
Actuarial (gains)/losses due to changes in demographic assumptions	5	(31)	–	–
Actuarial (gains)/losses due to liability experience	(23)	(3)	–	(1)
Adjustments due to the limit in para 64	–	–	–	–
Total amount recognised in OCI	**24**	**(19)**	**–**	**9**
Total amount recognised in profit and loss and OCI	**49**	**(41)**	**1**	**11**

During 2020, CSi and the trustees of the UK DB Plan have entered into an Enhanced Transfer Value (ETV) exercise for members of the UK DB Plan to settle vested benefits. Under the ETV exercise, the UK DB Plan has offered its members the opportunity to transfer out of the Plan with a transfer value that has been enhanced. The ETV exercise has resulted in USD 198 million lump sum payments, reducing the fair value of plan assets by the same amount. The respective reduction in defined benefit obligation is USD 157 million. As such, the amount recognized in the operating cost is a settlement cost of USD 41 million.

Prior to the transfer of legal sponsorship, the Company recognised USD (16) million of the net defined benefit (credits) from the UK DB Plan in its Consolidated Statement of Income in 2019. No expense was recognised by the Company in 2020.

An interim remeasurement of the plan assets and liabilities for the UK DB Plan was performed prior to the transfer of legal sponsorship to CSi based on year-to-date performance and market data through to the end of August 2019. A gain of USD 173 million was recognised by the Company in OCI prior to the transfer. A remeasurement loss of USD 154 million, based on performance and market data from August through December and subsequent to the transfer, was recorded by CSi at year end.

The remeasurement gain on the UK DB Plan recorded in August 2019 consisted of actual returns on assets in excess of that recognised in interest of USD 508 million and losses on the benefit obligation of USD 335 million due to changes in financial and demographic assumptions, primarily the discount rate and inflation.

After the remeasurement in August 2019, the Company had an overall gain in accumulated other comprehensive income of USD 577 million associated with the UK DB Plan that was reclassed to retained earnings due to the transfer of the legal sponsorship of the plan to CSi.

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 2020 and 2019:

	UK		International	
CSS(E)L Group and Company	**2020**	2019	**2020**	2019
Defined benefit pension plans (USD million)				
Defined benefit obligation – 1 January	**1,903**	**1,635**	**67**	**58**
Current service cost	2	1	–	1
Interest cost	36	41	1	1
Actuarial losses/(gains) on assumptions	400	234	–	9
arising out of changes in demographic assumptions	5	(31)	–	–
arising out of changes in financial assumptions	395	265	–	9
Actuarial (gains)/losses – experience	(23)	(3)	–	(1)
Benefit payments	(68)	(73)	(1)	–
Past service costs (including curtailments)	2	–	–	–
Plans deconsolidated during the year	–	–	(1)	–
Settlement payments	(157)	–	–	–
Exchange rate losses/(gains)	76	68	6	(1)
Defined benefit obligation – 31 December	**2,171**	**1,903**	**72**	**67**
Fair value of plan assets – 1 January	**3,004**	**2,649**	**8**	**7**
Interest on plan assets	57	66	–	–
Actuarial gains/(losses) on plan assets	353	250	–	–
Actual return on plan assets	**410**	**316**	**–**	**–**
Employer contributions	–	2	1	1
Administrative expense	(1)	(2)	–	–
Benefit payments	(68)	(73)	(1)	–
Settlement payments	(198)	–	–	–
Exchange rate gains/(losses)	117	112	–	–
Fair value of plan assets – 31 December	**3,264**	**3,004**	**8**	**8**
Total funded status – 31 December				
Plan assets	3,264	3,004	8	8
Defined benefit obligation related to funded plans	(2,171)	(1,903)	(9)	(9)
Funded status for funded plans	**1,093**	**1,101**	**(1)**	**(1)**
Defined benefit obligation related to non-funded plans	–	–	(63)	(58)
Funded status recognised – 31 December	**1,093**	**1,101**	**(64)**	**(59)**

Benefit payments include USD 48 million (2019: USD 56 million) of transfers where deferred members have initiated on an individual basis to transfer their pension to another pension scheme.

Net Pension Asset/Liability

The following table shows the changes in the net asset position for the UK DB Plans as at 31 December 2020 and 2019 respectively:

Movement in the Pension Asset/Liability recognised in the Consolidated Statement of Financial Position:

	UK		International	
CSS(E)L Group and Company (USD million)	**2020**	2019	**2020**	2019
At 1 January	1,101	1,014	(60)	(51)
Total amount recognised in profit and loss and OCI (charge)/credit	(49)	41	(1)	(11)
Contributions paid	–	2	1	1
Plans deconsolidated during the year	–	–	1	–
(Losses)/Gains due to changes in exchange rates	41	44	(5)	1
At 31 December	**1,093**	**1,101**	**(64)**	**(60)**

As of 31 December 2019, the Company no longer had any net pension asset recognised in its Consolidated Statement of Financial Position for the UK DB plan due to the transfer of legal sponsorship and asset to CSi in August 2019. The net pension asset transferred from the Company to CSi was USD 1,165 million.

Funding Requirements

UK legislation requires that pension schemes are funded prudently. The last funding valuation of the UK DB Plan was carried out by a qualified actuary as at 31 December 2017 and showed a surplus of USD 445 million. The next funding valuation will be measured as at 31 December 2020 and is expected to be finalised on 31 March 2022.

For additional Pension Fund security, the Company has pledged securities to an Escrow account in circumstances where a deficit exists on the solvency basis. As at 31 December 2020, the Escrow value was nil, since a solvency surplus was calculated to be USD 368 million as at 31 December 2020.

Assumptions

The assumptions used in the measurement of the benefit obligation and defined benefit cost for the Company's defined benefit pension plans as at 31 December 2020 and 2019 were as follows:

	UK		International	
CSS(E)L Group and Company (31 December in %)	**2020**	2019	**2020**	2019
Benefit obligation				
Discount rate	1.26%	2.06%	1.10%	1.10%
Retail Price Inflation	2.80%	2.84%	–	–
Consumer Price Inflation	2.00%	1.84%	1.70%	1.80%
Pension increases [1]	2.74%	2.75%	1.50%	1.50%
Salary increases	3.25%	3.09%	3.75%	3.72%
Defined benefit costs				
Discount rate – Service costs	2.06%	2.84%	1.10%	2.10%
Discount rate – Interest costs	1.94%	2.69%	1.10%	2.10%
Salary increases	3.09%	3.22%	3.75%	3.50%

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

The interim remeasurement performed in August 2019, prior to the transfer of the legal sponsorship from the Company to CSi, was performed using a discount rate of 1.85% and retail price inflation rate of 2.97%. There were no significant changes to any of the other financial and demographic assumptions used, including mortality.

A full yield curve valuation was carried out to determine the 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 and interest costs.

Mortality Assumptions

The assumptions for life expectancy for the 2020 UK benefit obligation pursuant to IAS 19 are based on the 'SAPS 2 light' base table with improvements in mortality in line with the final CMI model with S=7.0, and a scaling factor of 95%. Underpins to future mortality improvement have also been incorporated, the annual long term rate of improvement being 1.50% p.a.

On this basis the post-retirement mortality assumptions for the UK DB Plan are as follows:

	2020	2019
Life expectancy at age 60 for current pensioners aged 60 (years)		
Males	28.2	28.0
Females	29.3	29.1
Life expectancy at age 60 for future pensioners currently aged 40 (years)		
Males	29.9	29.8
Females	31.2	31.0

Sensitivity Analysis

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

	UK				International			
2020	DBO (USD million)	Increase %	DBO (USD million)	Decrease %	DBO (USD million)	Increase %	DBO (USD million)	Decrease %
Benefit obligation								
One-percentage point change								
-1% / +1% Discount rate	2,714	25	1,766	(19)	84	17	62	(14)
+1% / -1% Inflation rate	2,489	15	1,908	(12)	76	6	68	(5)
+1% / -1% Salary increases rate	2,176	–	2,167	–	73	1	71	(1)
+1 / -1 year to life expectancy at 60	2,262	4	2,081	(4)	73	1	71	(1)

	UK				International			
2019	DBO (USD million)	Increase %	DBO (USD million)	Decrease %	DBO (USD million)	Increase %	DBO (USD million)	Decrease %
Benefit obligation								
One-percentage point change								
-1% / +1% Discount rate	2,383	25	1,545	(19)	80	19	58	(14)
+1% / -1% Inflation rate	2,191	15	1,666	(12)	72	7	64	(5)
+1% / -1% Salary increases rate	1,907	–	1,900	–	69	2	66	(2)
+1 / -1 year to life expectancy at 60	1,967	3	1,839	(3)	68	1	67	(1)

The sensitivity analysis has been derived using a number of additional full valuation runs that have been carried out using the same data used for calculating the 31 December 2020 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 DB Plan 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

Responsibility for governance and running of the UK DB Plan, including investment decisions (after consultation with CSi) and contribution schedules (which requires the agreement of CSi) lies with the Board of Trustees. 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 slightly higher than 100% 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.

Risks Associated with UK DB Plan

The UK DB Plan exposes the Company 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.

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 increase the deficit 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 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.

Estimated future benefit payments

	Defined Benefit Pension Plans	
	UK	International
Estimated future benefit payments (USD million)		
2021	25	1
2022	27	1
2023	31	1
2024	35	1
2025	39	1
For five years thereafter	262	16

The future estimated benefit payments assume alternative benefit options that a member can choose instead of a pension are not elected, i.e. deferred members do not elect to transfer their pension arrangement to another pension scheme before retirement and members do not elect to convert pension into lump sum at retirement.

Expected Contributions

Expected contributions to the Company's defined benefit plans for the year ending 31 December 2021 are USD 2 million for the International plans. Contribution payments to the UK DB Plan ceased in April 2019 and no contributions are expected to be paid in 2021.

Plan assets measured at fair value

(USD Million)	2020 Quoted	Unquoted	**Total**	% of total fair value of scheme assets	2019 Quoted	Unquoted	Total	% of total fair value of scheme assets
Cash and cash equivalents	–	6	6	0.2%	–	113	113	3.8%
Debt Securities	3,243	68	3,311	101.4%	2,756	132	2,888	96.1%
of which governments	2,464	–	2,464	75.5%	1,967	–	1,967	65.5%
of which corporates	779	68	847	25.9%	789	131	920	30.6%
Derivatives	–	(53)	(53)	(1.6)%	–	(38)	(38)	(1.3)%
Alternative investments	–	–	–	–	–	41	41	1.4%
of which hedge funds	–	–	–	–	–	–	–	–
of which other	–	–	–	–	–	41	41	1.4%
Total plan assets UK DB Plan	**3,243**	**21**	**3,264**	**100.0%**	**2,756**	**248**	**3,004**	**100.0%**
Debt Securities	8	–	8	100.0%	8	–	8	100.0%
Total plan assets International Plans	**8**	**–**	**8**	**100.0%**	**8**	**–**	**8**	**100.0%**

Cash and cash equivalents include shares of separately managed funds and repurchase agreements for which the asset value is generally determined based on inputs other than quoted prices.

The fixed income securities include government bonds which are generally based on quoted prices. Corporate debt securities include individual positions and separately managed funds. They are generally based on quoted prices that are observable directly or indirectly. Positions for which market prices are not available and/or for which a fair value is not readily determinable, are measured at fair value using their net asset value ('NAV').

Derivatives consist of a variety of products to manage market risks (e.g. interest, inflation). These include OTC and exchange traded derivatives. The fair value of OTC derivatives is determined on the basis of inputs that include those characteristics of the derivative that have a bearing on the economics of the instrument. The fair value of exchange- traded derivatives is typically derived from observable exchange prices and/or observable inputs.

Alternative investments consist of real estate investments, which are measured, using their NAV.

Defined Contribution Pension Plans

The Company also contributes to various defined contribution pensions primarily in the United Kingdom. The contributions in these plans during 2020 and 2019 were USD 2 million and USD 4 million respectively.

31 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. This is determined by the plan, retirement eligibility of employees, two-year moratorium periods on early retirement 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 (income)/expense for cash-settled share-based compensation plans recognised during 2020 and 2019 was USD (2) million and USD 19 million respectively. The total stock award liability recorded as at 31 December 2020 was USD 12 million (2019: USD 36 million). The fair value used to calculate the stock award liability was the closing CSG share price as at 31 December 2020 CHF 11.40 (2019: CHF 13.10). The average weighted fair value of awards granted in 2020 was CHF 10.30 (2019: CHF 11.23). The intrinsic value of vested share based awards outstanding as at year end was USD 4 million (2019: USD 13 million).

The recognition of compensation expense for the deferred compensation awards granted in February 2021 began in 2021 and thus had no impact on the 2020 financial statements.

Performance Share Awards ('PSA')

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.

Performance share awards are subject to a negative adjustment in the event of a divisional loss by the division in which the employees worked as at December 31, 2020, or a negative CSG ROE, whichever results in a larger adjustment. For employees in Corporate Functions and the Asset Resolution Unit, the negative adjustment only applies in the event of a negative CSG ROE and is not linked to the performance of the divisions. The basis for the ROE calculation may vary from year to year, depending on the Compensation Committee's determination for the year in which the performance shares are granted.

The number of performance share awards granted to employees was generally determined by dividing the deferred component of variable compensation being granted as performance share awards by the average price of a CSG share over the ten consecutive trading days which ended on March 4, 2021. The fair value of each performance share award was CHF 12.585, the CSG share price on the grant date.

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

Movements in the number of PSA outstanding were as follows:

CSS(E)L Group and Company	**2020**	2019
Number of units (millions)		
As at 1 January	1.45	1.87
Granted	0.07	0.47
Shares transferred in/out	(0.53)	(0.07)
Delivered	(0.46)	(0.78)
Forfeited	(0.01)	(0.04)
As at 31 December	**0.52**	**1.45**

Share Awards

Share awards granted in February 2021 are similar to those granted in February 2020. Each share award granted entitles the holder of the award to receive one CSG share, subject to service conditions. Share awards 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 risk managers or senior managers under the UK PRA Remuneration Code or similar regulations in other jurisdictions. Share awards granted to risk managers vest over five years with one fifth of the award vesting on each of the five anniversaries of the grant date, while share awards granted to senior managers vest over five years commencing on the third anniversary of the grant date, 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 CSG 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 CSG 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.

The number of share awards granted to employees was generally determined by dividing the deferred component of variable compensation being granted as share awards by the average price of a CSG share over the ten consecutive trading days which ended on March 4, 2021. The fair value of each share award was CHF 12.585, the CSG share price on the grant date.

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

Movements in the number of share awards outstanding were as follows:

CSS(E)L Group and Company	**2020**	2019
Number of units (millions)		
As at 1 January	1.47	2.49
Granted	0.17	0.89
Shares transferred in/out	(0.69)	(0.14)
Delivered	(0.47)	(1.68)
Forfeited	(0.01)	(0.09)
As at 31 December	**0.47**	**1.47**

Contingent Capital Awards

Contingent Capital Awards ('CCA') were granted in February 2021, 2020 and 2019 to certain employees as part of the 2020, 2019 and 2018 deferred variable compensation and have rights and risks similar to those of certain contingent capital instruments issued by CSG in the market. CCA are scheduled to vest on the third anniversary of the grant date, other than those granted to individuals classified as risk managers or senior managers under the UK PRA Remuneration Code or similar regulations in other jurisdictions, where CCA vest on the fifth and seventh anniversaries of the grant date, respectively, and will be expensed over the vesting period. CCA generally provide a conditional right to receive semi-annual cash payments of interest equivalents until settled, with rates being dependent upon the vesting period and currency of denomination. CCA granted in 2021, 2020 and 2019 that vest five or seven years from the date of grant are not eligible for semi-annual cash payments of interest equivalents. CCA granted to certain regulated employees that vest over three years are not eligible for semi-annual cash payments of interest equivalents.

Below are description for interest equivalents on both, USD and CHF denominated CCAs, however not all entities are granted with both type of awards.

- CCA granted in 2021 that are denominated in US dollars and vest three years from the date of grant receive interest equivalents at a rate of 3.60%, per annum plus the daily compounded (spread exclusive) US dollar Secured Overnight Financing Rate (SOFR);
- CCA granted in 2020 and 2019 that are denominated in US dollars and vest three years from the date of grant receive interest equivalents at a rate of 3.77% and 4.46% respectively, per annum over the six-month US dollar London Interbank Offered Rate (LIBOR);
- CCA granted in 2021 that are denominated in Swiss francs and vest three years from the date of grant receive interest equivalents at a rate of 3.06%, per annum plus the daily compounded (spread exclusive) Swiss franc Swiss Average Rate Overnight (SARON);
- CCA granted in 2020 and 2019 that are denominated in Swiss francs and vest three years from the date of grant receive interest equivalents at a rate of 3.29% and 3.73% respectively, per annum over the six-month Swiss franc LIBOR; and
- The semi-annual interest equivalent cash payment calculation cycle with effect from February 2021, will be based on the SOFR for CCA denominated in US dollars and the SARON for CCA denominated in Swiss francs.

The rates were set in line with market conditions at the time of grant and existing high-trigger and low-trigger contingent capital instruments that CSG has issued. For CCA granted in February 2021, employees who received compensation in Swiss francs received CCA denominated in Swiss francs and all other employees received CCA denominated in US dollars.

As CCA qualify as going-concern loss-absorbing capital of CSG, the timing and form of distribution upon settlement is subject to approval by FINMA. At settlement, employees will receive either a contingent capital instrument or a cash payment based on the fair value of the CCA. The fair value will be determined by CSG. In the case of a cash settlement, the CCA award will be converted into the local currency of each respective employee.

CCA have loss-absorbing features such that prior to settlement, the principal amount of the CCA would be written down to zero and forfeited if any of the following trigger events were to occur:

- CSG's reported common equity tier 1 ('CET1') ratio falls below 7%; or
- FINMA determines that cancellation of the CCA and other similar contingent capital instruments is necessary, or that CSG requires public sector capital support, in either case to prevent it from becoming insolvent or otherwise failing.

Total compensation expense recognised for CCAs during the year ended December 31, 2020 was USD 1.4 million (2019: USD 5 million).

Capital Opportunity Facility Awards

As part of the 2011 annual compensation process, CSG awarded a portion of deferred variable compensation for certain employees in the form of 2011 Partner Asset Facility ('PAF2') units. PAF2 units were essentially fixed income structured notes that are exposed to a portion of the credit risk that arises in CSG's derivative activities, including both current and possible future swaps and other derivative transactions.

PAF2 awards were linked to a portfolio of CSG's credit exposures, providing risk offset and capital relief. Due to regulatory changes, this capital relief would no longer be available. As a result, CSG restructured the awards, requiring PAF2 holders to reallocate the exposure of their awards from the pool of counterparty credit risks in the original PAF2 structure to one of the following options, or a combination thereof:

- **Capital Opportunity Facility ('COF'):** participants elected for their award to be referenced to a COF. The COF is a seven-year facility that is linked to the performance of a portfolio of risk-transfer and capital mitigation transactions, to be entered into with CSG, chosen by a COF management team. The value of the COF awards will be reduced if there are losses from the COF portfolio, up to the full amount of the award. Participants who elect the COF will receive semi-annual US dollar cash distributions of 6.5% per annum until settlement in cash in 2021, and such semi-annual distributions will reduce the cash settlement amount payable in 2021; and
- **CCA:** participants elected to receive CCA, with similar terms to the instruments granted as part of the 2013 compensation awards.

Total compensation expense recognised for the COF during the year ended 31 December 2020 was USD 0.5 million (2019: USD 0.4 million).

32 Related Parties

The Company is controlled by CSG, its ultimate parent, which is incorporated in Switzerland. The Company's parent company, Credit Suisse Investment Holdings (UK), which holds all of the voting rights in the undertaking, is incorporated in the UK. The registered address of CSG is Paradeplatz 8, 8070 Zurich, Switzerland and that of Credit Suisse Investment Holdings (UK) is One Cabot Square, London E14 4QJ.

The Company acts primarily in the investment banking sector as a financial intermediary for fellow CS group companies in providing investment banking and securities products and services for the Americas, European and Asian regions. The Company acts as one of the main booking entities in the European region for transacting in securities and derivatives. The Company generally enters into these transactions in the ordinary course of business and these transactions are on market terms that could be obtained from unrelated parties. The Company has extensive transfer pricing policies (revenue sharing and cost plus agreements) to govern its intercompany relationships.

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

The Company holds service contracts in the UK. The costs associated with these are allocated to fellow CS group companies (see 'Expenses payable to other CS group companies' in Note 11 – General, Administrative and Trading Expenses) based on detailed cost allocation statistics. The Company generally enters into these transactions in the ordinary course of business and these transactions are on market terms that could be obtained from unrelated parties.

a) Related party assets and liabilities

	31 December 2020			31 December 2019		
CSS(E)L Group	Parent	Fellow group companies	Total	Parent	Fellow group companies	Total
Assets (USD million)						
Cash and due from banks	–	1,054	1,054	–	1,110	1,110
Interest bearing deposits with banks	–	7,990	7,990	–	14,550	14,550
Securities purchased under resale agreements and securities borrowing transactions	–	11,382	11,382	–	7,971	7,971
Trading financial assets mandatorily at fair value through profit or loss	–	3,056	3,056	–	2,330	2,330
Non-trading financial assets mandatorily at fair value through profit or loss	–	3,266	3,266	–	4,506	4,506
Other assets	5	2,730	2,735	4	3,180	3,184
Assets Held for sale	–	6,995	6,995	–	13,368	13,368
Total assets	**5**	**36,473**	**36,478**	**4**	**47,015**	**47,019**
Liabilities and Equity (USD million)						
Due to Banks [1]	–	88	88	–	100	100
Securities sold under repurchase agreements and securities lending transactions	–	292	292	–	2,058	2,058
Trading financial liabilities designated at fair value through profit or loss	–	3,906	3,906	–	2,953	2,953
Financial liabilities designated at fair value through profit or loss	–	4,870	4,870	–	15,356	15,356
Borrowings	–	3,429	3,429	–	3,663	3,663
Other liabilities [2]	107	7,459	7,566	103	5,173	5,276
Debt in issuance	–	8,955	8,955	–	15,239	15,239
Liabilities Held for sale	–	7,760	7,760	–	19,664	19,664
Share capital	3,859	–	3,859	3,859	–	3,859
Total liabilities and equity	**3,966**	**36,759**	**40,725**	**3,962**	**64,206**	**68,168**

[1] Deposits are renamed as 'Due To Banks' to better describe the nature of items under the heading.
[2] The term parent refers to the immediate parent, CS Investment Holdings(UK) and also the ultimate parent CSG.Above table includes other liabilities balances with CSG of USD 107 million (2019: USD 103 million)

CSS(E)L Company	31 December 2020 Parent	Fellow group companies	Subsidiaries and SPEs	Total	31 December 2019 Parent	Fellow group companies	Subsidiaries and SPEs	Total
Assets (USD million)								
Cash and due from banks	–	1,054	–	1,054	–	1,110	–	1,110
Interest bearing deposits with banks	–	7,990	–	7,990	–	14,550	–	14,550
Securities purchased under resale agreements and securities borrowing transactions	–	11,382	–	11,382	–	7,971	–	7,971
Trading financial assets mandatorily at fair value through profit or loss	–	3,056	5	3,061	–	2,329	8	2,337
Non-trading financial assets mandatorily at fair value through profit or loss	–	3,266	–	3,266	–	4,506	–	4,506
Other assets	5	2,730	18	2,753	4	3,179	1	3,184
Assets Held for sale	–	6,995	–	6,995	–	13,368	–	13,368
Total assets	**5**	**36,473**	**23**	**36,501**	**4**	**47,013**	**9**	**47,026**
Liabilities and Equity (USD million)								
Due to Banks [1]	–	88	–	88	–	100	–	100
Securities sold under repurchase agreements and securities lending transactions	–	292	–	292	–	2,058	–	2,058
Trading financial liabilities designated at fair value through profit or loss	–	3,890	20	3,910	–	2,932	17	2,949
Financial liabilities designated at fair value through profit or loss	–	4,863	–	4,863	–	15,350	–	15,350
Borrowings	–	3,429	–	3,429	–	3,663	–	3,663
Other liabilities [2]	107	7,458	–	7,565	103	5,173	–	5,276
Debt in issuance	–	8,955	–	8,955	–	15,239	–	15,239
Liabilities Held for sale	–	7,760	–	7,760	–	19,664	–	19,664
Share capital	3,859	–	–	3,859	3,859	–	–	3,859
Total liabilities and equity	**3,966**	**36,735**	**20**	**40,721**	**3,962**	**64,179**	**17**	**68,158**

[1] Deposits are renamed as 'Due To Banks' to better describe the nature of items under the heading.
[2] The term parent refers to the immediate parent, CS Investment Holdings(UK) and also the ultimate parent CSG. Above table includes other liabilities balances with CSG of USD 107 million (2019: USD 103 million)

Related party off-balance sheet transactions

CSS(E)L Group and Company (USD million)	31 December 2020 Parent	Fellow group companies	Total	31 December 2019 Parent	Fellow group companies	Total
Credit guarantees	–	189	189	–	188	188
Commitments to purchase cash securities <1 year	–	2,853	2,853	–	2,463	2,463
Total	**–**	**3,042**	**3,042**	**–**	**2,651**	**2,651**

b) Related party revenues and expenses

CSS(E)L Group (USD million)	31 December 2020 [1] Parent [3]	Fellow group companies	Total	31 December 2019 Parent [3]	Fellow group companies	Total
Interest income	–	358	358	–	749	749
Interest expense	–	(339)	(339)	–	(804)	(804)
Net interest expense	**–**	**19**	**19**	**–**	**(55)**	**(55)**
Commissions and fee income/(expense)	15	(44)	(29)	15	(61)	(46)
Transfer pricing arrangements	–	99	99	–	147	147
Other revenue	–	–	–	–	1	1
Total non-interest revenues	**15**	**55**	**70**	**15**	**87**	**102**
Net revenue	**15**	**74**	**89**	**15**	**32**	**47**
Total operating expenses [2]	**(2)**	**(872)**	**(874)**	**(2)**	**(838)**	**(840)**

[1] Above table shows revenues and expenses of continued and discontinued operations.
[2] Net overheads allocated from other CS group entities of USD 22 million (2019:USD 21 million) are not included in the Total operating expenses
[3] Above table includes operating expenses balances with CSG of USD 2 million.

c) Remuneration

Disclosure required by the Companies Act 2006

Remuneration of Directors

(USD '000)	2020	2019
Emoluments	3,562	4,336
Long term incentive schemes:		
Amounts paid under Deferred Cash Awards	90	346
Amounts delivered under Share Based Awards	627	847
Total	**4,279**	**5,529**
Compensation for loss of office	89	–
Bank's contributions to defined contribution plan	17	63
Total	**4,385**	**5,592**

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 1,460,000 (2019: USD 1,547,000). There were no contributions made for defined contribution pension plan in 2020 (2019: USD 8,000). There were also no contributions made for defined benefit lump sum (2019: USD Nil). During the year the highest paid director also received an entitlement to shares under a long term incentive scheme.

The amounts included in the Companies Act disclosures are on a different basis than the recognition requirements of IFRS 2 and IAS 19 and the disclosure requirements of IAS 24. The aggregate amount of remuneration accrued in the Company's accounts for directors in accordance with IFRS requirements for 2020 was USD 7,259,000 (2019: USD 8,196,000).

Number of Directors and Benefits	**2020**	2019
Retirement benefits are accruing to the following number of Directors under:		
Defined contribution schemes	5	7
No Scheme	8	6
Both defined contribution and defined benefit	–	–
Both defined contribution and defined benefit lump sum	–	–
Directors in respect of whom services were received or receivable under long term incentive schemes	7	7

Remuneration of Key Management Personnel

	2020	2019
Remuneration of Key Management Personnel (USD' 000)		
Emoluments	3,660	7,007
Long term incentive schemes	3,532	6,340
Total	**7,192**	**13,347**
Compensation for loss of office	89	–
Bank's contributions to defined contribution plan	18	131
Bank's contributions to defined benefits sum plan	–	–
Total	**7,299**	**13,478**

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

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

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

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

CSG Shares awarded to Key Management Personnel

	2020	2019
Number of shares	517,109	589,993

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.

d) Loans and Advances to Directors and Key Management Personnel

Loans outstanding to or due from Directors or Key management personnel of the CSS(E)L Group at 31 December 2020 were USD Nil (2019: USD 2,000), of which loans to Directors were USD Nil (2019: USD 2,000).

33 Employees

The monthly average number of persons employed during the year was as follows:

CSS(E)L Group and Company (Number)	**2020**	2019
Business Functions	52	140
Corporate Functions	40	49
Total	**92**	**189**

The CSS(E)L Group receives a range of services from related CS group companies. The headcount related to these services received is not included in the numbers. Additionally CSS(E)L used to be the main CS employing company in the UK and provided a number of services to other related CS group companies, but the majority of staff have now been transferred to Credit Suisse International as part of the UK strategy.

34 Derivatives and Hedging Activities

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

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

On the date the derivative contract is entered into, the CSS(E)L Group designates the derivative as belonging to one of the following categories:
- trading activities; or
- 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; or
- a hedge of a net investment in a foreign operation.

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

	31 December 2020 [1]				31 December 2019 [1]			
	Trading		Hedging		Trading		Hedging	
CSS(E)L Group	Gross Derivative Assets	Gross Derivative Liabilities	Gross Derivative Assets	Gross Derivative Liabilities	Gross Derivative Assets	Gross Derivative Liabilities	Gross Derivative Assets	Gross Derivative Liabilities
Trading and hedging derivatives instruments (USD million)								
Forwards and forward rate agreements	–	–	–	–	–	–	–	–
Swaps	1,590	2,155	–	–	1,091	1,338	–	–
Options bought and sold (OTC)	–	7	–	–	–	6	–	–
Interest rate products	**1,590**	**2,162**	**–**	**–**	**1,091**	**1,344**	**–**	**–**
Forwards and forward rate agreements	28	40		12	59	70	1	6
Swaps	218	137	–	–	212	160	–	–
Foreign exchange products	**246**	**177**	**–**	**12**	**271**	**230**	**1**	**6**
Forwards and forward rate agreements	1	3	–	–	1	7	–	–
Swaps	3,135	3,981	–	–	3,730	3,682	–	–
Equity/indexed-related products	**3,136**	**3,984**	**–**	**–**	**3,731**	**3,689**	**–**	**–**
Credit Swaps	**54**	**65**	**–**	**–**	**33**	**35**	**–**	**–**
Life finance related mortality swaps and others	1,352	613	–	–	1,102	660	–	–
Other products	**1,352**	**613**	**–**	**–**	**1,102**	**660**	**–**	**–**
Total derivative instruments	**6,378**	**7,001**	**–**	**12**	**6,228**	**5,958**	**1**	**6**

[1] Above table includes both continued and discontinued operations. Assets and liabilities pertaining to discontinued operations in 2020 are USD 1,998 million (2019: USD 2,141 million) and USD 2,429 million (2019 : USD: 2,146 million) respectively. Refer to Note 26- Discontinued Operations and Assets and Liabilities Held for Sale. Gross Derivative Assets and Liabilities indicate Fair value.

	2020 [1]		2019 [1]	
CSS(E)L Group	Gross Derivative Assets	Gross Derivative Liabilities	Gross Derivative Assets	Gross Derivative Liabilities
Derivatives Assets and Liabilities (USD million)				
Derivatives Assets and Liabilities (trading and hedging) before netting	6,378	7,013	6,229	5,964
Derivatives Assets and Liabilities (trading and hedging) after netting	6,378	7,013	6,229	5,964

[1] Gross Derivative Assets and Liabilities indicate Fair value.

Company	31 December 2020[1] Trading Gross Derivative Assets	Gross Derivative Liabilities	Hedging Gross Derivative Assets	Gross Derivative Liabilities	31 December 2019[1] Trading Gross Derivative Assets	Gross Derivative Liabilities	Hedging Gross Derivative Assets	Gross Derivative Liabilities
Trading and hedging derivatives instruments (USD million)								
Forwards and forward rate agreements	–	–	–	–	–	–	–	–
Swaps	1,590	2,155	–	–	1,091	1,338	–	–
Options bought and sold (OTC)	–	7	–	–	–	6	–	–
Interest rate products	**1,590**	**2,162**	**–**	**–**	**1,091**	**1,344**	**–**	**–**
Forwards and forward rate agreements	28	40	–	12	59	70	1	6
Swaps	218	137	–	–	212	160	–	–
Foreign exchange products	**246**	**177**	**–**	**12**	**271**	**230**	**1**	**6**
Forwards and forward rate agreements	1	3	–	–	1	7	–	–
Swaps	3,136	3,981	–	–	3,755	3,707	–	–
Equity/indexed-related products	**3,137**	**3,984**	**–**	**–**	**3,756**	**3,714**	**–**	**–**
Credit Swaps	**54**	**65**	**–**	**–**	**33**	**35**	**–**	**–**
Life finance related mortality swaps and others	1,357	616	–	–	1,084	631	–	–
Other products	**1,357**	**616**	**–**	**–**	**1,084**	**631**	**–**	**–**
Total derivative instruments	**6,384**	**7,004**	**–**	**12**	**6,235**	**5,954**	**1**	**6**

[1] Above table includes both continued and discontinued operations. Assets and liabilities pertaining to discontinued operations in 2020 are USD 1,998 million (2019: USD 2,141 million) and USD 2,429 million (2019 : USD: 2,146 million) respectively. Refer to Note 26- Discontinued Operations and Assets and Liabilities Held for Sale. Gross Derivative Assets and Liabilities indicate Fair value.

Company	2020[1] Gross Derivative Assets	Gross Derivative Liabilities	2019[1] Gross Derivative Assets	Gross Derivative Liabilities
Derivatives Assets and Liabilities (USD million)				
Derivatives Assets and Liabilities (trading and hedging) before netting	6,384	7,016	6,236	5,960
Derivatives Assets and Liabilities (trading and hedging) after netting	6,384	7,016	6,236	5,960

[1] Gross Derivative Assets and Liabilities indicate Fair value.

→ Refer Note 32- Related Parties for details on balances with related parties.

Trading Activities

The CSS(E)L Group 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 CSS(E)L Group's derivatives held as at 31 December 2020 were used for trading activities.

Economic Hedges

Economic hedges arise when the CSS(E)L 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; and
- 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.

Cash Flow Hedges

The CSS(E)L Group 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 foreign exchange 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 trades. By investing in foreign exchange forward contracts, the CSS(E)L Group 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.

Net Investment Hedges

The CSS(E)L Group typically uses forward foreign exchange contracts to hedge selected net investments in foreign operations. The objective of these hedging transactions is to protect against adverse movements in foreign exchange rates.

The following table sets forth details of cash flow and net investment hedging instruments:

CSS(E)L Group and Company	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
As at 31 December 2020 (USD million)		Assets	Liabilities		
Foreign exchange price risk					
Cash Flow Hedges					
Forward contracts	–	–	–	Other assets	(1)
Net Investment hedges					
Forward contracts	439	–	12	Other liabilities	–

CSS(E)L Group and Company	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
As at 31 December 2019 (USD million)		Assets	Liabilities		
Foreign exchange price risk					
Cash Flow Hedges					
Forward contracts	17	1	1	Other Assets/ Other liabilities	2
Net Investment hedges					
Forward contracts	451	–	6	Other liabilities	–

The following table sets forth the timing of future cash flows of hedging instruments:

CSS(E)L Group and Company	2020		2019	
	< 6 months	< 1 year	< 6 months	< 1 year
Foreign exchange price risk (USD million)				
Cash Flow Hedges				
Forward contracts	–	–	14	3
Average exchange rate – (GBP/USD)	–	–	1.32	1.27
Net Investment Hedges				
Forward contracts	439	–	451	–
Average exchange rate (USD/KWR)	1,117	–	1,170	NA

The following table sets forth the details of hedged items:

CSS(E)L Group and Company	2020		2019	
	Change in value of the hedged item	Cash flow hedge reserve	Change in value of the hedged item	Cash flow hedge reserve
Foreign exchange price risk (USD million)				
Cash Flow Hedges				
Forward contracts	–	–	–	1
Net Investment hedges				
Forward contracts	27	(258)	(16)	(238)

Hedge effectiveness assessment

The CSS(E)L Group 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 CSS(E)L Group 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 CSS(E)L Group to determine whether or not the hedging relationship has actually been effective. If the CSS(E)L Group 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.

Foreign exchange price risk	2020		2019	
	Cash flow hedges	Net Investment hedges	Cash flow hedges	Net Investment hedges
Forward contract (USD millions)				
Hedging gain/(loss) recognised in OCI	–	(20)	1	21
Amount reclassified to profit or loss because hedged item has affected profit or loss	0.30	–	(1.48)	–

CSS(E)L Group and Company	**2020**	2019
Cash flow hedge reserve (USD million)		
Opening balance	**1**	**(1)**
Cash flow hedges		
Effective portion of changes in fair value:		
Foreign Exchange Currency risk	(1)	1
Net amount reclassified to profit or loss:		
Foreign Exchange Currency risk	–	1
Net gain on hedge of net investment in foreign operations		
Closing balance	–	1

Disclosures relating to contingent credit risk

Certain of the Company's derivative instruments contain provisions that require it to maintain a specified credit rating from each of the major credit rating agencies. If the ratings fall below the level specified in the contract, the counterparties to the agreements could request payment of additional collateral on those derivative instruments that are in a net liability position. Certain of the derivative contracts also provide for termination of the contract, generally upon a downgrade of either CSG 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 CSG ratings downgrade is monitored. Collateral triggers are maintained by the Collateral Management department and vary by counterparty.

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

35 Contingent Liabilities, Guarantees and Commitments

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

	Maturity						
CSS(E)L Group and Company	<1 year	1-3 years	3-5 years	>5 years	**Total gross amount**	Secured by collateral	Net of collateral
31 December 2020							
Guarantees (USD million)							
Credit guarantees and similar instruments	–	–	–	189	189	–	189
Total guarantees	**–**	**–**	**–**	**189**	**189**	**–**	**189**

	Maturity						
CSS(E)L Group and Company	<1 year	1-3 years	3-5 years	>5 years	**Total gross amount**	Secured by collateral	Net of collateral
31 December 2020							
Other commitments (USD million)							
Forward reverse repurchase agreements	13	–	–	–	13	13	–
Commitments to purchase cash securities	5,339	–	–	–	5,339	–	5,339
Total other commitments	**5,352**	**–**	**–**	**–**	**5,352**	**13**	**5,339**

CSS(E)L Group and Company	Maturity <1 year	1-3 years	3-5 years	>5 years	**Total gross amount**	Secured by collateral	Net of collateral
31 December 2019							
Guarantees (USD million)							
Credit guarantees and similar instruments	–	–	–	188	188	–	188
Total guarantees	**–**	**–**	**–**	**188**	**188**	**–**	**188**

CSS(E)L Group and Company	Maturity <1 year	1-3 years	3-5 years	>5 years	**Total gross amount**	Secured by collateral	Net of collateral
31 December 2019							
Other commitments (USD million)							
Forward reverse repurchase agreements	1	–	–	–	1	–	1
Commitments to purchase cash securities	5,841	–	–	–	5,841	–	5,841
Total other commitments	**5,842**	**–**	**–**	**–**	**5,842**	**–**	**5,842**

Forward reverse repo agreements represent transactions in which the initial cash exchange of the reverse repurchase transactions takes place on specified future dates.

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

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

Contingent Liabilities and Other Commitments

The Company is party to various legal proceedings as part of its normal course of business. The Directors of the Company believe that the aggregate liabilities, if any, resulting from these proceedings will not significantly prejudice the financial position of the Company and have been provided for where deemed necessary in accordance with accounting policy. The outcome and timing of these matters is inherently uncertain. Based on current information known, it is not possible to predict the outcome of any of these matters, or to reliably estimate their financial impact or the timing of their resolution.

On 26 July 2018, CSS(E)L, Credit Suisse Group AG and Credit Suisse AG received a Statement of Objections from the European Commission ('Commission'), alleging that Credit Suisse entities engaged in anticompetitive practices in connection with its foreign exchange trading business. The Statement of Objections sets out the Commission's preliminary views and does not prejudge the final outcome of its investigation.

On 20 December 2018, Credit Suisse Group AG and CSS(E)L received a Statement of Objections from the Commission, alleging that Credit Suisse entities engaged in anticompetitive practices in connection with their supranational, sub-sovereign and agency (SSA) bonds trading business. On 28 April 2021, the Commission issued a formal decision imposing a fine of EUR 11.859 million. CS group intends to appeal this decision to the EU General Court.
Credit Suisse is continuing to respond to requests from regulatory and enforcement authorities, and is in ongoing dialogue with certain of these authorities, related to 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. On 3 January 2019, the United States Attorney for the Eastern District of New York unsealed an indictment against several individuals in connection with the matter, including three former Credit Suisse employees. On 20 May, 2019, 19 July, 2019 and 6 September, 2019, the three former employees pleaded guilty to accepting improper personal benefits in connection with financing transactions carried out with two Mozambique state enterprises. Credit Suisse is cooperating with the authorities on this matter. On 27 February, 2019, certain Credit Suisse entities, the same three former employees, and several other unrelated entities were sued in the English High Court by the Republic of Mozambique. On 21 January 2020, the Credit Suisse entities filed their defense. The Republic

of Mozambique seeks 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 also seeks unspecified 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. Also on 15 January 2021 the project contractor 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.

On 27 April 2020 Banco Internacional de Moçambique (BIM), a member of the Proindicus syndicate, brought a claim against certain Credit Suisse entities seeking, contingent on the Republic of Mozambique's claim, a declaration that Credit Suisse is liable to compensate it for alleged losses suffered as a result of any invalidity of the sovereign guarantee. The Credit Suisse entities filed their defense to this claim on 28 August 2020, to which BIM replied on 16 October 2020.

On 17 December 2020 two members of the Proindicus syndicate, Beauregarde Holdings LLP and Orobica Holdings LLC filed a claim against certain Credit Suisse entities in respect of their interests in the Proindicus loan, seeking unspecified damages stemming from the alleged loss suffered due to their reliance on representations made by Credit Suisse to the syndicate lenders.

36 Interests in Other Entities

Subsidiaries

Composition of the Group

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

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

Composition of the Group

Entity	Domicile [1]	Currency	**Percentage of ownership held 2020**	Percentage of ownership held 2019
Credit Suisse Client Nominees (UK) Limited	United Kingdom	USD	100%	100%
Credit Suisse First Boston Trustees Limited	United Kingdom	GBP	0%	100%
Credit Suisse Guernsey AF Trust	Guernsey	USD	100%	100%
CSSEL Guernsey Bare Trust	Guernsey	USD	100%	100%
Redwood Guernsey I Funding Trust	Guernsey	USD	100%	100%
Redwood Guernsey I Master Trust	Guernsey	USD	100%	100%
Redwood Guernsey I SPIA Trust	Guernsey	USD	100%	100%
Redwood Guernsey II Funding Trust	Guernsey	USD	100%	100%
Redwood Guernsey II Master Trust	Guernsey	USD	100%	100%
Redwood Guernsey II SPIA Trust	Guernsey	USD	100%	100%
Sail Guernsey I Funding Trust	Guernsey	USD	100%	100%
Sail Guernsey I Master Trust	Guernsey	USD	100%	100%
Sail Guernsey I SPIA Trust	Guernsey	USD	100%	100%
Sail Guernsey II Funding Trust	Guernsey	USD	100%	100%
Sail Guernsey II Master Trust	Guernsey	USD	100%	100%
Sail Guernsey II SPIA Trust	Guernsey	USD	100%	100%
Morstan Investments B.V. – 2019-01	Netherlands	USD	0%	100%

[1] Detailed Registered Office Address mentioned in Note-43 CSS(E)L's Subsidiaries and Associates

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

There were no significant changes in ownership during the year ended 31 December 2020 in relation to the CSS(E)L Group's subsidiaries that resulted in a loss of control. Various trusts were closed during the year.

There were no significant changes in ownership during the year ended 31 December 2020 that resulted in a change in the consolidation conclusion.

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

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

Restrictions

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

The Company must at all times monitor and demonstrate compliance with the relevant regulatory capital requirements set out in the EU Capital Requirements Regulation ('CRR') and additionally as laid down by the PRA. The Company has put into place processes and controls to monitor and manage its capital adequacy. For more information regarding the Company's capital adequacy and how the capital resources are managed and monitored please refer to Note 42 – Capital Adequacy.

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

Restricted assets include those assets protected under client segregation rules. Please refer to Note 19 – Brokerage Receivables and Brokerage Payables for further information.

The CSS(E)L Group pledges assets mainly for repurchase agreements and other securities financing. Certain pledged assets may be encumbered, meaning the counterparty has the right to resell or repledge the pledged asset. Please refer to Note 15 – 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 CSS(E)L Group has interests in structured entities which are not consolidated. An interest is either a contractual or non-contractual involvement that exposes the CSS(E)L Group to variability in returns from the performance of another entity. An interest in another entity can be evidenced by, but is not limited to, the holding of equity or debt instruments as well as other forms of involvement such as the provision of funding, liquidity support, credit enhancement and guarantees. The CSS(E)L Group does not have an interest in another entity solely because of a Typical Customer Supplier Relationship such as, fees other than management and performance fees that are passively earned and are typically one-off in nature.

Type of structured entity

Securitisations
Securitisations are primarily Commercial Mortgage Backed Securities ('CMBS'), Residential Mortgage Backed Securities ('RMBS') and Asset Backed Securities ('ABS') vehicles. The CSS(E)L 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 CSS(E)L Group provided. The CSS(E)L Group's maximum exposure to loss does not include any effects from financial instruments used to economically hedge the risks of the structured entities.

Loans
Loans are single-financing vehicles where the CSS(E)L Group provides financing for specified assets or business ventures and the respective owner of the assets or manager of the businesses provides the equity in the vehicle. These tailored lending arrangements are established to purchase, lease or otherwise finance and manage clients' assets.

The maximum exposure to loss is the carrying value of the CSS(E)L 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 CSS(E)L Group's exposure. The CSS(E)L Group considers the likelihood of incurring a loss equal to the maximum exposure to be remote because of the CSS(E)L Group's risk mitigation efforts which includes over-collateralisation and effective monitoring to ensure that a sufficient loan-to-value ratio is maintained.

Collateralised Debt Obligations ('CDO')
The CSS(E)L Group engages in CDO transactions to meet client and investor needs, earn fees and sell financial assets. The CSS(E)L 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 CSS(E)L 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 CSS(E)L Group.

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

Interests in unconsolidated structured entities

31 December 2020

	Type of Structured entity				
Line item in the Consolidated Statement of Financial Position (USD millions)	Securitisations	CDO	Loans	Other Financial Intermediation	**Total**
Trading financial assets at fair value through profit or loss					
Securities purchased under resale agreements and securities borrowing tranasctions	–	–	–	78	78
Total	–	–	–	78	78
Other liabilities	6	–	–	–	6
Maximum exposure to loss	–	–	–	–	–
Unconsolidated structured entity assets	**14,989**	**490**	**113**	**278**	**15,870**

31 December 2019

	Type of Structured entity				
Line item in the Consolidated Statement of Financial Position (USD millions)	Securitisations	CDO	Loans	Other Financial Intermediation	**Total**
Other liabilities	12	–	–	–	12
Maximum exposure to loss	–	–	–	–	–
Unconsolidated structured entity assets	**18,836**	**771**	**55**	**–**	**19,662**

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

Income from interests in unconsolidated structured entities

31 December 2020

	Income earned			
Structured entity type (USD millions)	Fair value gain/(loss)	Interest income	Commission and fees	**Total**
Securitisations	–	–	–	–
Total	**–**	**–**	**–**	**–**

31 December 2019

	Income earned			
Structured entity type (USD millions)	Fair value gain/(loss)	Interest income	Commission and fees	**Total**
Securitisations	–	–	1	1
Total	**–**	**–**	**1**	**1**

The table above shows the income earned from unconsolidated structured entities during the reporting period. Income from unconsolidated structured entities comprises changes in the fair value, interest income, commission and fees income of interests held with the unconsolidated structured entities.

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

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

Sponsored unconsolidated structured entities

31 December 2020

Structured entity type (USD millions)	Income/(losses) Commissions and Fees	Derivative gain/(loss)	Other fair value gain/(loss)	**Total**
Loans	–	(52)	–	(52)
Total	**–**	**(52)**	**–**	**(52)**

31 December 2019

Structured entity type (USD millions)	Income/(losses) Commissions and Fees	Derivative gain/(loss)	Other fair value gain/(loss)	**Total**
Loans	–	(56)	–	(56)
Total	**–**	**(56)**	**–**	**(56)**

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

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

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

37 Financial Instruments

The following disclosure of the CSS(E)L Group's financial instruments includes the following sections:

- Analysis of financial instruments by categories;
- Fair value measurement (including fair value hierarchy; transfers between levels; level 3 reconciliation; qualitative and quantitative disclosures of valuation techniques; sensitivity analysis of unobservable input parameters; and recognition of trade date profit); and
- Fair value of financial instruments not carried at fair value.

Analysis of financial instruments by categories

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

Financial assets and liabilities by categories

31 December 2020 CSS(E)L Group	Total carrying value	Carrying amount Mandatorily at FVTPL	Designated at fair value	Other amortised cost	Total fair value
Financial Assets (USD million)					
Cash and due from banks	**2,347**	–	–	2,347	**2,347**
Interest-bearing deposits with banks	**7,990**	–	–	7,990	**7,990**
Securities purchased under resale agreements and securities borrowing transactions	**11,413**	–	–	11,413	**11,413**
Trading financial assets mandatorily at fair value through profit or loss	**4,428**	4,428	–	–	**4,428**
Non-trading financial assets mandatorily at fair value through profit or loss	**8,715**	8,715	–	–	**8,715**
Other assets	**6,053**	–	–	6,053	**6,053**
Assets held for sale	**23,341**	19,247	–	4,094	**23,341**
Total financial assets	**64,287**	**32,390**	**–**	**31,897**	**64,287**

31 December 2020 CSS(E)L Group	Total carrying value	Carrying Amount Mandatorily at FVTPL	Designated at fair value	Other amortised cost	Total fair value
Financial Liabilities (USD million)					
Due to Banks [1]	**171**	–	–	171	**171**
Securities sold under repurchase agreements and securities lending transactions	**292**	–	–	292	**292**
Trading financial liabilities mandatorily at fair value through profit or loss	**5,681**	5,681	–	–	**5,681**
Financial liabilities designated at fair value through profit or loss	**7,184**	–	7,184	–	**7,184**
Borrowings	**3,429**	–	–	3,429	**3,429**
Other liabilities	**9,701**	12	–	9,689	**9,689**
Debt in issuance	**8,955**	–	–	8,955	**9,164**
Liabilities held for sale	**21,663**	9,007	7,001	5,655	**21,663**
Total financial liabilities	**57,076**	**14,700**	**14,185**	**28,191**	**57,273**

[1] Deposits are renamed as 'Due To Banks' to better describe the nature of items under the heading.

Financial assets and liabilities by categories

31 December 2019 CSS(E)L Group	Total carrying value	Carrying amount Mandatorily at FVTPL	Designated at fair value	Other amortised cost	Total fair value
Financial Assets (USD million)					
Cash and due from banks	**2,744**	–	–	2,744	**2,744**
Interest-bearing deposits with banks	**14,550**	–	–	14,550	**14,550**
Securities purchased under resale agreements and securities borrowing transactions	**8,329**	–	–	8,329	**8,329**
Trading financial assets mandatorily at fair value through profit or loss	**4,325**	4,325	–	–	**4,325**
Non-trading financial assets mandatorily at fair value through profit or loss	**17,151**	17,151	–	–	**17,151**
Other assets	**6,201**	1	–	6,200	**6,201**
Assets held for sale	**39,979**	33,027	–	6,952	**39,979**
Total financial assets	**93,279**	**54,504**	**–**	**38,775**	**93,279**

31 December 2019 CSS(E)L Group	Total carrying value	Carrying Amount Mandatorily at FVTPL	Designated at fair value	Other amortised cost	Total fair value
Financial Liabilities (USD million)					
Due to Banks [1]	**237**	–	–	237	**237**
Securities sold under repurchase agreements and securities lending transactions	**2,063**	–	–	2,063	**2,063**
Trading financial liabilities mandatorily at fair value through profit or loss	**5,270**	5,270	–	–	**5,270**
Financial liabilities designated at fair value through profit or loss	**16,652**	–	16,652	–	**16,652**
Borrowings	**3,663**	–	–	3,663	**3,663**
Other liabilities	**10,666**	6	–	10,660	**10,666**
Debt in issuance	**15,239**	–	–	15,239	**15,480**
Liabilities held for sale	**32,462**	6,967	15,725	9,770	**32,462**
Total financial liabilities	**86,252**	**12,243**	**32,377**	**41,632**	**86,493**

[1] Deposits are renamed as 'Due To Banks' to better describe the nature of items under the heading.

Financial assets and liabilities by categories

31 December 2020 Company	Total carrying value	Carrying amount Mandatorily at FVTPL	Designated at fair value	Other amortised cost	Total fair value
Financial Assets (USD million)					
Cash and due from banks	**2,343**	–	–	2,343	**2,343**
Interest-bearing deposits with banks	**7,990**	–	–	7,990	**7,990**
Securities purchased under resale agreements and securities borrowing transactions	**11,413**	–	–	11,413	**11,413**
Trading financial assets mandatorily at fair value through profit or loss	**4,433**	4,433	–	–	**4,433**
Non-trading financial assets mandatorily at fair value through profit or loss	**8,716**	8,716	–	–	**8,716**
Other assets	**6,034**	–	–	6,034	**6,034**
Assets held for sale	**23,341**	19,247	–	4,094	**23,341**
Total financial assets	**64,270**	**32,396**	**–**	**31,874**	**64,270**

31 December 2020 Company	Total carrying value	Carrying Amount Mandatorily at FVTPL	Designated at fair value	Other amortised cost	Total fair value
Financial Liabilities (USD million)					
Due to Banks [1]	**171**	–	–	171	**171**
Securities sold under repurchase agreements and securities lending transactions	**292**	–	–	292	**292**
Trading financial liabilities mandatorily at fair value through profit or loss	**5,684**	5,684	–	–	**5,684**
Financial liabilities designated at fair value through profit or loss	**7,168**	–	7,168	–	**7,168**
Borrowings	**3,429**	–	–	3,429	**3,429**
Other liabilities	**9,701**	12	–	9,689	**9,689**
Debt in issuance	**8,955**	–	–	8,955	**9,164**
Liabilities held for sale	**21,663**	9,007	7,001	5,655	**21,663**
Total financial liabilities	**57,063**	**14,703**	**14,169**	**28,191**	**57,260**

[1] Deposits are renamed as 'Due To Banks' to better describe the nature of items under the heading.

Financial assets and liabilities by categories

31 December 2019 Company	Total carrying value	Mandatorily at FVTPL	Designated at fair value	Other amortised cost	Total fair value
				Carrying amount	
Financial Assets (USD million)					
Cash and due from banks	**2,740**	–	–	2,740	**2,740**
Interest-bearing deposits with banks	**14,550**	–	–	14,550	**14,550**
Securities purchased under resale agreements and securities borrowing transactions	**8,329**	–	–	8,329	**8,329**
Trading financial assets mandatorily at fair value through profit or loss	**4,333**	4,333	–	–	**4,333**
Non-trading financial assets mandatorily at fair value through profit or loss	**17,153**	17,153	–	–	**17,153**
Other assets	**6,169**	1	–	6,168	**6,169**
Assets held for sale	**39,979**	33,027	–	6,952	**39,979**
Total financial assets	**93,253**	**54,514**	**–**	**38,739**	**93,253**

31 December 2019 Company	Total carrying value	Mandatorily at FVTPL	Designated at fair value	Other amortised cost	Total fair value
				Carrying Amount	
Financial Liabilities (USD million)					
Due to Banks [1]	**237**	–	–	237	**237**
Securities sold under repurchase agreements and securities lending transactions	**2,063**	–	–	2,063	**2,063**
Trading financial liabilities mandatorily at fair value through profit or loss	**5,266**	5,266	–	–	**5,266**
Financial liabilities designated at fair value through profit or loss	**16,634**	–	16,634	–	**16,634**
Borrowings	**3,663**	–	–	3,663	**3,663**
Other liabilities	**10,666**	6	–	10,660	**10,666**
Debt in issuance	**15,239**	–	–	15,239	**15,480**
Liabilities held for sale	**32,462**	6,967	15,725	9,770	**32,462**
Total financial liabilities	**86,230**	**12,239**	**32,359**	**41,632**	**86,471**

[1] Deposits are renamed as 'Due To Banks' to better describe the nature of items under the heading.

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 CSS(E)L Group's financial instruments are carried at fair value. Deterioration of financial markets could significantly impact the fair value of these financial instruments and the results of operations.

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

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

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 CSS(E)L Group's own credit spreads (known as debit valuation adjustments) is considered when measuring the fair value of its liabilities. For OTC derivatives, the impact of changes in both the CSS(E)L Group's and the counterparty's credit standing is considered when measuring their fair value, based on current CDS prices. The adjustments also take into account contractual factors designed to reduce the CSS(E)L Group's credit exposure to a counterparty, such as collateral held and master netting agreements. For hybrid debt instruments with embedded derivative features, the impact of changes in the CSS(E)L Group's credit standing is considered when measuring their fair value, based on current funded debt spreads.

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

Fair value hierarchy

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

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

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

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

31 December 2020 CSS(E)L Group	Level 1	Level 2	Level 3	Impact of netting	Total at fair value
Assets (USD million)					
Debt securities	**20**	**16**	**5**	**–**	**41**
Of which UK governments	1	–	–	–	1
Of which foreign governments	19	2	–	–	21
Of which corporates	–	14	5	–	19
Equity securities	**7**	**–**	**–**	**–**	**7**
Derivatives	**1**	**2,994**	**1,385**	**–**	**4,380**
Of which interest rate products	–	1,590	–	–	1,590
Of which foreign exchange products	–	246	–	–	246
Of which equity/index-related products	1	1,106	33	–	1,140
Of which credit derivatives	–	52	–	–	52
Of which other derivatives	–	–	1,352	–	1,352
Trading financial assets mandatorily at fair value through profit or loss	**28**	**3,010**	**1,390**	**–**	**4,428**
Securities purchased under resale agreements and securities borrowing transactions	**–**	**9,069**	**–**	**(2,229)** [1]	**6,840**
Loans	**–**	**–**	**8**	**–**	**8**
Of which loans to financial institutions	–	–	8	–	8
Other Non-trading financial assets mandatorily at fair value through profit or loss	**–**	**684**	**1,183**	**–**	**1,867**
Of which failed puchases	–	684	**–**	–	684
Of which life finance instruments	–	–	1,183	–	1,183
Non-trading financial assets mandatorily at fair value through profit or loss	**–**	**9,753**	**1,191**	**(2,229)**	**8,715**
Debt securities	**65**	**2,111**	**29**	**–**	**2,205**
Of which UK governments	45	–	–	–	45
Of which foreign governments	–	247	–	–	247
Of which corporates	20	1,864	29	–	1,913
Equity securities	**8,845**	**160**	**19**	**–**	**9,024**
Derivatives	**–**	**1,980**	**18**	**–**	**1,998**
Of which equity/index-related products	–	1,978	18	–	1,996
Of which credit derivatives	–	2	–	–	2
Trading financial assets mandatorily at fair value through profit or loss	**8,910**	**4,251**	**66**	**–**	**13,227**
Securities purchased under resale agreements and securities borrowing tranascations	**–**	**6,020**	**–**	**–**	**6,020**
Assets Held for Sale	**8,910**	**10,271**	**66**	**–**	**19,247**
Total assets at fair value	**8,938**	**23,034**	**2,647**	**(2,229)**	**32,390**

[1] Securities purchased under resale agreements and securities borrowing transactions are reported on a gross basis by level. The impact of netting represents an adjustment related to counterparty netting.

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

31 December 2020 CSS(E)L Group	Level 1	Level 2	Level 3	Impact of netting	Total at fair value
Liabilities (USD million)					
Debt securities	**19**	**19**	**–**	**–**	**38**
Of which UK governments	1	–	–	–	1
Of which foreign governments	18	9	–	–	27
Of which corporates	–	10	–	–	10
Equity securities	**1,059**	**–**	**12**		**1,071**
Derivatives	**–**	**3,949**	**623**	**–**	**4,572**
Of which interest rate products	–	2,162	–	–	2,162
Of which foreign exchange products	–	177	–	–	177
Of which equity/index-related products	–	1,565	10	–	1,575
Of which credit derivatives	–	45	–	–	45
Of which other derivatives	–	–	613	–	613
Trading financial liabilities mandatorily at fair value through profit or loss	**1,078**	**3,968**	**635**	**–**	**5,681**
Securities sold under resale agreements and securities borrowing transactions	**–**	**7,792**	**–**	**(2,229)** [1]	**5,563**
Debt in Issuance	**–**	**–**	**31**	**–**	**31**
Of which other debt instruments over two years	–	–	31	–	31
Other financial liabilities designated at fair value through profit or loss	**–**	**1,365**	**225**	**–**	**1,590**
Of which failed sales	–	**1,365**	**–**	–	1,365
Of which life finance instruments	–	–	225	–	225
Financial liabilities designated at fair value through profit or loss	**–**	**9,157**	**256**	**(2,229)**	**7,184**
Debt securities	**604**	**1,378**	**–**	**–**	**1,982**
Of which UK governments	113	–	–	–	113
Of which foreign governments	491	339	–	–	830
Of which corporates	–	1,039	–	–	1,039
Equity securities	**4,551**	**35**	**10**	**–**	**4,596**
Derivatives	**–**	**2,406**	**23**	**–**	**2,429**
Of which equity/index-related products	–	2,386	23	–	2,409
Of which credit derivatives	–	20	–	–	20
Securities sold under repurchase agreements and securities lending transactions	**–**	**6,870**	**–**	**–**	**6,870**
Debt in Issuance	**–**	**131**	**–**	**–**	**131**
Of which other debt instruments between one and two years	–	1	–	–	1
Of which other debt instruments over two years	–	130	–	–	130
Liabilities held for sale	**5,155**	**10,820**	**33**	**–**	**16,008**
Total liabilities at fair value	**6,233**	**23,945**	**924**	**(2,229)**	**28,873**
Net assets/(liabilities) at fair value	**2,705**	**(911)**	**1,723**	**–**	**3,517**

Fair value of hedging derivatives of USD 12 million is included in 'Other liabilities'. These are level 2 instruments.

[1] 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

31 December 2020 Company	Level 1	Level 2	Level 3	Impact of netting	**Total at fair value**
Assets (USD million)					
Debt securities	**20**	**15**	**5**	**–**	**40**
Of which UK governments	1	–	–	–	1
Of which foreign governments	19	2	–	–	21
Of which corporates	–	13	5	–	18
Equity securities	**7**	**–**	**–**	**–**	**7**
Derivatives	**1**	**2,995**	**1,390**	**–**	**4,386**
Of which interest rate products	–	1,590	–	–	1,590
Of which foreign exchange products	–	246	–	–	246
Of which equity/index-related products	1	1,107	33	–	1,141
Of which credit derivatives	–	52	–	–	52
Of which other derivatives	–	–	1,357	–	1,357
Trading financial assets mandatorily at fair value through profit or loss	**28**	**3,010**	**1,395**	**–**	**4,433**
Securities purchased under resale agreements and securities borrowing transactions	**–**	**9,069**	**–**	**(2,229)** [1]	**6,840**
Loans	**–**	**–**	**8**	**–**	**8**
Of which loans to financial institutions	–	–	8	–	8
Other Non-trading financial assets mandatorily at fair value through profit or loss	**–**	**684**	**1,184**	**–**	**1,868**
Of which failed purchases	–	684	**–**	–	684
Of which life finance instruments	–	–	1,184	–	1,184
Non-trading financial assets mandatorily at fair value through profit or loss	**–**	**9,753**	**1,192**	**(2,229)**	**8,716**
Debt securities	**65**	**2,111**	**29**	**–**	**2,205**
Of which UK governments	45	–	–	–	45
Of which foreign governments	–	247	–	–	247
Of which corporates	20	1,864	29	–	1,913
Equity securities	**8,845**	**160**	**19**	**–**	**9,024**
Derivatives	**–**	**1,980**	**18**	**–**	**1,998**
Of which equity/index-related products	–	1,978	18	–	1,996
Of which credit derivatives	–	2	–	–	2
Trading financial assets mandatorily at fair value through profit or loss	**8,910**	**4,251**	**66**	**–**	**13,227**
Securities purchased under resale agreements and securities borrowing tranasctions	**–**	**6,020**	**–**	**–**	**6,020**
Assets Held for Sale	**8,910**	**10,271**	**66**	**–**	**19,247**
Total assets at fair value	**8,938**	**23,034**	**2,653**	**(2,229)**	**32,396**

[1] Securities purchased under resale agreements and securities borrowing transactions are reported on a gross basis by level.
The impact of netting represents an adjustment related to counterparty netting.

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

31 December 2020 Company	Level 1	Level 2	Level 3	Impact of netting	Total at fair value
Liabilities (USD million)					
Debt securities	**19**	**19**	**–**	**–**	**38**
Of which UK governments	1	–	–	–	1
Of which foreign governments	18	9	–	–	27
Of which corporates	–	10	–	–	10
Equity securities	**1,059**	**–**	**12**	**–**	**1,071**
Derivatives	**–**	**3,949**	**626**	**–**	**4,575**
Of which interest rate products	–	2,162	–	–	2,162
Of which foreign exchange products	–	177	–	–	177
Of which equity/index-related products	–	1,565	10	–	1,575
Of which credit derivatives	–	45	–	–	45
Of which other derivatives	–	–	616	–	616
Trading financial liabilities mandatorily at fair value through profit or loss	**1,078**	**3,968**	**638**	**–**	**5,684**
Securities sold under resale agreements and securities borrowing transactions	**–**	**7,792**	**–**	**(2,229)** [1]	**5,563**
Debt In Issuance	**–**	**–**	**24**	**–**	**24**
Of which other debt instruments over two years	–	–	24	–	24
Other financial liabilities designated at fair value through profit or loss	**–**	**1,365**	**216**	**–**	**1,581**
Of which failed sales	–	1,365	–	–	1,365
Of which life finance instruments	–	–	216	–	216
Financial liabilities designated at fair value through profit or loss	**–**	**9,157**	**240**	**(2,229)**	**7,168**
Debt securities	**604**	**1,378**	**–**	**–**	**1,982**
Of which UK governments	113	–	–	–	113
Of which foreign governments	491	339	–	–	830
Of which corporates	–	1,039	–	–	1,039
Equity securities	**4,551**	**35**	**10**	**–**	**4,596**
Derivatives	**–**	**2,406**	**23**	**–**	**2,429**
Of which equity/index-related products	–	2,386	23	–	2,409
Of which credit derivatives	–	20	–	–	20
Securities sold under resale agreements and securities borrowing transactions	**–**	**6,870**	**–**	**–**	**6,870**
Debt In Issuance	**–**	**131**	**–**	**–**	**131**
Of which other debt instruments between one and two years	–	1	–	–	1
Of which other debt instruments over two years	–	130	–	–	130
Liabilities held for sale	**5,155**	**10,820**	**33**	**–**	**16,008**
Total liabilities at fair value	**6,233**	**23,945**	**911**	**(2,229)**	**28,860**
Net assets/(liabilities) at fair value	**2,705**	**(911)**	**1,742**	**–**	**3,536**

Fair value of hedging derivatives of USD 12 million is included in 'Other liabilities'. These are level 2 instruments.

[1] 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

31 December 2019 CSS(E)L Group	Level 1	Level 2	Level 3	Impact of netting	Total at fair value
Assets (USD million)					
Debt securities	**44**	**111**	**2**	**–**	**157**
Of which UK governments	22	–	–	–	22
Of which foreign governments	22	28	–	–	50
Of which corporates	–	83	2	–	85
Equity securities	**81**	**–**	**–**	**–**	**81**
Derivatives	**–**	**2,985**	**1,102**	**–**	**4,087**
Of which interest rate products	–	1,079	–	–	1,079
Of which foreign exchange products	–	269	–	–	269
Of which equity/index-related products	–	1,604	–	–	1,604
Of which credit derivatives	–	33	–	–	33
Of which other derivatives	–	–	1,102	–	1,102
Trading financial assets mandatorily at fair value through profit or loss	**125**	**3,096**	**1,104**	**–**	**4,325**
Securities purchased under resale agreements and securities borrowing transactions	**–**	**20,932**	**–**	**(4,981)** [1]	**15,951**
Loans	**–**	**–**	**8**	**–**	**8**
Of which loans to financial institutions	–	–	8	–	8
Other Non-trading financial assets mandatorily at fair value through profit or loss	**–**	**–**	**1,192**	**–**	**1,192**
Of which life finance instruments	–	–	1,192	–	1,192
Non-trading financial assets mandatorily at fair value through profit or loss	**–**	**20,932**	**1,200**	**(4,981)**	**17,151**
Debt securities	**34**	**1,881**	**16**	**–**	**1,931**
Of which UK governments	22	–	–	–	22
Of which foreign governments	12	150	–	–	162
Of which corporates	–	1,731	16	–	1,747
Equity securities	**14,856**	**146**	**45**	**–**	**15,047**
Derivatives	**–**	**2,139**	**2**	**–**	**2,141**
Of which interest rate products	–	12	–	–	12
Of which foreign exchange products	–	2	–	–	2
Of which equity/index-related products	–	2,125	2	–	2,127
Trading financial assets mandatorily at fair value through profit or loss	**14,890**	**4,166**	**63**	**–**	**19,119**
Securities purchased under resale agreements and securities borrowing tranascations	**–**	**14,133**	**–**	**(225)**	**13,908**
Assets Held for Sale	**14,890**	**18,299**	**63**	**(225)**	**33,027**
Total assets at fair value	**15,015**	**42,327**	**2,367**	**(5,206)**	**54,503**

Fair value of hedging derivatives of USD 1 million is included in 'Other assets'. These are level 2 instruments.

[1] Securities purchased under resale agreements and securities borrowing transactions are reported on a gross basis by level. The impact of netting represents an adjustment related to counterparty netting.

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

31 December 2019 CSS(E)L Group	Level 1	Level 2	Level 3	Impact of netting	**Total at fair value**
Liabilities (USD million)					
Debt securities	**27**	**135**	**–**	**–**	**162**
Of which UK governments	7	–	–	–	7
Of which foreign governments	20	33	–	–	53
Of which corporates	–	102	–	–	102
Equity securities	**1,293**	**1**	**2**	**–**	**1,296**
Derivatives	**–**	**3,145**	**667**	**–**	**3,812**
Of which interest rate products	–	1,343	–	–	1,343
Of which foreign exchange products	–	226	–	–	226
Of which equity/index-related products	–	1,541	7	–	1,548
Of which credit derivatives	–	35	–	–	35
Of which other derivatives	–	–	660	–	660
Trading financial liabilities mandatorily at fair value through profit or loss	**1,320**	**3,281**	**669**	**–**	**5,270**
Securities sold under resale agreements and securities borrowing transactions	**–**	**21,411**	**–**	**(4,981)** [1]	**16,430**
Debt in Issuance	**–**	**–**	**37**	**–**	**37**
Of which other debt instruments over two years	–	–	37	–	37
Other financial liabilities designated at fair value through profit or loss	**–**	**–**	**185**	**–**	**185**
Of which life finance instruments	–	–	185	–	185
Financial liabilities designated at fair value through profit or loss	**–**	**21,411**	**222**	**(4,981)**	**16,652**
Debt securities	**186**	**1,293**	**–**	**–**	**1,479**
Of which UK governments	68	–	–	–	68
Of which foreign governments	118	396	–	–	514
Of which corporates	–	897	–	–	897
Equity securities	**3,273**	**60**	**9**	**–**	**3,342**
Derivatives	**1**	**2,128**	**17**	**–**	**2,146**
Of which interest rate products	1	–	–	–	1
Of which foreign exchange products	–	4	–	–	4
Of which equity/index-related products	–	2,124	17	–	2,141
Securities sold under resale agreements and securities lending transactions	**–**	**15,489**	**–**	**(225)**	**15,264**
Debt In Issuance	**–**	**461**	**–**	**–**	**461**
Of which other debt instruments between one and two years	–	1	–	–	1
Of which other debt instruments over two years	–	460	–	–	460
Liabilities held for sale	**3,460**	**19,431**	**26**	**(225)**	**22,692**
Total liabilities at fair value	**4,780**	**44,123**	**917**	**(5,206)**	**44,614**
Net assets/(liabilities) at fair value	**10,235**	**(1,796)**	**1,450**	**–**	**9,889**

Fair value of hedging derivatives of USD 6 million is included in 'Other liabilities'. These are level 2 instruments.

[1] 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

31 December 2019 Company	Level 1	Level 2	Level 3	Impact of netting	Total at fair value
Assets (USD million)					
Debt securities	**44**	**111**	**2**	**–**	**157**
Of which UK governments	22	–	–	–	22
Of which foreign governments	22	28	–	–	50
Of which corporates	–	83	2	–	85
Equity securities	**82**	**–**	**–**	**–**	**82**
Derivatives	**–**	**3,010**	**1,084**	**–**	**4,094**
Of which interest rate products	–	1,079	–	–	1,079
Of which foreign exchange products	–	269	–	–	269
Of which equity/index-related products	–	1,629	–	–	1,629
Of which credit derivatives	–	33	–	–	33
Of which other derivatives	–	–	1,084	–	1,084
Trading financial assets mandatorily at fair value through profit or loss	**126**	**3,121**	**1,086**	**–**	**4,333**
Securities purchased under resale agreements and securities borrowing transactions	**–**	**20,932**	**–**	**(4,981)** [1]	**15,951**
Loans	**–**	**–**	**8**	**–**	**8**
Of which loans to financial institutions	–	–	8	–	8
Other Non-trading financial assets mandatorily at fair value through profit or loss	**–**	**–**	**1,194**	**–**	**1,194**
Of which life finance instruments	–	–	1,194	–	1,194
Non-trading financial assets mandatorily at fair value through profit or loss	**–**	**20,932**	**1,202**	**(4,981)**	**17,153**
Debt securities	**34**	**1,881**	**16**	**–**	**1,931**
Of which UK governments	22	–	–	–	22
Of which foreign governments	12	150	–	–	162
Of which corporates	–	1,731	16	–	1,747
Equity securities	**14,856**	**146**	**45**	**–**	**15,047**
Derivatives	**–**	**2,139**	**2**	**–**	**2,141**
Of which interest rate products	–	12	–	–	12
Of which foreign exchange products	–	2	–	–	2
Of which equity/index-related products	–	2,125	2	–	2,127
Securities purchased under resale agreements and securities borrowing transactions	**–**	**14,133**	**–**	**(225)**	**13,908**
Assets Held for Sale	**14,890**	**18,299**	**63**	**(225)**	**33,027**
Total assets at fair value	**15,016**	**42,352**	**2,351**	**(5,206)**	**54,513**

Fair value of hedging derivatives of USD 1 million is included in 'Other assets'. These are level 2 instruments.

[1] Securities purchased under resale agreements and securities borrowing transactions are reported on a gross basis by level. The impact of netting represents an adjustment related to counterparty netting.

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

31 December 2019 Company	Level 1	Level 2	Level 3	Impact of netting	**Total at fair value**
Liabilities (USD million)					
Debt securities	**27**	**135**	**–**	**–**	**162**
Of which UK governments	7	–	–	–	7
Of which foreign governments	20	33	–	–	53
Of which corporates	–	102	–	–	102
Equity securities	**1,293**	**1**	**2**	**–**	**1,296**
Derivatives	**–**	**3,170**	**638**	**–**	**3,808**
Of which interest rate products	–	1,343	–	–	1,343
Of which foreign exchange products	–	226	–	–	226
Of which equity/index-related products	–	1,566	7	–	1,573
Of which credit derivatives	–	35	–	–	35
Of which other derivatives	–	–	631	–	631
Trading financial liabilities mandatorily at fair value through profit or loss	**1,320**	**3,306**	**640**	**–**	**5,266**
Securities sold under resale agreements and securities borrowing transactions	**–**	**21,411**	**–**	**(4,981)** [1]	**16,430**
Debt In Issuance	**–**	**–**	**29**	**–**	**29**
Of which other debt instruments over two years	–	–	29	–	29
Other financial liabilities designated at fair value through profit or loss	**–**	**–**	**175**	**–**	**175**
Of which life finance instruments	–	–	175	–	175
Financial liabilities designated at fair value through profit or loss	**–**	**21,411**	**204**	**(4,981)**	**16,634**
Debt securities	**186**	**1,293**	**–**	**–**	**1,479**
Of which UK governments	68	–	–	–	68
Of which foreign governments	118	396	–	–	514
Of which corporates	–	897	–	–	897
Equity securities	**3,273**	**60**	**9**	**–**	**3,342**
Derivatives	**1**	**2,128**	**17**	**–**	**2,146**
Of which interest rate products	1	–	–	–	1
Of which foreign exchange products	–	4	–	–	4
Of which equity/index-related products	–	2,124	17	–	2,141
Securities sold under resale agreements and securities borrowing transactions	**–**	**15,489**	**–**	**(225)**	**15,264**
Debt In Issuance	**–**	**461**	**–**	**–**	**461**
Of which other debt instruments between one and two years	–	1	–	–	1
Of which other debt instruments over two years	–	460	–	–	460
Liabilities held for sale	**3,460**	**19,431**	**26**	**(225)**	**22,692**
Total liabilities at fair value	**4,780**	**44,148**	**870**	**(5,206)**	**44,592**
Net assets/(liabilities) at fair value	**10,236**	**(1,796)**	**1,481**	**–**	**9,921**

Fair value of hedging derivatives of USD 6 million is included in 'Other liabilities'. These are level 2 instruments.

[1] 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

Transfers out of level 1 to level 2 are primarily driven by debt and equity securities where there is lack of activity in market or low trading volume. Transfers to level 1 out of level 2 are primarily driven by debt and equity securities where the values become observable or higher trading volume and subsequently lacked pricing transparency. All transfers were reported at the end of the reporting period.

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

CSS(E)L Group and Company	2020[1]		2019[1]	
	Transfers out of level 1 to level 2	Transfers to level 1 out of level 2	Transfers out of level 1 to level 2	Transfers to level 1 out of level 2
Assets (USD million)				
Trading financial assets mandatorily at fair value through profit or loss	88	158	2,904	3,366
Total transfers in assets at fair value	**88**	**158**	**2,904**	**3,366**
Liabilities (USD million)				
Trading financial liabilities mandatorily at fair value through profit or loss	5	15	919	1,283
Total transfers in liabilities at fair value	**5**	**15**	**919**	**1,283**

1 Amounts in the above table includes both continued and discontinued operations.

Movements of level 3 instruments

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

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

As at December 2020	Balance at beginning of period	Transfers in	Transfers out	Purchases	Sales	Issua- nces	Settle- ments	Trading revenues		Gains/ (Losses) included in OCI	Balance at end of period
CSS(E)L Group Assets								On transfers in/out [1]	On all other		
Assets at fair value (USD million)											
Debt securities	**2**	**–**	**(5)**	**15**	**(1)**	**–**	**–**	**–**	**(6)**	**–**	**5**
Of which foreign governments	–	–	(5)	5	–	–	–	–	–	–	–
Of which corporates	2	–	–	10	(1)	–	–	–	(6)	–	5
Equity securities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**
Derivatives	**1,102**	**23**	**(60)**	**–**	**–**	**346**	**(455)**	**55**	**374**	**–**	**1,385**
Of which equity/index-related products	–	23	(60)	–	–	20	(17)	55	12	–	33
Of which other derivatives	1,102	–	–	–	–	326	(438)	–	362	–	1,352
Trading financial assets mandatorily at fair value through profit or loss	**1,104**	**23**	**(65)**	**15**	**(1)**	**346**	**(455)**	**55**	**368**	**–**	**1,390**
Loans	**8**	**–**	**–**	**–**	**(199)**	**199**	**–**	**–**	**–**	**–**	**8**
Of which loans to financial institutions	8	–	–	–	(199)	199	–	–	–	–	8
Other Non-trading financial assets mandatorily at fair value through profit or loss	**1,192**	**–**	**–**	**115**	**(244)**	**–**	**–**	**–**	**120**	**–**	**1,183**
Of which life finance instruments	1,192	–	–	115	(244)	–	–	–	120	–	1,183
Non-trading financial assets mandatorily at fair value through profit or loss	**1,200**	**–**	**–**	**115**	**(443)**	**199**	**–**	**–**	**120**	**–**	**1,191**
Debt securities	**16**	**22**	**(35)**	**35**	**(16)**	**–**	**–**	**–**	**7**	**–**	**29**
Of which foreign governments	–	–	(17)	17	–	–	–	–	–	–	–
Of which corporates	16	22	(18)	18	(16)	–	–	–	7	–	29
Equity securities	**45**	**2**	**(21)**	**8**	**(2)**	**–**	**–**	**–**	**(13)**	**–**	**19**
Derivatives	**2**	**1**	**(1)**	**–**	**–**	**1**	**–**	**2**	**13**	**–**	**18**
Of which equity/index-related products	2	1	(1)	–	–	1	–	2	13	–	18
Assets held for sale	**63**	**25**	**(57)**	**43**	**(18)**	**1**	**–**	**2**	**7**	**–**	**66**
Total assets at fair value	**2,367**	**48**	**(122)**	**173**	**(462)**	**546**	**(455)**	**57**	**495**	**–**	**2,647**

[1] For all the transfers to level 3 or out of level 3, the CSS(E)L Group determines and discloses as level 3 events only gains or losses through the last day of the reporting period.

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

As at December 2020	Balance at beginning of period	Transfers in	Transfers out	Purchases	Sales	Issua-nces	Settle-ments	Trading revenues		Gains/ (Losses) included in OCI	**Balance at end of period**
CSS(E)L Group Liabilities								On transfers in/out [1]	On all other		
Liabilities at fair value (USD million)											
Equity securities	**2**	**10**	**(2)**	**–**	**–**	**–**	**–**	**1**	**1**	**–**	**12**
Derivatives	**667**	**3**	**(4)**	**–**	**–**	**212**	**(303)**	**(3)**	**51**	**–**	**623**
Of which equity/index-related products	7	3	(4)	–	–	14	(9)	(3)	2	–	10
Of which other derivatives	660	–	–	–	–	198	(294)	–	49	–	613
Trading financial liabilities mandatorily at fair value through profit or loss	**669**	**13**	**(6)**	**–**	**–**	**212**	**(303)**	**(2)**	**52**	**–**	**635**
Debt In Issuance	**37**	**–**	**–**	**–**	**–**	**–**	**(9)**	**–**	**3**	**–**	**31**
Of which other debt instruments over two years	37	–	–	–	–	–	(9)	–	3	–	31
Other financial liabilities designated at fair value through profit or loss	**185**	**–**	**–**	**124**	**(131)**	**–**	**–**	**–**	**47**	**–**	**225**
Of which life finance instruments	185	–	–	124	(131)	–	–	–	47	–	**225**
Financial liabilities designated at fair value through profit or loss	**222**	**–**	**–**	**124**	**(131)**	**–**	**(9)**	**–**	**50**	**–**	**256**
Debt securities	**–**	**1**	**–**	**3**	**(3)**	**–**	**–**	**–**	**(1)**	**–**	**–**
Of which corporates	–	1	–	3	(3)	–	–	–	(1)		–
Equity securities	**9**	**5**	**(2)**	**14**	**(39)**	**–**	**–**	**–**	**23**		**10**
Derivatives	**17**	**10**	**–**	**–**	**–**	**–**	**(10)**	**(4)**	**10**	**–**	**23**
Of which equity/index-related products	17	10	–	–	–	–	(10)	(4)	10		23
Trading financial liabilities mandatorily at fair value through profit or loss	**26**	**16**	**(2)**	**17**	**(42)**	**–**	**(10)**	**(4)**	**32**	**–**	**33**
Liabilities held for sale	**26**	**16**	**(2)**	**17**	**(42)**	**–**	**(10)**	**(4)**	**32**	**–**	**33**
Total liabilities at fair value	**917**	**29**	**(8)**	**141**	**(173)**	**212**	**(322)**	**(6)**	**134**	**–**	**924**
Net asset/(liabilities) at fair value	**1,450**	**19**	**(114)**	**32**	**(289)**	**334**	**(133)**	**63**	**361**	**–**	**1,723**

[1] For all the transfers to level 3 or out of level 3, the CSS(E)L Group determines and discloses as level 3 events only gains or losses through the last day of the reporting period.

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

As at December 2020	Balance at beginning of period	Transfers in	Transfers out	Purchases	Sales	Issua-nces	Settle-ments	Trading revenues		Gains/ (Losses) included in OCI	**Balance at end of period**
Company Assets								On transfers in/out [1]	On all other		
Assets at fair value (USD million)											
Debt securities	**2**	**–**	**(5)**	**15**	**(1)**	**–**	**–**	**–**	**(6)**	**–**	**5**
Of which foreign governments	–	–	(5)	5	–	–	–	–	–	–	–
Of which corporates	2	–	–	10	(1)	–	–	–	(6)	–	5
Equity securities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Derivatives	**1,084**	**23**	**(59)**	**–**	**–**	**346**	**(431)**	**55**	**372**	**–**	**1,390**
Of which equity/index-related products	–	23	(59)	–	–	20	(18)	55	12	–	33
Of which other derivatives	1,084	–	–	–	–	326	(413)	–	360	–	1,357
Trading financial assets mandatorily at fair value through profit or loss	**1,086**	**23**	**(64)**	**15**	**(1)**	**346**	**(431)**	**55**	**366**	**–**	**1,395**
Loans	**8**	**–**	**–**	**–**	**(199)**	**199**	**–**	**–**	**–**	**–**	**8**
Of which loans to financial institutions	8	–	–	–	(199)	199	–	–	–	–	8
Other Non-trading financial assets mandatorily at fair value through profit or loss	**1,194**	**–**	**–**	**–**	**(13)**	**–**	**–**	**–**	**3**	**–**	**1,184**
Of which life finance instruments	1,194	–	–	–	(13)	–	–	–	3	–	1,184
Non-trading financial assets mandatorily at fair value through profit or loss	**1,202**	**–**	**–**	**–**	**(212)**	**199**	**–**	**–**	**3**	**–**	**1,192**
Debt securities	**16**	**22**	**(35)**	**35**	**(16)**	**–**	**–**	**–**	**7**	**–**	29
Of which foreign governments	–	–	(17)	17	–	–	–	–	–	–	–
Of which corporates	16	22	(18)	18	(16)	–	–	–	7	–	29
Equity securities	**45**	**2**	**(21)**	**8**	**(2)**	**–**	**–**	**–**	**(13)**	**–**	**19**
Derivatives	**2**	**1**	**(1)**	**–**	**–**	**1**	**–**	**2**	**13**	**–**	**18**
Of which equity/index-related products	2	1	(1)	–	–	1	–	2	13	–	18
Assets held for sale	**63**	**25**	**(57)**	**43**	**(18)**	**1**	**–**	**2**	**7**	**–**	**66**
Total assets at fair value	**2,351**	**48**	**(121)**	**58**	**(231)**	**546**	**(431)**	**57**	**376**	**–**	**2,653**

[1] For all the transfers to level 3 or out of level 3, the CSS(E)L Group determines and discloses as level 3 events only gains or losses through the last day of the reporting period.

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

As at December 2020	Balance at beginning of period	Transfers in	Transfers out	Purchases	Sales	Issua-nces	Settle-ments	Trading revenues		Gains/ (Losses) included in OCI	Balance at end of period
Company Liabilities								On transfers in/out [1]	On all other		
Liabilities at fair value (USD million)											
Equity securities	**2**	**10**	**(2)**	**–**	**–**	**–**	**–**	**1**	**1**	**–**	**12**
Derivatives	**638**	**3**	**(4)**	**–**	**–**	**212**	**(279)**	**(3)**	**59**	**–**	**626**
Of which equity/index-related products	7	3	(4)	–	–	14	(9)	(3)	2	–	10
Of which other derivatives	631	–	–	–	–	198	(270)	–	57	–	616
Trading financial liabilities mandatorily at fair value through profit or loss	**640**	**13**	**(6)**	**–**	**–**	**212**	**(279)**	**(2)**	**60**	**–**	**638**
Debt in issuance	**29**	**–**	**–**	**–**	**–**	**–**	**(8)**	**–**	**3**	**–**	**24**
Of which other debt instruments over two years	29	–	–	–	–	–	(8)	–	3	–	24
Other financial liabilities designated at fair value through profit or loss	**175**	**–**	**–**	**119**	**(128)**	**–**	**–**	**50**	**–**	**–**	**216**
Of which life finance instruments	175	–	–	119	(128)	–	–	50	–	–	216
Financial liabilities designated at fair value through profit or loss	**204**	**–**	**–**	**119**	**(128)**	**–**	**(8)**	**50**	**3**	**–**	**240**
Debt securities	**–**	**1**	**–**	**3**	**(3)**	**–**	**–**	**–**	**(1)**	**–**	**–**
Of which corporates	–	1	–	3	(3)	–	–	–	(1)	–	–
Equity securities	**9**	**5**	**(2)**	**14**	**(39)**	**–**	**–**	**–**	**23**	**–**	**10**
Derivatives	**17**	**9**	**–**	**–**	**–**	**–**	**(9)**	**(4)**	**10**	**–**	**23**
Of which equity/index-related products	17	9	–	–	–	–	(9)	(4)	10	–	23
Liabilities held for sale	**26**	**15**	**(2)**	**17**	**(42)**	**–**	**(9)**	**(4)**	**32**	**–**	**33**
Total liabilities at fair value	**870**	**28**	**(8)**	**136**	**(170)**	**212**	**(296)**	**44**	**95**	**–**	**911**
Net asset/(liabilities) at fair value	**1,481**	**20**	**(113)**	**(78)**	**(61)**	**334**	**(135)**	**13**	**281**	**–**	**1,742**

[1] For all the transfers to level 3 or out of level 3, the CSS(E)L Group determines and discloses as level 3 events only gains or losses through the last day of the reporting period.

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

As at December 2019	Balance at beginning of period	Transfers in	Transfers out	Purchases	Sales	Issua-nces	Settle-ments	Trading revenues		Gains/ (Losses) included in OCI	**Balance at end of period**
CSS(E)L Group Assets								On transfers in/out [1]	On all other		
Assets at fair value (USD million)											
Debt securities	**29**	**16**	**(158)**	**163**	**(33)**	**–**	**–**	**(2)**	**(13)**	**–**	**2**
Of which corporates	29	16	(158)	163	(33)	–	–	(2)	(13)	–	2
Equity securities	**22**	**36**	**(49)**	**7**	**(4)**	**–**	**–**	**(3)**	**(9)**	**–**	**–**
Derivatives	**1,043**	**–**	**(20)**	**–**	**–**	**311**	**(363)**	**(7)**	**138**	**–**	**1,102**
Of which equity/index-related products	25	–	(20)	–	–	–	(9)	(7)	11	–	–
Of which other derivatives	1,018	–	–	–	–	311	(354)	–	127	–	1,102
Trading financial assets mandatorily at fair value through profit or loss	**1,094**	**52**	**(227)**	**170**	**(37)**	**311**	**(363)**	**(12)**	**116**	**–**	**1,104**
Loans	**3**	**–**	**–**	**1**	**–**	**–**	**–**	**–**	**4**	**–**	**8**
Of which loans to financial institutions	3	–	–	1	–	–	–	–	4	–	8
Other Non-trading financial assets designated at fair value through profit or loss	**1,129**	**–**	**–**	**99**	**(246)**	**–**	**–**	**–**	**210**	**–**	**1,192**
Of which life finance instruments	1,129	–	–	99	(246)	–	–	–	210	–	1,192
Non-trading financial assets designated at fair value through profit or loss	**1,132**	**–**	**–**	**100**	**(246)**	**–**	**–**	**–**	**214**	**–**	**1,200**
											–
Debt securities	**–**	**16**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**16**
Of which corporates	**–**	16	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	16
Equity securities	**–**	**45**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**45**
Derivatives	**–**	**2**	**–**	**–**	**–**	**1**	**(1)**	**–**	**–**	**–**	**2**
Of which equity/index-related products	–	2	–	–	–	1	(1)	–	–	–	2
Assets held for sale	**–**	**63**	**–**	**–**	**–**	**1**	**(1)**	**–**	**–**	**–**	**63**
Total assets at fair value	**2,226**	**115**	**(227)**	**270**	**(283)**	**312**	**(364)**	**(12)**	**330**	**–**	**2,367**

[1] For all the transfers to level 3 or out of level 3, the CSS(E)L Group determines and discloses as level 3 events only gains or losses through the last day of the reporting period.

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

As at December 2019	Balance at beginning of period	Transfers in	Transfers out	Purchases	Sales	Issua-nces	Settle-ments	Trading revenues		Gains/ (Losses) included in OCI	**Balance at end of period**
CSS(E)L Group Liabilities								On transfers in/out [1]	On all other		
Liabilities at fair value (USD million)											
Debt securities	**1**	**5**	**–**	**–**	**(5)**	**–**	**–**	**–**	**(1)**	**–**	**–**
Of which corporates	1	5	–	–	(5)	–	–	–	(1)	–	–
Equity securities	**3**	**9**	**(10)**	**11**	**(11)**	**–**	**–**	**–**	**–**	**–**	**2**
Derivatives	**749**	**4**	**(26)**	**–**	**–**	**257**	**(296)**	**5**	**(26)**	**–**	**667**
Of which equity/index-related products	33	4	(26)	–	–	–	(14)	5	5	–	7
Of which other derivatives	716	–	–	–	–	257	(282)	–	(31)	–	660
Trading financial liabilities mandatorily at fair value through profit or loss	**753**	**18**	**(36)**	**11**	**(16)**	**257**	**(296)**	**5**	**(27)**	**–**	**669**
Debt In Issuance	**38**	**–**	**(70)**	**–**	**–**	**72**	**(3)**	**–**	**–**	**–**	**37**
Of which other debt instruments over two years	38	–	(70)	–	–	72	(3)	–	–	–	37
Other financial liabilities designated at fair value through profit or loss	**141**	**–**	**–**	**113**	**(122)**	**–**	**–**	**–**	**53**	**–**	**185**
Of which life finance instruments	141	–	–	113	(122)	–	–	–	53	–	185
Financial liabilities designated at fair value through profit or loss	**179**	**–**	**(70)**	**113**	**(122)**	**72**	**(3)**	**–**	**53**	**–**	**222**
Debt securities	**–**	**3**	**(4)**	**3**	**–**	**–**	**–**	**–**	**(2)**	**–**	**–**
Of which corporates	–	3	(4)	3	–	–	–	–	(2)	–	–
Equity securities	**–**	**9**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**9**
Derivatives	**–**	**1**	**–**	**–**	**–**	**7**	**–**	**(2)**	**11**	**–**	**17**
Of which equity/index-related products	–	1	–	–	–	7	–	(2)	11	–	17
Trading financial liabilities mandatorily at fair value through profit or loss	**–**	**13**	**(4)**	**3**	**–**	**7**	**–**	**(2)**	**9**	**–**	**26**
Liabilities held for sale	**–**	**13**	**(4)**	**3**	**–**	**7**	**–**	**(2)**	**9**	**–**	**26**
Total liabilities at fair value	**932**	**31**	**(110)**	**127**	**(138)**	**336**	**(299)**	**3**	**35**	**–**	**917**
Net asset/(liabilities) at fair value	**1,294**	**84**	**(117)**	**143**	**(145)**	**(24)**	**(65)**	**(15)**	**295**	**–**	**1,450**

[1] For all the transfers to level 3 or out of level 3, the CSS(E)L Group determines and discloses as level 3 events only gains or losses through the last day of the reporting period.

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

As at December 2019	Balance at beginning of period	Transfers in	Transfers out	Purchases	Sales	Issua-nces	Settle-ments	Trading revenues		Gains/ (Losses) included in OCI	**Balance at end of period**
Company Assets								On transfers in/out [1]	On all other		
Assets at fair value (USD million)											
Debt securities	**29**	**16**	**(158)**	**163**	**(33)**	**–**	**–**	**(2)**	**(13)**	**–**	**2**
Of which corporates	29	16	(158)	163	(33)	–	–	(2)	(13)	–	2
Equity securities	**22**	**36**	**(49)**	**7**	**(4)**	**–**	**–**	**(3)**	**(9)**	**–**	**–**
Derivatives	**1,030**	**–**	**(13)**	**–**	**–**	**310**	**(370)**	**(7)**	**134**	**–**	**1,084**
Of which equity/index-related products	25	–	(13)	–	–	–	(16)	(7)	11	–	–
Of which other derivatives	1,005	–	–	–	–	310	(354)	–	123	–	1,084
Trading financial assets mandatorily at fair value through profit or loss	**1,081**	**52**	**(220)**	**170**	**(37)**	**310**	**(370)**	**(12)**	**112**	**–**	**1,086**
Loans	**3**	**–**	**–**	**1**	**–**	**–**	**–**	**–**	**4**	**–**	**8**
Of which loans to financial institutions	3	–	–	1	–	–	–	–	4	–	8
Other Non-trading financial assets mandatorily at fair value through profit or loss	**1,108**	**–**	**–**	**44**	**–**	**–**	**–**	**–**	**42**	**–**	**1,194**
Of which life finance instruments	1,108	–	–	44	–	–	–	–	42	–	1,194
Non-trading financial assets mandatorily at fair value through profit or loss	**1,111**	**–**	**–**	**45**	**–**	**–**	**–**	**–**	**46**	**–**	**1,202**
Debt securities	**–**	**16**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	16
Of which corporates	–	16	–	–	–	–	–	–	–	–	16
Equity securities	**–**	**45**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**45**
Derivatives	**–**	**2**	**–**	**–**	**–**	**1**	**(2)**	**1**	**–**	**–**	**2**
Of which equity/index-related products	–	2	–	–	–	1	(2)	1	–	–	2
Assets held for sale	**–**	**63**	**–**	**–**	**–**	**1**	**(2)**	**1**	**–**	**–**	**63**
Total assets at fair value	**2,192**	**115**	**(220)**	**215**	**(37)**	**311**	**(372)**	**(11)**	**158**	**–**	**2,351**

[1] For all the transfers to level 3 or out of level 3, the CSS(E)L Group determines and discloses as level 3 events only gains or losses through the last day of the reporting period.

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

As at December 2019	Balance at beginning of period	Transfers in	Transfers out	Purchases	Sales	Issua-nces	Settle-ments	Trading revenues		Gains/ (Losses) included in OCI	**Balance at end of period**
Company Liabilities								On transfers in/out [1]	On all other		
Liabilities at fair value (USD million)											
Debt securities	**1**	**5**	**–**	**–**	**(5)**	**–**	**–**	**–**	**(1)**	**–**	**–**
Of which corporates	1	5	–	–	(5)	–	–	–	(1)	–	–
Equity securities	**3**	**9**	**(10)**	**11**	**(11)**	**–**	**–**	**–**	**–**	**–**	**2**
Derivatives	**717**	**4**	**(27)**	**–**	**–**	**252**	**(294)**	**11**	**(25)**	**–**	**638**
Of which equity/index-related products	33	4	(27)	–	–	–	(19)	11	5	–	7
Of which other derivatives	684	–	–	–	–	252	(275)	–	(30)	–	631
Trading financial liabilities mandatorily at fair value through profit or loss	**721**	**18**	**(37)**	**11**	**(16)**	**252**	**(294)**	**11**	**(26)**	**–**	**640**
Debt in issuance	**30**	**–**	**(70)**	**–**	**–**	**71**	**(2)**	**–**	**–**	**–**	**29**
Of which other debt instruments over two years	30	–	(70)	–	–	71	(2)	–	–	–	29
Other financial liabilities designated at fair value through profit or loss	**130**	**–**	**–**	**114**	**(122)**	**–**	**–**	**53**	**–**	**–**	**175**
Of which life finance instruments	130	–	–	114	(122)	–	–	53	–	–	175
Financial liabilities designated at fair value through profit or loss	**160**	**–**	**(70)**	**114**	**(122)**	**71**	**(2)**	**53**	**–**	**–**	**204**
Debt securities	**–**	**3**	**(4)**	**3**	**–**	**–**	**–**	**–**	**(2)**	**–**	**–**
Of which corporates	–	3	(4)	3	–	–	–	–	(2)	–	–
Equity securities	**–**	**9**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**9**
Derivatives	**–**	**1**	**–**	**–**	**–**	**1**	**6**	**(2)**	**11**	**–**	**17**
Of which equity/index-related products	–	1	–	–	–	1	6	(2)	11	–	17
Liabilities held for sale	**–**	**13**	**(4)**	**3**	**–**	**1**	**6**	**(2)**	**9**	**–**	**26**
Total liabilities at fair value	**881**	**31**	**(111)**	**128**	**(138)**	**324**	**(290)**	**62**	**(17)**	**–**	**870**
Net asset/(liabilities) at fair value	**1,311**	**84**	**(109)**	**87**	**101**	**(13)**	**(82)**	**(73)**	**175**	**–**	**1,481**

[1] For all the transfers to level 3 or out of level 3, the CSS(E)L Group determines and discloses as level 3 events only gains or losses through the last day of the reporting period.

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

	2020		2019	
Trading revenues (USD million)	**CSS(E)L Group**	**Company**	**CSS(E)L Group**	**Company**
Net realised/unrealised gains/(losses) included in net revenues	**424**	**294**	**280**	**102**
Whereof:				
Changes in unrealised gains/(losses) relating to assets and liabilities still held as of the reporting date				
Trading financial assets mandatorily at fair value through profit or loss	375	375	250	249
Non-trading financial assets mandatorily at fair value through profit or loss	98	4	125	10
Trading financial liabilities mandatorily at fair value through profit or loss	95	95	105	106
Financial liabilities designated at fair value through profit or loss	55	53	(49)	(46)
Changes in unrealised gains/(losses) relating to assets and liabilities held for sale as of the reporting date	**623**	**527**	**431**	**319**
Financial assets held for sale	–	–	6	1
Financial liabilities held for sale	5	5	10	10
Net realised/unrealised gains/(losses) included in OCI	**–**	**–**	**–**	**–**
Changes in unrealised gains/(losses) relating to assets and liabilities still held as of the reporting date	–	–	–	–
Total changes in unrealised gains/(losses) relating to assets and liabilities still held as of the reporting date	**628**	**532**	**447**	**330**

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

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

Transfers in and out of level 3

Trading financial assets mandatorily at fair value through profit or loss
Trading financial assets transferred into and out of level 3 in 2020 amounted to USD 23 million and USD 65 million respectively for both Group and Company. USD 23 million of transfers into level 3 was equity/index-related products. USD 60 million of transfers out of level 3 largely comprises of equity/index-related products, USD 5 million was related to debt securities due to improved observability of pricing data and increased availability of pricing information from external providers for Group.

Assets held for sale transferred into and out of level 3 in 2020 amounted to USD 25 million and USD 57 million, respectively for Group and Company. USD 22 million of assets held for sale transfers into level 3 was related to debt securities due to limited observability of pricing data and reduced pricing information from external providers, USD 2 million of assets held for sale transfers into level 3 was related to equity securities due to limited observability of pricing data and reduced pricing information from external providers, USD 1 million of assets held for sale transfers into level 3 was related to derivatives due to limited observability of pricing data and reduced pricing information from external providers.

Trading financial assets transferred into and out of level 3 in 2019 amounted to USD 52 million for both Group and Company and USD 227 million and USD 220 million respectively for Group and Company. USD16 million of transfers into level 3 was related to debt securities, USD 36 million of transfer into level 3 related to equity securities due to limited observability of pricing data and reduced pricing information from external providers. USD 158 million of transfers out of level 3 largely comprises of debt securities, USD 49 million was related to equity securities due to improved observability of pricing data and increased availability of pricing information from external providers, USD 20 million and USD 13 million respectively for Group and Company was related to derivatives due to improved observability of pricing data and increased availability of pricing information from external providers.

Assets held for sale transferred into and out of level 3 in 2019 amounted to 63 million and USD NIL, respectively for Group and Company. USD 16 million of assets held for sale transfers into level 3 was related to debt securities due to limited observability of pricing data and reduced pricing information from external providers, USD 45 million of assets held for sale transfers into level 3 was related to equity securities due to limited observability of pricing data and reduced pricing information from external providers, USD 2 million of assets held for sale transfers into level 3 was related to derivatives due to limited observability of pricing data and reduced pricing information from external providers.

Trading financial liabilities mandatorily at fair value through profit or Loss
Trading financial liabilities transferred into and out of level 3 in 2020 amounted to USD 13 million and USD 6 million respectively for Group and Company. USD 10 million of transfers into level 3 was related to equity securities and USD 3 million of transfers into level 3 was related to derivatives due to limited observability of pricing data and reduced pricing information from external providers.

USD 2 million of transfers out of level 3 comprises of equity securities due to improved observability of pricing data and increased availability of pricing information from external providers and USD 4 million of transfers out of level 3 was related to derivatives due to limited observability of pricing data and reduced pricing information from external providers.

Liabilities held for sale transferred into level 3 in 2020 amounted to 16 million for Group and USD 15 million for Company. For both Group and Company, USD 1 million of liabilities held for sale transfers into level 3 was related to debt securities due to limited observability of pricing data and reduced pricing information from external providers, USD 5 million of liabilities held for sale transfers into level 3 was related to equity securities due to limited observability of pricing data and reduced pricing information from external providers. For Group, USD 10 million and for Company, USD 9 million of liabilities held for sale transfers into level 3 was related to derivatives due to limited observability of pricing data and reduced pricing information from external providers.

Liabilities held for sale transferred out of level 3 in 2020 amounted to USD 2 million for both, Group and Company. It comprises of debt securities due to improved observability of pricing data and increased availability of pricing information from external providers for Group and Company.

Trading financial liabilities transferred into and out of level 3 in 2019 amounted to USD 18 million for both Group and Company and USD 36 million and USD 37 million respectively for Group and Company. USD 5 million of transfers into level 3 was related to debt securities, USD 9 million of transfer into level 3 related to equity securities due to limited observability of pricing data and reduced pricing information from external providers and USD 4 million of transfers into level 3 was related to derivatives due to limited observability of pricing data and reduced pricing information from external providers.

USD 10 million of transfers out of level 3 largely comprises of equity securities due to improved observability of pricing data and increased availability of pricing information from external providers and USD 26 million and USD 27 million of transfers out of level 3 for Group and Company respectively was related to derivatives due to limited observability of pricing data and reduced pricing information from external providers.

Liabilities held for sale transferred into and out of level 3 in 2019 amounted to 13 million and USD 4 million, respectively for Group and Company. USD 3 million of liabilities held for sale transfers into level 3 was related to debt securities due to limited observability of pricing data and reduced pricing information from external providers, USD 9 million of liabilities held for sale transfers into level 3 was related to equity securities due to limited observability of pricing data and reduced pricing information from external providers, USD 1 million of liabilities held for sale transfers into level 3 was related to derivatives due to limited observability of pricing data and reduced pricing information from external providers.

USD 4 million of transfers out of level 3 comprises of debt securities due to improved observability of pricing data and increased availability of pricing information from external providers for Group and Company.

Financial Liabilities designated at fair value through profit or loss

Financial liabilities designated at fair value through profit or loss transferred into and out of level 3 in 2020 amounted to USD NIL and USD NIL respectively for Group and Company. Transfers out of level 3 largely comprises of debt in issuance due to improved observability of pricing data and increased availability of pricing information from external providers.

Qualitative disclosures of valuation techniques

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

On a monthly basis, meetings are held for each business line with senior representatives of the Business 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 Business, Product Control, Risk Management, and Financial Accounting to discuss independent price verification results, valuation issues, business and market updates, as well as a review of significant changes in fair value from the prior quarter, significant unobservable inputs and prices used in valuation techniques, and valuation adjustments.

The results of these meetings are aggregated for presentation to the Valuation and Risk Management Committee ('VARMC') and the Audit Committee. The VARMC, which is run as a sub-committee of CSG VARMC and is comprised of Credit Suisse Group AG's Executive Board members, CEO CSS(E)L, CFO CSS(E)L, CRO CSS(E)L and the UK heads of the business and control functions meets to review and ratify valuation review conclusions, and to resolve significant valuation issues for the CSS(E)L Group. Oversight of the valuation control framework is through specific and regular reporting on valuation directly to the Credit Suisse Group AG's Executive Board through the VARMC.

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

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

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

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

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

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

Securities purchased/sold under resale/repurchase agreements and securities borrowing/lending transactions

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

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

Debt securities

Foreign governments and corporates

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

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

Equity securities

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

Derivatives

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

The fair values of OTC derivatives are determined on the basis of either industry standard models or internally developed proprietary models. Both model types use various observable and unobservable inputs in order to determine fair value. The inputs include those characteristics of the derivative that have a bearing on the economics of the instrument. The determination of the fair value of many derivatives involves only a limited degree of subjectivity because the required inputs are observable in the marketplace, while more complex derivatives may use unobservable inputs that rely on specific proprietary modelling assumptions. Where observable inputs (prices from exchanges, dealers, brokers or market consensus data providers) are not available, attempts are made to infer values from observable prices through model calibration (spot and forward rates, mean reversion, benchmark interest rate curves and volatility inputs for commonly traded option products). For inputs that cannot be derived from other sources, estimates from historical data may be made. OTC derivatives where the majority of the value is derived from market observable inputs are categorised as level 2 instruments, while those where the majority of the value is derived from unobservable inputs are categorised as level 3 of the fair value hierarchy.

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

Interest rate derivatives

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

Foreign exchange derivatives

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

Equity and index-related derivatives

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

Credit derivatives

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

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

Other derivatives

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

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

Failed Purchases

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

Life Finance Instruments

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

Loans

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

Short-term financial instruments

Certain short-term financial instruments are not carried at fair value on the Statement of Financial Position, but a fair value has been disclosed in the table 'Analysis of financial instruments by categories' above on pages 146 to 147. These instruments include: cash and due from banks, cash collateral receivables and payables and other receivables and payables arising in the ordinary course of business. For these financial instruments, the carrying value approximates the fair value due to the relatively short period of time between their origination and expected realisation, as well as the minimal credit risk inherent in these instruments.

Other financial liabilities designated at fair value through profit or loss

Failed sales

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

Sensitivity of fair value measurements to changes in significant unobservable inputs

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

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

Interrelationships between significant unobservable inputs

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

Quantitative disclosures of valuation techniques

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

Quantitative information about level 3 assets and liabilities at fair value

As at 31 December 2020 CSS(E)L Group (USD million, except as indicated)	Fair Value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average [1,2]
Assets						
Trading financial assets mandatorily at fair value through profit or loss						
Debt securities	**34**					
Of which corporates	2	Market comparable	Price, in %	–	95	1
Equity securities	**19**					
Of which	18	Vendor price	Price in actuals	–	700	9
Derivatives	**1,403**					
Of which equity/ index-related products	51					
Of which	51	Vendor price	Price in actuals	–	215	73
Of which other derivatives	1,352					
Of which	370	Discounted cash flow	Market implied life expectancy, in years	2	14	6
Of which	1,044	Discounted cash flow	Mortality Rate, in %	72	137	98
Other Non-trading financial assets designated at fair value through profit or loss	**1,183**					
Of which life finance instruments	664	Discounted cash flows	Market implied remaining life expectancy, in years	2	15	6
Of which	480	Discounted cash flows	Market implied remaining life expectancy, in years	3	14	7
Liabilities						
Trading financial liabilities mandatorily at fair value through profit or loss						
Equity securities	**22**					
Of which	22	Vendor price	Price in actuals	–	121	4
Derivatives	**646**					
Of which equity/ index-related products	33					
Of which	29	Vendor price	Price in actuals	–	700	9
Of which other derivatives	613					
Of which	613	Discounted cash flows	Market implied remaining life expectancy, in years	2	17	6
Debt in Issuance	**31**					
Of which other debt instruments	30	Discounted cash flows	Market implied remaining life expectancy, in years	2	13	6
Other Liabilities	**225**					
Of which miscellaneous	216	Discounted cash flows	Mortality Rate, in %	72	137	100

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

2 Above quantitative information about Level 3 assets and liabilities at fair value pertains to continued and discontinued operations.

As at 31 December 2019 CSS(E)L Group (USD million, except as indicated)	Fair Value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average [1,2]
Assets						
Trading financial assets mandatorily at fair value through profit or loss						
Debt securities	**18**					
Of which corporates	2	Market comparable	Price, in %	–	100	–
Equity securities	**45**					
Of which	42	Vendor price	Price in actuals	–	575	18
Derivatives	**1,104**					
Of which equity/ index-related products	2					
Of which	2	Vendor price	Price in actuals	–	128	10
Of which other derivatives	1,102					
Of which	350	Discounted cash flow	Market implied life expectancy, in years	2	15	6
Of which	751	Discounted cash flow	Mortality Rate, in %	71	134	97
Other Non-trading financial assets designated at fair value through profit or loss	**1,200**					
Of which life finance instruments	691			2	16	6
Of which	463	Discounted cash flows	Market implied remaining life expectancy, in years	2	15	7
Liabilities						
Trading financial liabilities mandatorily at fair value through profit or loss						
Equity securities	**11**					
Of which	1	Vendor price	Price in actuals	–	4,109	–
Derivatives	**684**					
Of which equity/ index-related products	24					
Of which	18	Vendor price	Price in actuals	–	469	23
Of which other derivatives	660					
Of which	603	Discounted cash flows	Market implied remaining life expectancy, in years	2	18	6
Debt in Issuance	**35**					
Of which other debt instruments	35	Discounted cash flows	Market implied remaining life expectancy, in years	2	12	6
Other Liabilities	**175**					
Of which miscellaneous	175	Discounted cash flows	Mortality Rate, in %	71	134	99

1 Cash instruments are generally presented on a weighted average basis while certain derivative instruments either contain a combination of weighted averages and arithmetic means of the related inputs or are presented on the arithmetic mean basis.
2 Above quantitative information about Level 3 assets and liabilities at fair value pertains to continued and discontinued operations.

Qualitative discussion of the ranges of significant unobservable inputs

The following sections provide further information about the ranges of significant unobservable inputs included in the tables above. The level of aggregation and diversity within the financial instruments disclosed in the tables above result in certain ranges of significant inputs being wide and unevenly distributed across asset and liability categories.

Market implied remaining life expectancy

The CSS(E)L Group's market implied remaining life expectancy determines an individual's mortality curve and is the primary unobservable input used on various longevity instruments including life settlements, premium finance, SPIAS and longevity swaps. Market implied remaining life expectancy is determined based on individual's gender, age, and health status. It is calibrated to the market data when transaction data is available.

Mortality Rate

Mortality rate is the primary significant unobservable input for pension swaps. The expected present value of future cash flow of the trades depend on the mortality of individuals in the pension fund who are grouped into categories such as gender, age, pension amount, and other factors. In some cases mortality rates include a 'scaler' (also referred to as a loading or multiplier) that align mortality projections with historical experience and calibrate to exit level.

Price

Bond equivalent price is a primary significant unobservable input for bonds and equities. Where market prices are not available for an instrument, benchmarking may be utilised to identify comparable issues (same industry and similar product mixes) while adjustments are considered for differences in deal terms and performance.

Sensitivity of fair values to reasonably possible alternative assumptions

The fair value of certain financial instruments recognised in the consolidated financial statements is dependent in part or fully upon unobservable parameters which may include market inputs, prices or other data.

The following table summarises the sensitivity of these financial instruments to reasonable changes in the assumptions underlying these parameters:

	As at 31 December 2020		As at 31 December 2019	
CSS(E)L Group and Company	Favourable changes	Un-favourable changes	Favourable changes	Un-favourable changes
Impact on net income/(loss)(USD million)				
Life insurance products	158	(158)	137	(146)
Derivative assets and liabilities	12	(12)	7	(7)
Debt and equity securities	3	(3)	4	(4)
Total	**173**	**(173)**	**148**	**(157)**

When the fair value of an instrument has multiple unobservable inputs, there is assumed to be no correlation between those inputs, as such the total sensitivity reflected in the table may be larger than if correlation had been included in the analysis. The analysis also ignores any correlation between the different categories of financial instruments listed in the table.

Life insurance products, both physical and synthetic, are sensitive to mortality assumption. Sensitivity analysis is carried out by stressing market life expectancy of each underlying product in months between 2 to 9 months.

Debt and equity securities include corporate bonds. The parameter subjected to sensitivity for corporate debt is price. Corporate debt positions are generally subjected to movements up and down of 3% to 4% of the price of the security.

The sensitivities applied to the unobservable parameters are in all cases dependent upon management judgement and derived from multiple sources including historical and statistical information as well as analysing the range of bids and offers on observable market information as a proxy for the unobservable portion of the market.

Recognition of trade date profit/loss

If there are significant unobservable inputs used in the valuation technique, the financial instrument is recognised at the transaction price and any profit implied from the valuation technique at trade date is deferred over the life of the contract or until the fair value is expected to become observable.

The following table sets out the aggregate difference yet to be recognised in Statement of Income at the beginning of the year and end of the year with a reconciliation of the changes of the balance during the year.

CSS(E)L Group and Company	**2020**	2019
Deferred trade date profit and loss (USD million)		
Balance at 1 January	40	49
Reduction due to passage of time	(6)	(9)
Balance at 31 December	**34**	**40**

Fair value of financial instruments not carried at fair value
IFRS requires the disclosure of the fair value of financial instruments not carried at fair value in the consolidated Statements of Financial Position. IFRS also requires the disclosure of the fair values of these financial instruments within the fair value hierarchy.

As at 31 December 2020 CSS(E)L Group	Level 1	Level 2	Level 3	Impact of Netting	**Total at fair value**
Assets (USD million)					
Cash and due from banks	2,347	–	–	–	2,347
Interest-bearing deposits with banks	–	7,990	–	–	7,990
Securities purchased under resale agreements and securities borrowing transactions	–	11,413	–	–	11,413
Other assets	–	6,053	–	–	6,053
Assets held for sale	–	4,094	–	–	4,094
Total fair value of financial assets	**2,347**	**29,550**	**–**	**–**	**31,897**
Liabilities (USD million)					
Due to Banks [1]	171	–	–	–	171
Securities sold under repurchase agreements and securities lending transactions	–	292	–	–	292
Borrowings	–	3,429	–	–	3,429
Debt in issuance	–	9,164	–	–	9,164
Other financial liabilities	–	9,689	–	–	9,689
Liabilities held for sale	–	5,655	–	–	5,655
Total fair value of financial liabilities	**171**	**28,229**	**–**	**–**	**28,400**

[1] Deposits are renamed as 'Due To Banks' to better describe the nature of items under the heading.

As at 31 December 2020 Company	Level 1	Level 2	Level 3	Impact of Netting	**Total at fair value**
Assets (USD million)					
Cash and due from banks	2,343	–	–	–	2,343
Interest-bearing deposits with banks	–	7,990	–	–	7,990
Securities purchased under resale agreements and securities borrowing transactions	–	11,413	–	–	11,413
Other assets	–	6,034	–	–	6,034
Assets held for sale	–	4,094	–	–	4,094
Total fair value of financial assets	**2,343**	**29,531**	**–**	**–**	**31,874**
Liabilities (USD million)					
Due to Banks [1]	171	–	–	–	171
Securities sold under repurchase agreements and securities lending transactions	–	292	–	–	292
Borrowings	–	3,429	–	–	3,429
Debt in issuance	–	9,164	–	–	9,164
Other financial liabilities	–	9,689	–	–	9,689
Liabilities held for sale	–	5,655	–	–	5,655
Total fair value of financial liabilities	**171**	**28,229**	**–**	**–**	**28,400**

[1] Deposits are renamed as 'Due To Banks' to better describe the nature of items under the heading.

As at 31 December 2019 CSS(E)L Group	Level 1	Level 2	Level 3	Impact of Netting	**Total at fair value**
Assets (USD million)					
Cash and due from banks	2,744	–	–	–	2,744
Interest-bearing deposits with banks	–	14,550	–	–	14,550
Securities purchased under resale agreements and securities borrowing transactions	–	8,332	–	(3)	8,329
Other assets	–	6,200	–	–	6,200
Assets held for sale	–	6,952	–	–	6,952
Total fair value of financial assets	**2,744**	**36,034**	**–**	**(3)**	**38,775**
Liabilities (USD million)					
Due to Banks [1]	237	–	–	–	237
Securities sold under repurchase agreements and securities lending transactions	–	2,066	–	(3)	2,063
Borrowings	–	3,663	–	–	3,663
Debt in issuance	–	15,480	–	–	15,480
Other financial liabilities	–	10,660	–	–	10,660
Liabilities held for sale	–	9,770	–	–	9,770
Total fair value of financial liabilities	**237**	**41,639**	**–**	**(3)**	**41,873**

[1] Deposits are renamed as ‘Due To Banks’ to better describe the nature of items under the heading.

As at 31 December 2019 Company	Level 1	Level 2	Level 3	Impact of Netting	**Total at fair value**
Assets (USD million)					
Cash and due from banks	2,740	–	–	–	2,740
Interest-bearing deposits with banks	–	14,550	–	–	14,550
Securities purchased under resale agreements and securities borrowing transactions	–	8,332	–	(3)	8,329
Other assets	–	6,168	–	–	6,168
Assets held for sale	–	6,952	–	–	6,952
Total fair value of financial assets	**2,740**	**36,002**	**–**	**(3)**	**38,739**
Liabilities (USD million)					
Due to Banks [1]	237	–	–	–	237
Securities sold under repurchase agreements and securities lending transactions	–	2,066	–	(3)	2,063
Borrowings	–	3,663	–	–	3,663
Debt in issuance	–	15,480	–	–	15,480
Other financial liabilities	–	10,660	–	–	10,660
Liabilities held for sale	–	9,770	–	–	9,770
Total fair value of financial liabilities	**237**	**41,639**	**–**	**(3)**	**41,873**

[1] Deposits are renamed as ‘Due To Banks’ to better describe the nature of items under the heading.

38 Assets Pledged or Assigned

The following table sets forth details of assets pledged or assigned:

CSS(E)L Group and Company	**2020**	2019
Assets pledged or assigned (USD million)		
Trading financial assets at fair value through profit or loss	6,807	10,720
Collateral received		
Fair value of collateral received with the right to resell or repledge	69,482	117,959
Of which sold or repledged	52,104	97,884

Assets pledged or assigned represents the Statements of Financial Position of trading assets at fair value through profit or loss which have been pledged as collateral under securities sold under repurchase agreements, securities lending transactions and derivative instruments. Refer to Note 15 – Trading Financial Assets and Liabilities Mandatorily at Fair Value Through Profit or Loss for the amount of securities transferred which are encumbered.

As at 31 December 2020 and 2019, collateral was received in connection with resale agreements, securities borrowings and loans, derivative transactions and margined broker loans. As at these dates, a substantial portion of the collateral received by the CSS(E)L Group had been sold or repledged in connection with repurchase agreements, securities sold not yet purchased, securities lent, pledges to clearing organisations, segregation requirements under securities laws and regulations, derivative transactions, and bank loans.

These transactions were generally conducted under terms that are usual and customary for standard securitised lending activities and the other transactions described. The CSS(E)L Group, as the secured party, has the right to sell or repledge such collateral, subject to the CSS(E)L Group returning equivalent securities upon completion of the transaction.

The CSS(E)L Group enters into agreements with counterparties where collateral or security interests in positions which the CSS(E)L Group holds, has been provided. This includes situations where the CSS(E)L Group has registered charges to certain counterparties over the CSS(E)L Group's assets in connection with its normal operating activities.

39 Derecognition of Financial Assets

In the normal course of business, the CSS(E)L Group enters into transactions where it transfers previously recognised financial assets, such as debt securities, equity securities and other financial instruments. The CSS(E)L Group's accounting policy regarding derecognition of such assets under IAS 39 is described in Note 2 – Significant Accounting Policies.

Transferred Financial Assets that are not derecognised in their entirety

Certain transactions may include provisions that prevent derecognition of the transferred financial asset and the transfers are accounted for as secured financing transactions. Repurchase agreements, securities lending agreements and total return swaps, in which the CSS(E)L Group retains substantially all of the associated credit, market, interest rate and foreign exchange risks and rewards associated with the assets, represent the most common examples of such transactions. Where the transfer of an asset does not meet derecognition, it remains on the CSS(E)L Group's statement of financial position with a corresponding liability established to represent an obligation to the counterparty. As part of the CSS(E)L Group's repurchase agreements and securities lending transactions, there is an obligation to return equivalent securities at the end of the transaction.

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

	2020		2019	
CSS(E)L Group and Company (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 agreements and Securities lending agreements	6,807	6,807	10,720	10,720
Other	1,475	1,366	–	–

The CSS(E)L Group also participates in securities lending agreements where the counterparty provides security as collateral. The carrying amount of the assets not derecognised in such transactions is equal to USD 1,967 million (2019: USD 2,237 million).

Where the CSS(E)L Group sells the contractual rights to the cash flows of the securities included above, it does not have the ability to use the transferred assets during the term of the arrangement.

The counterparties to the associated liabilities included above, have full recourse to the CSS(E)L Group.

Assets not derecognised are included in Note 15 – Trading Financial Assets and Liabilities Mandatorily at Fair Value Through Profit or Loss and corresponding liabilities in Note 14 – Securities Borrowed, Lent and Purchased/Sold under Resale/Repurchase Agreements and Note 16 – Non-Trading Financial Assets Mandatorily at Fair Value through Profit or Loss.

40 Financial Risk Management

Risks Detail

i) Market risk

Overview

Market risk is the risk of loss arising from fair-valued financial instruments in response to adverse changes in interest rates, credit spreads, foreign currency exchange rates, equity and commodity prices and other relevant parameters, such as market volatilities and correlations. A typical transaction or position in financial instruments may be exposed to a number of different market risks.

The Company has policies and processes in place to ensure that market risk is captured, accurately modelled and reported, and effectively managed. Trading and non-trading portfolios are managed at various organisational levels, from the specific positions up to the overall risk positions at the Company level. The Company uses market risk measurement and management methods in line with regulatory and industry standards. These include general tools capable of calculating comparable risk metrics across the Company's many activities and focused tools that can specifically model the unique characteristics of certain instruments or portfolios. The tools are used for internal market risk management, internal market risk reporting and external disclosure purposes. The principal portfolio measurement tools are Value-at-Risk ('VaR'), scenario analysis and sensitivity analysis, which complement each other in measuring the market risk at the Company. The Company regularly reviews the risk management techniques and policies to ensure they remain appropriate.

Value-at-Risk

VaR measures the potential loss arising from fair valued financial instruments due to adverse market movements over a defined holding period and that is expected to occur at a specified confidence level. Positions can be aggregated in several ways, across risk factors, products and businesses. For example, interest rate risk includes risk arising from money market and swap transactions, bonds, and interest rate, foreign exchange, equity and commodity options amongst others. The use of VaR allows the comparison of risk across different asset classes and divisions and also provides a means of aggregating and netting a variety of positions within a portfolio to reflect actual correlations and offsets between different assets.

The Company's VaR model is a historical simulation, deriving plausible future trading losses from the analysis of historical movements in market risk factors. VaR is calculated for all the financial instruments with adequate price histories. 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.

The Company has 3 main VaR measures as portfolio measurement tools. These vary in terms different holding periods, different historical data periods, percentile and portfolio scope.

- Regulatory VaR which uses a ten-day holding period, confidence level of 99% and the last 2 years of market history. This is used in the calculation of the trading book market risk capital requirements and as such primarily focuses on trading book risk although banking book risk for FX and commodities is also included.
- Stressed VaR which uses ten-day holding period, confidence level of 99% and equally weighted one-year data period of significant financial stress. This is used in the calculation of the trading book market risk capital requirements and as such primarily focuses on trading book risk although banking book risk for FX and commodities is also included.
- Risk Management VaR which is calculated for trading and banking book positions using a one-day holding period, at a confidence level of 98% and using the last two years market history.

The VaR model uses assumptions and estimates that the Company believes are reasonable. The main assumptions and limitations of VaR as a risk measure are:

- VaR relies on historical data to estimate future changes in market conditions, which may not capture all potential future outcomes, particularly where there are significant changes in market conditions and/or correlations across asset classes.
- VaR provides an estimate of losses at a given confidence level, which means that it does not provide any information on the size of losses that could occur beyond that threshold.
- VaR is based on at most ten-day holding period. This assumes that risks can be either sold or hedged over that period, which may not be possible for all types of exposure, particularly during periods of market illiquidity or turbulence. It also assumes that risks will remain in existence over the entire holding period.
- VaR is calculated using positions held at the end of each business day and does not include intra-day changes in exposures.

Where there is insufficient historical market data for a calculation within the Company's VaR model, either market data proxies or conservative parameter moves for these risk types are used. Market data proxies are selected to be as close to the underlying instrument as possible. Where neither a suitable market dataset nor a close proxy is available, conservative parameter moves are used.

The VaR measures are also complemented by Risk not in VaR and pillar 2A risk assessments which provide further assessments for any missing risks identified and if the 10 day holding period is considered inadequate.

Scenario analysis

Stress testing complements other risk measures by quantifying the potential losses arising from moves across financial markets in response to plausible external events. The majority of scenario analysis calculation performed is specifically tailored towards the risk profile of particular businesses and limits may be established for some of them. In addition, to identify areas of risk concentration and potential vulnerability to stress events at the Company level, a set of scenarios is consistently applied across all businesses to assess the impact of significant, simultaneous movements across a broad range of markets and asset classes. Additionally, scenarios targeted at a specific market, product or risk type are used to better understand the risk profiles and concentrations, to monitor and control the exposure.

Scenarios can be defined with reference to historic events or based on forward-looking, hypothetical events that could impact the Company's positions, capital, or profitability. The scenarios used within the Company are reviewed at the relevant risk committees as well as by a dedicated scenario design forum. The scenarios used within the Company continuously evolve to reflect changes in market conditions and any change in business strategy.

Sensitivity analysis

The sensitivity analysis for the trading activities includes a wide range of measures such as sensitivities, both net and gross, and sensitivity impacts under scenarios, amongst others. This family of measures allow to quantify the potential profit or loss resulting from specified, generally small, hypothetical shocks to market factors.

Similarly to stress testing, the majority of sensitivity analysis calculations performed is specifically tailored towards the risk profile of particular businesses and limits may be established for some of them. Sensitivity analysis may also be used to identify, monitor and control areas of risk concentration at the Company's level across a broad range of markets, products and asset classes.

VaR, stress testing and sensitivity analysis are fundamental elements of the Company's risk control framework. Their results are used in risk appetite discussions and strategic business planning, and support the Company's internal capital adequacy assessment. VaR, scenario and sensitivity calculations are conducted on a regular basis and the results, trend information and supporting analysis are reported to the Board, senior management and shared and discussed with the business lines.

Trading portfolios

Risk measurement and management

Market risk arises in the Company's trading portfolios primarily through its trading activities.

For the purposes of this disclosure, the aggregated market risks associated with the Company's trading book portfolios along with foreign exchange and commodity risks in the banking book portfolios are measured using VaR. This classification of assets and liabilities as trading is based on the trading intent and for the purpose of analysing the Company's market risk exposure, not for financial reporting purposes.

The Company 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 Company's broad participation in products and markets, trading strategies are correspondingly diverse and exposures are generally spread across a range of risk factors and locations.

Development of trading portfolio risks

The following table shows the trading-related market risk exposure along with foreign exchange and commodity risks in the banking book for the Company, as measured by Regulatory VaR. This VaR model used by the Company is based on a historical simulation approach over a two-year historical dataset. VaR estimates are computed separately for each risk type and for the whole portfolio. The diversification benefit reflects the net difference between the sum of the 99th percentile loss for each individual risk type and for the total portfolio.

Ten-day, 99% VaR – trading portfolios

in / end of period	Interest rate and credit spread	Foreign exchange [1]	Commodity [1]	Equity	Diversification benefit [2]	Total
2020 (USD million)						
Average	**27**	**4**	**–**	**12**	**(6)**	**37**
Minimum	11	1	–	3	– [3]	15
Maximum	86	7	1	26	– [3]	104
End of period	45	3	1	10	(1)	58
2019 (USD million)						
Average	**18**	**1**	**–**	**5**	**(5)**	**19**
Minimum	8	1	–	3	– [3]	9
Maximum	30	3	1	14	– [3]	30
End of period	17	2	–	7	(7)	19

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.

VaR results

CSS(E)L ten-day, 99% Regulatory VaR as of 31 December 2020 increased by 206% to USD 58 million compared to 31 December 2019 (USD 19 million).
The increase in VAR materially driven by credit spread widening and deterioration in quality of bonds caused by COVID-19 pandemic within the Investment Bank 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 2020 it was USD 0.01 million compared to USD 0.04 million as of 31 December 2019. Non-trading interest rate risk is assessed using other measures including the potential value change resulting from significant but possible moves in yield curves using shocks defined in BCBS368.

As of 31 December 2020 the fair value impacts were:
- A fair value loss of USD 7 million (2019 loss of USD 3 million) for a parallel up move.
- A fair value loss of USD 14 million (2019 gain of USD 20 million) for a parallel down move.

Macro-Economic Environment

CSS(E)L's performance is dependent on the market environment. This could be materially affected by certain events such as COVID-19. Due to COVID-19, CSS(E)L has invoked its business continuity plans following Government advice with staff safety paramount. CSS(E)L has developed specific macro-economic scenarios for material risks to continue to monitor and manage these risks.

ii) Liquidity Risk

Liquidity risk is the risk that a company is unable to fund assets and meet obligations as they fall due in times of stress, whether caused by market events and/or firm-specific issues.

CS group wide management of liquidity risk
The liquidity risk governance model at CS follows the three lines of defence ('3LoD') model, with CSG/CS BoD and Executive Board ('ExB') providing on-going oversight. Explicit roles and responsibilities for the various aspects of liquidity risk management are assigned to the various functions involved in the process. The business divisions are responsible for understanding and articulating their liquidity demand and liquidity generation, forecasting their liquidity needs at a business-level and ensuring adherence to agreed liquidity targets. Treasury and Liquidity Risk Management ('LRM') are global functions with responsibilities both at a global level, as well as at a geographical, legal entity and divisional level. Further key stakeholders include the Global Liquidity Group ('GLG'), who execute a number of funding and liquidity management activities on behalf of Treasury, as well as the Liquidity Measurement and Reporting function ('LMR'), who are responsible for production of internal and regulatory Management Information ('MI') reporting. To provide assurance of the ongoing effectiveness of the liquidity risk management framework, independent review is regularly provided by internal and external audit.

CSG operates its funding and liquidity processes under a central treasury model, in which CS Parent plays the focal role, by sourcing, aggregating and distributing capital and unsecured funding in a range of products across CSG's legal entity network, in addition to funding the requirements arising from business activity booked directly in the legal entity. In order to minimise funding flow network complexity, funding proceeds flow from the source CS Parent branch to the end use branch or affiliate legal entity in alignment with an agreed 'Hub and Spoke' routing.

To address short-term liquidity stress, a liquidity pool comprising of cash held at central banks and high-quality liquid assets ('HQLA') is maintained and managed by Treasury for the purpose of covering unexpected outflows in the event of severe market and idiosyncratic stress. CS liquidity risk parameters reflect various liquidity stress assumptions calibrated as such that in the event CS is unable to access unsecured funding, CS expects to have sufficient liquidity to sustain operations for a period of time in excess of the minimum limit. This includes potential currency mismatches, which are monitored and subject to limits, particularly in the significant currencies of euro, Japanese yen, pound sterling, Swiss franc and US dollar.

CS uses the internal liquidity Barometer to manage its liquidity to internal targets and as a basis to model both CS-specific and market-wide stress scenarios and their impact on the liquidity and funding over different time horizons. Other functionalities include the ability to manage entity-specific liquidity, and low point and currency controls. The internal Barometer framework also supports the management of the funding structure.

In the event of a liquidity crisis, CS would activate its Contingency Funding Plan ('CFP'), which focuses on the specific actions that would be taken as a response, including a detailed communication plan for creditors, investors and customers.

Legal entity management of liquidity risk
The legal entity internal liquidity risk management framework is aligned with the group-wide approach but also incorporates local regulatory compliance requirements. Such compliance requirements are measured as part of the Prudential Regulation Authority's ('PRA') Individual Liquidity Guidance ('ILG') which results in CSS(E)L holding term funding and a local liquid asset buffer of qualifying securities.

The liquidity and funding profile reflects CSS(E)L's respective strategies and risk appetites, and is driven by business activity levels and the overall operating environment. The Liquidity and Funding risk metrics capture all the identified material risks and provide sufficient coverage from both liquidity and a capital adequacy perspective. Liquidity for CSS(E)L is managed and monitored according to the Credit Suisse internal stress measure (Barometer 2.0, "B2.0") and the regulatory defined stress measures (Liquidity Coverage Ratio ('LCR') and Net Stable Funding Ratio ('NSFR')).

In the context of the internal model, CSSEL liquidity risk is stressed across a number of different scenarios covering market stress, CS specific idiosyncratic stress and stressed conditions which see a combination of these.

B2.0 captures the liquidity positions and flows over a 30 and 365 day time horizons, with the absolute surplus or deficit position determined by deducting outflows from unencumbered assets and inflows. Risk controls have been set for CSSEL covering two distinct stress scenarios and time horizons. The primary B2.0 controls are against:

- A 30-day low point position under the severe combined scenario and
- A 365-day low point position under the less severe combined scenario.

The "low point" is the specific point across the time horizon where the liquidity coverage level is at its worst. The low-point controls ensure that the firm has enough liquidity buffer to cover both net outflows for 30 days under a severe combined stress (i.e. idiosyncratic and market stress) and net outflows for 365 days under a less severe combined stress.

The objective of the Liquidity Coverage Ratio ('LCR') defined by the PRA, based on the recommendations by the Basel Committee on Banking Supervision, is to promote the short-term resilience of the liquidity risk profile of banks by ensuring that banks have an adequate stock of unencumbered high-quality liquid assets ('HQLA') that can be converted easily and immediately into cash to meet their liquidity needs for a 30 calendar day liquidity stress scenario.

The NSFR metric requires CSSEL to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. The NSFR limits overreliance on short-term wholesale funding, encourages better assessment of funding risk across on- and off-balance sheet items, and promotes funding stability.

Liquidity Risk Appetite for CSS(E)L is set by the CSS(E)L Board and include quantitative and qualitative statements. It is set based on both regulatory and internal metrics, such as the Liquidity Coverage Ratio, Net Stable Funding Ratio and the Barometer 2.0, which capture the impact on CSS(E)L's funding liquidity in a stressed situation. The authority to set more granular liquidity risk limits is delegated by the Board to the CSS(E)L ExCo, which has appointed the CSS(E)L CRO as the Accountable Executive. The liquidity risk operating limits are approved through the CSS(E)L Risk Management Committee ('RMC').

CSS(E)L holds buffers of high quality liquid assets including government securities and on demand cash with Central Banks (via CS AG, London Branch), which CSSEL both access through CS AG London Branch. Additionally, each entity is provided with unsecured funding from CS AG in a combination of 120 day and 400 day evergreen tenors, subordinated debt and equity. CSS(E)L also generates funding from its structured notes issuance platform.

CSS(E)L LRM function is part of the overall Global LRM Liquidity organisation with supporting functions from the Global LRM Liquidity roles to oversee and manage liquidity risk for CSS(E)L. CSS(E)L LRM as part of the CRO organisation is responsible for the oversight of Treasury and the business divisions in managing CSS(E)L's liquidity risks as a second line of defence. As a reflection of its risk constraint mandate, CSS(E)L LRM is responsible for ensuring that liquidity risk management is consistent with the overall mandate. CSS(E)L LRM defines related risk management frameworks and processes in line with requirements at entity level. The team works with Treasury, GLG and the business divisions to ensure comprehensive liquidity risk limit adherence and manage breaches thereof, should they occur.

Incremental to CSS(E)L's unsecured funding sources from CS, CSS(E)L has the ability to access secured funding markets via repurchase and stock lending agreements. These funding streams provide diversification to the funding profile of the entity. The following table sets out details of the remaining contractual maturity of all financial liabilities:

		Current			Noncurrent			**Total**
CSS(E)L Group	On Demand	Due within 3 months	Between 3 and 12 months	**Total**	Between 1 and 5 years	Due after 5 years	**Total**	
2020 Contractual maturity of Financial Liabilities (USD million)								
Due to banks [1]	171	–	–	171	–	–	–	171
Securities sold under repurchase agreements and securities lending transactions	2	290	–	292	–	–	–	292
Trading financial liabilities mandatorily at fair value through profit or loss	5,681	–	–	5,681	–	–	–	5,681
Financial liabilities designated at fair value through profit or loss	1,830	3,713	1,610	7,153	3	28	31	7,184
Borrowings	–	463	2,966	3,429	–	–	–	3,429
Other liabilities	5,553	–	2,960	8,513	1,200	–	1,200	9,713
Debt in issuance	–	9	28	37	8,660	509	9,169	9,206
Liabilities held for sale	20,836	1	826	21,663	–	–	–	21,663
Total financial liabilities	**34,073**	**4,476**	**8,390**	**46,939**	**9,863**	**537**	**10,400**	**57,339**
2019 Contractual maturity of Financial Liabilities (USD million)								
Due to banks [1]	237	–	–	237	–	–	–	237
Securities sold under repurchase agreements and securities lending transactions	11	14	2,038	2,063	–	–	–	2,063
Trading financial liabilities mandatorily at fair value through profit or loss	5,270	–	–	5,270	–	–	–	5,270
Financial liabilities designated at fair value through profit or loss	12,858	3,757	–	16,615	–	37	37	16,652
Borrowings	–	720	2,943	3,663	–	–	–	3,663
Other liabilities	7,706	–	2,960	10,666	–	–	–	10,666
Debt in issuance	–	2	6	8	13,965	1,275	15,240	15,248
Liabilities held for sale	32,002	–	228	32,230	232	–	232	32,462
Total financial liabilities	**58,084**	**4,493**	**8,175**	**70,752**	**14,197**	**1,312**	**15,509**	**86,261**

[1] Deposits are renamed as 'Due To Banks' to better describe the nature of items under the heading.

Company	On Demand	Current: Due within 3 months	Current: Between 3 and 12 months	Current: Total	Noncurrent: Between 1 and 5 years	Noncurrent: Due after 5 years	Noncurrent: Total	Total
2020 Contractual maturity of Financial Liabilities (USD million)								
Due to banks [1]	171	–	–	171	–	–	–	171
Securities sold under repurchase agreements and securities lending transactions	2	290	–	292	–	–	–	292
Trading financial liabilities mandatorily at fair value through profit or loss	5,684	–	–	5,684	–	–	–	5,684
Financial liabilities designated at fair value through profit or loss	1,821	3,713	1,610	7,144	3	21	24	7,168
Borrowings	–	463	2,966	3,429	–	–	–	3,429
Other liabilities	5,553	–	2,960	8,513	1,200	–	1,200	9,713
Debt in issuance	–	9	28	37	8,660	509	9,169	9,206
Liabilities held for sale	20,836	1	826	21,663	–	–	–	21,663
Total financial liabilities	**34,067**	**4,476**	**8,390**	**46,933**	**9,863**	**530**	**10,393**	**57,326**
2019 Contractual maturity of Financial Liabilities (USD million)								
Due to banks [1]	237	–	–	237	–	–	–	237
Securities sold under repurchase agreements and securities lending transactions	11	14	2,038	2,063	–	–	–	2,063
Trading financial liabilities mandatorily at fair value through profit or loss	5,266	–	–	5,266	–	–	–	5,266
Financial liabilities designated at fair value through profit or loss	12,848	3,757	–	16,605	–	29	29	16,634
Borrowings	–	720	2,943	3,663	–	–	–	3,663
Other liabilities	7,706	–	2,960	10,666	–	–	–	10,666
Debt in issuance	–	2	6	8	13,965	1,275	15,240	15,248
Liabilities held for sale	32,002	–	228	32,230	232	–	232	32,462
Total financial liabilities	**58,070**	**4,493**	**8,175**	**70,738**	**14,197**	**1,304**	**15,501**	**86,239**

[1] Deposits are renamed as ‘Due To Banks’ to better describe the nature of items under the heading.

Liabilities in trading portfolios have not been analysed by contractual maturity because these liabilities are used to risk manage positions held across CS group and can be closed out at very short notice. They have been classified as being ‘on demand’ at their fair value.

For instruments with perpetual features (i.e. no maturity dates), the projected coupons have been excluded. Callable deposits, open ended positions and overnight funding will be recorded at their present value in an ‘on demand’ categorisation. This classification will be based on the underlying legal and contractual ability of the counterparty or the Company to put or call the positions at short notice.

iii) Currency Risk

The Company takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

The Company has approval to manage its own trading profit and loss related foreign exchange risk through a formal trading mandate and has defined risk limits using the VaR methodology. Its currency exposure within the non-trading portfolios is managed through the CS group levelling process as set out in the Corporate Foreign Exchange Policy. The VaR methodology is discussed in more detail in section i) Market Risk, of this note.

One of the components of CSS(E)L total expenses is operational expenses in GBP which are subject to currency risk when converted into USD, the functional currency of the entity. This exposure is reduced through hedging. The Company has also an investment in the Korea Seoul Branch, whose impact on capital ratios is hedged.

iv) Credit Risk

Credit risk is the possibility of a loss being incurred as the result of a borrower or counterparty failing to meet its financial obligations or as a result of deterioration in the credit quality of the borrower or counterparty. In the event of a customer default a company generally incurs a loss equal to the amount owed by the debtor, less any recoveries from foreclosure, liquidation of collateral or the restructuring of the debtor company. A change in the credit quality of the counterparty has an impact on the valuation of assets eligible for fair value measurement, with valuation changes recorded in the Consolidated Statement of Income. Credit risk in CSS(E)L is managed by the CSS(E)L Credit Risk Management (‘CSS(E)L CRM’) department, which is headed by the CSS(E)L Chief Credit Officer (‘CSS(E)L CCO’), who in turn reports to the CSS(E)L Chief Risk Officer (‘CRO’). CSS(E)L Credit Risk Management (‘CRM’) is a part of the wider CS group CRM department, which 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. The head of CRM reports to the CRO of CS group. All credit limits in CSS(E)L are subject to approval by CSS(E)L CRM.

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

CSS(E)L employs a set of credit ratings for the purpose of internally rating counterparties to which it is exposed to credit risk as the contractual party. Credit ratings are intended to reflect the risk of default of each counterparty. Ratings are assigned based on internally developed rating models and processes, which are subject to governance and internally independent validation procedures.

CSS(E)L's internal ratings may differ from counterparties external ratings where present. Policy requires the review of internal ratings at least annually. For the calculation of internal risk estimates and Risk Weighted Assets ('RWAs'), a probability of default ('PD') is assigned to each facility, with the PD determined by the internal credit rating. Internal ratings are based on the analysis and evaluation of both quantitative and qualitative factors. The specific factors analysed are dependent on the type of counterparty. The analysis emphasises a forward looking approach, concentrating on economic trends and financial fundamentals. Analysts make use of peer analysis, industry comparisons, external ratings and research, other quantitative tools and the judgement of credit experts. The PD for each rating is calibrated based on historic default experience, using external data from Standard & Poor's, and back-tested to ensure consistency with internal experience.

CSS(E)L assigns an estimate of expected loss in the event of a counterparty default based on the structure of each transaction. The counterparty credit rating is used in combination with credit (or credit equivalent) exposure and the loss given default ('LGD') assumption to estimate the potential credit loss. LGD represents the expected loss on a transaction should default occur and takes into account structure, collateral, seniority of the claim and, in certain areas, the type of counterparty. CSS(E)L uses credit risk estimates consistently for the purposes of approval, establishment and monitoring of credit limits and credit portfolio management, credit policy, management reporting and allocation and certain financial accounting purposes. This approach also allows us to price transactions involving credit risk more accurately, based on risk/return estimates. CSS(E)L has been granted permission by the PRA to use internal credit rating models under the CRD4 A-Internal Rating Based ('A-IRB') approach for the majority of credit exposures in CSS(E)L. Exposures which are not covered by A-IRB treatment are subject to the standardised approach.

Credit Risk Overview

All transactions that are exposed to potential losses due to failure of a counterparty to meet an obligation are subject to credit risk exposure measurement and management.

Maximum exposure to credit risk

The following table presents the maximum exposure to credit risk of balance sheet and off-balance sheet financial instruments, before taking account of the fair value of any collateral held or other credit enhancements unless such credit enhancements meet offsetting requirements as set out in IAS 32. For financial assets recognised on the balance sheet the maximum exposure to credit risk equals their carrying amount as at 31 December 2020. For financial guarantees granted and other credit-related contingencies the maximum exposure to credit risk is the maximum amount that CSS(E)L would have to pay if the guarantees and contingencies are called upon. For loan commitments and other credit-related commitments that are irrevocable over the life of the respective facilities the maximum exposure to credit risk is the full amount of the committed facilities.

Maximum exposure to credit risk:

	Group			Company		
	Gross	Collateral	**Net**	Gross	Collateral	**Net**
2020 Maximum exposure to credit risk (USD million) [1]						
Trading financial assets mandatorily at fair value through profit or loss						
Debt securities	2,246	–	2,246	2,246	–	2,246
Derivative trading positions	6,378	6,378	–	6,384	6,384	–
Non-trading financial assets mandatorily at fair value through profit or loss						
Securities purchased under resale agreements and securities borrowing transactions	12,859	12,835	24	12,859	12,835	24
Other	1,875	–	1,875	1,876	–	1,876
Maximum exposure to credit risk – total assets	**23,358**	**19,213**	**4,145**	**23,365**	**19,219**	**4,146**
Maximum exposure to credit risk – total off-balance sheet	**–**	**–**	**–**	**–**	**–**	**–**
Maximum exposure to credit risk	**23,358**	**19,213**	**4,145**	**23,365**	**19,219**	**4,146**

[1] Above table includes both continued and discontinued operations.

	Group			Company		
	Gross	Collateral	**Net**	Gross	Collateral	**Net**
2019 Maximum exposure to credit risk (USD million) [1]						
Debt securities	2,087	–	2,087	2,087	–	2,087
Derivative trading positions	6,228	6,093	135	6,235	6,093	142
Non-trading financial assets mandatorily at fair value through profit or loss						
Securities purchased under resale agreements and securities borrowing transactions	29,859	29,824	35	29,859	29,824	35
Other	1,200	–	1,200	1,203	–	1,203
Maximum exposure to credit risk – total assets	**39,374**	**35,917**	**3,457**	**39,384**	**35,917**	**3,467**
Maximum exposure to credit risk – total off-balance sheet	**–**	**–**	**–**	**–**	**–**	**–**
Maximum exposure to credit risk	**39,374**	**35,917**	**3,457**	**39,384**	**35,917**	**3,467**

[1] Above table includes both continued and discontinued operations.

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.

Cash and Due from banks credit risk exposures by rating grades

					2020
CSS(E)L Group (USD million)	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	**Total**
AAA	–	–	–	–	**–**
AA+ to AA-	199 [1]	–	–	–	**199**
A+ to A-	1,917	–	–	–	**1,917**
BBB+ to BBB-	171	–	–	–	**171**
BB+ to BB-	60	–	–	–	**60**
B+ and below	–	–	–	–	**–**
Loss allowance	**–**	**–**	**–**	**–**	**–**
Carrying amount	**2,347**	**–**	**–**	**–**	**2,347**

[1] The above table applies to Company with the exception of rating grade AA+ to AA- for which the 12-month ECL (Stage 1) balance is USD 195 million.

CSS(E)L Group (USD million)	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	Total
					2019
AAA	–	–	–	–	**–**
AA+ to AA-	259 [1]	–	–	–	**259**
A+ to A-	2,041	–	–	–	**2,041**
BBB+ to BBB-	333	–	–	–	**333**
BB+ to BB-	12	–	–	–	**12**
B+ and below	99	–	–	–	**99**
Loss allowance	**–**	**–**	**–**	**–**	**–**
Carrying amount	**2,744**	**–**	**–**	**–**	**2,744**

[1] The above table applies to Company with the exception of rating grade AA+ to AA- for which the 12-month ECL (Stage 1) balance is USD 256 million.

Interest bearing deposits with Bank credit risk exposures by rating grades

CSS(E)L Group and Company (USD million)	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	Total
					2020
AAA	–	–	–	–	**–**
AA+ to AA-	–	–	–	–	**–**
A+ to A-	7,990	–	–	–	**7,990**
BBB+ to BBB-	–	–	–	–	**–**
BB+ to BB-	–	–	–	–	**–**
B+ and below	–	–	–	–	**–**
Loss allowance	**–**	**–**	**–**	**–**	**–**
Carrying amount	**7,990**	**–**	**–**	**–**	**7,990**

CSS(E)L Group and Company (USD million)	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	Total
					2019
AAA	–	–	–	–	**–**
AA+ to AA-	–	–	–	–	**–**
A+ to A-	14,550	–	–	–	**14,550**
BBB+ to BBB-	–	–	–	–	**–**
BB+ to BB-	–	–	–	–	**–**
B+ and below	–	–	–	–	**–**
Loss allowance	**–**	**–**	**–**	**–**	**–**
Carrying amount	**14,550**	**–**	**–**	**–**	**14,550**

Securities purchased under resale agreements and securities borrowing transactions credit risk exposures by rating grades

CSS(E)L Group and Company (USD million)	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	Total [1]
					2020
AAA	–	–	–	–	**–**
AA+ to AA-	–	–	–	–	**–**
A+ to A-	11,400	–	–	–	**11,400**
BBB+ to BBB-	13	–	–	–	**13**
BB+ to BB-	–	–	–	–	**–**
B+ and below	–	–	–	–	**–**
Loss allowance	**–**	**–**	**–**	**–**	**–**
Carrying amount	**11,413**	**–**	**–**	**–**	**11,413**

[1] Rating grade for discontinued operations of USD 3,017 million out of which USD 2,530 million pertains to rating grade A+ to AA- and USD 487 million pertains to rating grade B+ to BBB-.

CSS(E)L Group and Company (USD million)	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	2019 Total
AAA	–	–	–	–	**–**
AA+ to AA-	5	–	–	–	**5**
A+ to A-	7,947	–	–	–	**7,947**
BBB+ to BBB-	27	–	–	–	**27**
BB+ to BB-	–	–	–	–	**–**
B+ and below	350	–	–	–	**350**
Loss allowance	**–**	**–**	**–**	**–**	**–**
Carrying amount	**8,329**	**–**	**–**	**–**	**8,329**

[1] Rating grade for discontinued operations of USD 4692 million out of which USD 3,351 million pertains to rating grade A+ to AA- and USD 1,341 million pertains to rating grade B to BBB-.

Other assets credit risk exposures by rating grades

CSS(E)L Group and Company (USD million)	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	2020 Total
AAA	18	–	–	–	**18**
AA+ to AA-	30	–	–	–	**30**
A+ to A-	686	–	–	–	**686**
BBB+ to BBB-	223	–	–	–	**223**
BB+ to BB-	43	–	–	–	**43**
B+ and below	61	–	–	–	**61**
Loss allowance	**–**	**–**	**–**	**–**	**–**
Carrying amount	**1,061**	**–**	**–**	**–**	**1,061**

CSS(E)L Group and Company (USD million)	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	2019 Total
AAA	–	–	–	–	**–**
AA+ to AA-	8	–	–	–	**8**
A+ to A-	1,106	–	–	–	**1,106**
BBB+ to BBB-	–	–	–	–	**–**
BB+ to BB-	–	–	–	–	**–**
B+ and below	91	–	–	–	**91**
Loss allowance	**1**	**–**	**–**	**–**	**1**
Carrying amount	**1,204**	**–**	**–**	**–**	**1,204**

Financial Guarantee credit risk exposures by rating grades

CSS(E)L Group and Company (USD million)	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	2020 Total
AAA	–	–	–	–	**–**
AA+ to AA-	–	–	–	–	**–**
A+ to A-	189	–	–	–	**189**
BBB+ to BBB-	–	–	–	–	**–**
BB+ to BB-	–	–	–	–	**–**
B+ and below	–	–	–	–	–
Loss allowance	**–**	**–**	**–**	**–**	**–**
Carrying amount	**189**	**–**	**–**	**–**	**189**

CSS(E)L Group and Company (USD million)	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit-impaired	2019 Total
AAA	–	–	–	–	**–**
AA+ to AA-	–	–	–	–	**–**
A+ to A-	188	–	–	–	**188**
BBB+ to BBB-	–	–	–	–	**–**
BB+ to BB-	–	–	–	–	**–**
B+ and below	–	–	–	–	**–**
Loss allowance	**–**	**–**	**–**	**–**	**–**
Carrying amount	**188**	**–**	**–**	**–**	**188**

CSS(E)L is exposed to credit risk as a result of a counterparty, borrower or issuer being unable or unwilling to honour its contractual obligations. These exposures to credit risk exist within financing relationships, derivatives and other transactions.

CSS(E)L typically enters into master netting arrangements ('MNAs') with over the counter ('OTC') derivative counterparties. The MNAs allow CSS(E)L to offset derivative liabilities against the derivative assets with the same counterparty in the event the counterparty defaults. Collateral on these derivative contracts is usually posted on a net counterparty basis and comprises either cash or marketable securities or a combination thereof. Included in the table above as collateral and other credit enhancements are the derivative liability amounts which would be offset against the derivative asset position upon default of the counterparty as well as any cash or marketable securities collateral held. Amounts disclosed as collateral and credit enhancements are where a counterparty has an offsetting derivative exposure with CSS(E)L, a legally enforceable MNA exists, and the credit risk exposure is managed on a net basis or the position is specifically collateralised, typically in the form of cash.

Also included in the table within both loans and receivables and financial assets designated at fair value through profit and loss is collateral which CSS(E)L holds against loans in the form of guarantees, cash and marketable securities.CSS(E)L also mitigates its credit exposures on certain loans primarily with credit default swaps, which economically hedge the position and as such the notional on the relevant credit default swap has been included. For further information on the collateral and credit enhancements held against loans designated at fair value,

Note 16 – Non-Trading Financial Assets Mandatorily at Fair Value through Profit or Loss.

Reverse repurchase agreements and securities borrowings are typically fully collateralised instruments and in the event of default, the agreement provides CSS(E)L the right to liquidate the collateral held. Reverse repos are included either within Securities purchased under resale agreements or Non-trading financial assets mandatorily at fair value through profit or loss, based on the accounting methodology. These instruments are collateralised principally by government securities, money market instruments, corporate bonds and cash. CSS(E)L monitors the fair value of securities borrowed and lent on a daily basis with additional collateral obtained as necessary. The fair value of the collateral has been included in the table above. For further information on the collateral and credit enhancements held against reverse repurchase agreements and securities borrowing refer to Note 14 – Securities Borrowed, Lent and Purchased/Sold under Resale or Repurchase Agreements.

Included within Other (Financial assets designated at fair value through profit or loss) are failed purchases that arise when a transaction to purchase an asset has not met the conditions for sale accounting. CSS(E)L typically holds collateral in the form of insurance or securities against the failed purchases.

Collateral held against financial guarantees and loan commitments typically includes securities and letters of credit. For further information about the collateral and credit enhancements held against financial guarantees and loan commitments refer to Note 35 – Contingent Liabilities, Guarantees and Commitments.

For further information on collateral held as security that CSS(E)L is permitted to sell or repledge refer to Note 38 – Assets Pledged or Assigned.

If collateral or the credit enhancement value for a particular instrument is in excess of the maximum exposure then the value of collateral and other credit enhancements included in the table has been limited to the maximum exposure to credit risk.

Risk Mitigation

CSS(E)L actively manages its credit exposure utilising credit hedges and monetiseable collateral (cash and marketable securities). Credit hedges represent the notional exposure that has been transferred to other market counterparties, generally through the use of credit default swaps. CSS(E)L also actively enters into collateral arrangements for OTC derivatives and other traded products, which allows us to limit the counterparty exposure risk associated with these products. Collateral taken generally represents cash or government securities although other securities may be accepted. The value of collateral reflected as a risk mitigant is net of an appropriate haircut.

Credit approval and reviews

A primary responsibility of CRM is the approval of new counterparty trading relationships and the subsequent ongoing review of the creditworthiness of the client. Part of the review and approval process involves consideration of the motivation of the client and to identify the directional nature of the trading in which the client is engaged. Credit limits are sized to the level of comfort the CRM 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).

Wrong-way risk ('WWR')

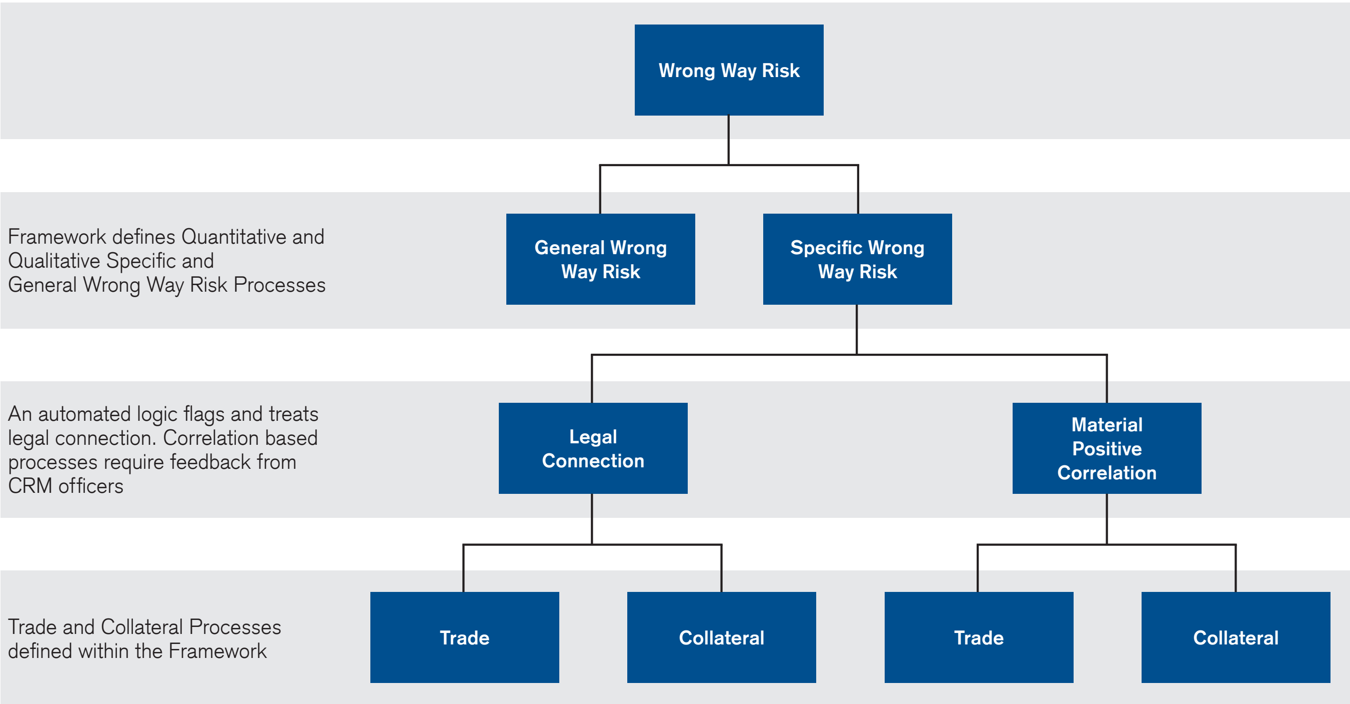
Wrong-way exposures

In a wrong-way trading situation, the Company's exposure to the counterparty increases while the counterparty's financial health and its ability to pay on the transaction diminishes. Capturing WWR requires the establishment of basic assumptions regarding correlations within a given trading product. The Company has multiple processes that allow us to capture and estimate WWR.

Exposure adjusted risk calculation

WWR can arise from different business relationships.

An exposure methodology based on jump to default assumptions, ineligibility of collateral or scenario based add-ons is in place to identify and adjust exposures for all specific WWR types as per the distinction in the following table.



With respect to general WWR, a scenario based exposure add-on is applied to those counterparties identified following the quantitative and qualitative review from Credit Officers.

Wrong-way risk monitoring

Regular reporting of WWR at both the individual trade and portfolio level allows WWR to be monitored and corrective action taken by CRM in the case of heightened concern. General WWR and transactions containing specific WWR due to legal connection are automatically flagged and included in regular reporting. Transactions containing WWR due to correlation are flagged to CRM officers for confirmation and then included in regular reporting. The outcome of the WWR identification process is subject to regular review by the CSS(E)L Management team.

Settlement Risk

Settlement risk arises whenever the settlement of a transaction results in timing differences between the disbursement of cash or securities and the receipt of counter-value from the counterparty. This risk arises whenever transactions settle on a 'free of payment' basis and is especially relevant when operating across time zones.

In those instances where market convention and/or products preclude a value-for-value exchange, CSS(E)L manages its risk through confirmation and affirmation of transaction details with counterparties. In order to reduce gross settlement risk, CSS(E)L leverages clearing houses, central counterparties and central settlement services, and will also net gross cash flows with a given counterparty where possible. It proactively seeks to manage the timing of settlement instructions to its agents and the reconciliation of incoming payments in order to reduce the window of exposure. In addition, CRM establishes and monitors limits to control the amount of settlement risk incurred to each counterparty.

v) Country Risk

Country risk is the risk of a substantial, systemic loss of value in the financial assets of a country or group of countries, which may be caused by dislocations in the credit, equity and/or currency markets. CSS(E)L has incorporated country limits into its Credit Risk Appetite Framework in order to mitigate this risk in CSS(E)L.

For CSS(E)L, country limits are set for both developed and emerging markets, based on a stressed loss view and on a scenario view respectively. Upon CSS(E)L CRM recommendation, maximum appetite and operational limits are calibrated and approved by the CSS(E)L Risk Management Committee ('CSS(E)L RMC') on an annual basis or more frequently if warranted by a fundamental change in strategy or market conditions. The measurement of exposures against country limits is reported to CSS(E)L CRM dedicated teams and senior management. Front Office representatives are responsible for ensuring limits are respected and any breach is promptly managed. CRM provides independent oversight to ensure that businesses operate within their limits.

vi) Legal and Regulatory Risk

The CS group is subject to legal risks in its businesses. Legal risks include, among other things, the risk of litigation (for example, as a result of misselling claims), disputes (for example, over the terms of legacy trades); the inadequacy of transaction documentation (for example, ambiguous terms); unenforceability (for example, of security arrangements); uncertainty with respect to applicable laws and regulations (including change in laws or regulations); and employee disputes. Some of these risks result in claims against the CS group which the CS group defends, settles or results in actual litigation, in each case, that the CS group may incur legal expenses to defend.

The CS group assesses its legal risk and manages it through a combination of controls, including the adoption of policies, the implementation of processes and the use of systems, continuing to refine controls as business activities evolve and the laws that the CS group is subject to change. One of the key controls is the involvement of the General Counsel function and engagement of outside legal counsel. In addition, the CS group is an active participant in a number of key industry and other professional market forums including International Swaps and Derivatives Association ('ISDA') and the Association for Financial Markets in Europe ('AFME').

As a participant in the financial services industry, the CS group is subject to extensive regulation by governmental agencies, supervisory authorities and self-regulatory organisations around the world. Such regulation is increasingly more extensive and complex in its application, in particular, as laws increasingly purport to be extra-territorial and additional obligations may arise where clients are subject to differing regulatory obligations, in practice, requiring CS group to be compliant with such obligations also. These regulations may increase the costs of doing existing business for both the CS group and its clients, including the application of increased capital, leverage and liquidity requirements, customer protection and market conduct regulations and direct or indirect restrictions on the businesses in which the CS group may operate. Such requirements can have a negative effect on the CS group's business and ability to implement strategic initiatives.

The financial services industry continues to be affected by significant complexity of ongoing regulatory reforms, alongside more recently, the significant impact of the CS group planning for a Hard Brexit. Changes in laws, rules or regulations, or in their interpretation or enforcement, or the implementation of new laws, rules or regulations, may adversely affect CS group.

vii) Non-financial Risk

Definition and sources of non-financial risk
Non-financial risk is the risk of an adverse direct or indirect impact originating from sources outside the financial markets, including but not limited to operational risk, technology risk, cyber risk, compliance and regulatory risk, legal risk and conduct risk. Non-financial risk is inherent in most aspects of our business, including the systems and processes that support our activities. It comprises a large number of disparate risks that can manifest in a variety of ways. Examples include the risk of damage to physical assets, business disruption, failures relating to third-party processes, data integrity and trade processing, cyber attacks, internal or external fraudulent or unauthorised transactions, inappropriate cross-border activities, money laundering, improper handling of confidential information, conflicts of interest, improper gifts and entertainment and failure in duties to clients.

Non-financial risk can arise from a wide variety of internal and external forces, including human error, inappropriate conduct, failures in systems, processes and controls, deliberate attack or natural and man-made disasters. Outsourcing and external third parties may also create risks around maintaining business processes, system stability, data loss, data management, reputation and regulatory compliance. The main categories and sources of non-financial risk are described below.

Operational risk
Operational risk is the risk of financial loss arising from inadequate or failed internal processes, people or systems, or from external events. Operational risk does not include strategic and reputational risks. However, some operational risks can lead to reputational issues and as such operational and reputational risks may be closely linked.

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.

Enterprise Risk & Control Framework ('ERCF')
To effectively manage non- financial risks, the CS group ERCF focuses on the early identification, recording, assessment, monitoring, prevention and mitigation of these risks, as well as timely and meaningful management reporting. Under the ERCF,

CSS(E)L integrated the operational risk framework and all of its components with the compliance risk components to further harmonise our approach to non-financial risk. The assessment processes for operational and compliance risks are closely coordinated, resulting in an enhanced risk and control self-assessment ('RCSA') that covers both risk types in a more consistent manner. Also, standardised CS group role descriptions define the responsibilities for identification, evaluation, mitigation, monitoring and reporting of non-financial risks across the organisation. A systematic key control activities framework forms part of the ERCF. This framework applies consistent standards and approaches to the identification, documentation and assessment of key controls across the CS group.

The ERCF provides a structured approach to managing non-financial risks. It seeks to apply consistent standards and techniques for evaluating risks across CSS(E)L while providing individual businesses with sufficient flexibility to tailor specific components to their own needs, as long as they meet CS group minimum standards. The main components of the ERCF are:

Governance and policies are fundamental to ERCF. Effective governance processes establish clear roles and responsibilities for managing non- financial risk and define appropriate escalation processes for outcomes that are outside expected levels. CSS(E)L utilise a comprehensive set of policies and procedures that set out how employees are expected to conduct their activities.

- Each business area takes responsibility for its non- financial risks and the provision of adequate resources and procedures for the management of those risks. Businesses are supported by designated second line of defense operational risk and compliance teams that are responsible for independent risk oversight, methodologies, tools and reporting within their areas as well as working with management on any operational and compliance risk issues that arise. Businesses and relevant control functions meet regularly to discuss non- financial risk issues and identify required actions to mitigate risks.
- The operational risk and compliance functions are jointly responsible for setting minimum standards with policies and procedures for operational and compliance risks. This includes ensuring the cohesiveness of policies, tools and practices throughout the CS group particularly with regard to the identification, evaluation, mitigation, monitoring and reporting of these risks.
- Non- financial risk exposures, metrics, issues and remediation efforts are discussed at the quarterly CARMC meetings of the internal control system cycle and at legal entity operational risk and compliance management committees, which have senior representatives from all relevant functions.

Non-financial risk appetite is based on self-imposed constraints which define the level of risk (considering all controls in place) CSS(E)L is willing to take in pursuit of the Company's business activities. It includes the drivers for taking, accepting or avoiding certain types of risks, products or exposures. Senior management express their non- financial risk appetite in terms of quantitative tolerance levels that apply to operational risk incidents (which may also arise due to compliance issues) and qualitative statements covering outcomes that should be avoided. Senior management also defines market area and client risk appetites. The risk appetites are defined with the relevant risk management committees in agreement with the operational risk management and compliance functions.

Non-financial risk taxonomy contains a complete catalogue of non-financial risks which may arise as a consequence of the Company's activities It provides a consistent approach to the identification and classification of these risks across CSS(E)L.

Non-financial key controls are documented and assessed under a common controls assessment framework, ensuring that key controls are identified, documented, and assessed consistently and comprehensively, with a focus on the most significant risks and associated key controls. The Company utilises a comprehensive set of internal controls that are designed to ensure that its activities follow agreed policies and that processes operate as intended. Key controls are subject to independent testing to evaluate their effectiveness. The results of these tests are considered by other ERCF components, such as in the Risk and Control Self-Assessment ('RCSA') process.

Non-financial metrics are risk and control indicators that are used to provide an early warning of increasing risk exposure to non-financial risks in various areas of the organisation. A key control indicator is defined as a metric that assesses and monitors the effectiveness of one or several controls. Principles and minimum standards apply to the identification, selection, mapping, and threshold setting of metrics that are linked to the Non-Financial Risk Appetite and Key Non-Financial Risks which are reported to legal entity risk management committees.

Incidents describes the process in which the bank systematically collects, analyses and reports data on non-financial risk incidents to ensure that it understands the reasons why they occurred and how controls can be improved to reduce the risk of future incidents. The Company focus both on incidents that result in economic losses and on events that provide information on potential control gaps, even if no losses occurred. CS group also collect and utilise available data on incidents at relevant peer CS group to identify potential risks that may be relevant in the future, even if they have not impacted the legal entity. Incident data is also a key input for our operational risk capital models and other analytics.

- **Risk and control self-assessments** ('RCSA') are comprehensive, bottom-up assessments of the operational and compliance risks in each business and control function. The process of preparing RCSAs comprises a self-assessment of the relevant business line or functional risk profile based on the risk taxonomy classifying risks under a standardised approach. It covers an assessment of the inherent risks of each business and control function, provides an evaluation of the effectiveness of the controls in place to mitigate these risks, determines the residual risk ratings and requires a decision to either accept or remediate any residual risks. In the case of

remediation, mitigating actions are defined and approved by management. While these are self-assessments, they are subject to independent review and challenge by relevant risk management functions to ensure that they have been conducted appropriately. RCSAs utilise other components of the ERCF, such as ERCF metrics and incidents, and they generate outputs that are used to manage and monitor risks.
- **Compliance risk assessment** is the process which provides the framework for the independent second line compliance function to formally assess the overall compliance and regulatory risks associated with a particular business unit or business activity. The results are used to identify potential or actual areas of risk in the business which also assists compliance management in planning the compliance objectives to mitigate risks identified. This risk assessment consists of an analysis of the inherent risk and control effectiveness aligned to the compliance risk categories and is performed at the level of a risk unit. Quantitative metrics are leveraged wherever possible, supplementing the qualitative assessments. Upon completion of the assessment, overall risk unit ratings are established through a compliance divisional, legal entity and CS group review and mitigating actions are identified as appropriate. The results of the compliance risk assessment are presented to the Group Board of Directors and Audit Committee, and the CSS(E)L Board of Directors.

Key non-financial risks are identified at the legal entity level and represent the most significant risks requiring senior management attention. They are generated through a combination of top-down assessment by senior management and a bottom-up process collating the main themes arising from the RCSA and compliance risk assessment processes. Where appropriate, remediation plans are put in place with ownership by senior management.

Issues and action management encompasses a structured approach to responding to non-financial risk incidents and breaches of non-financial quantitative and qualitative risk appetite or metrics, as well as continuous monitoring of remediation actions against identified control issues. Further, the compliance and regulatory responses function consolidates and monitors issues and actions including audit, regulatory, self-identified and second line identified issues and actions. The operational risk incident management component includes a defined process for identifying, categorising, investigating, escalating and remediating incidents. These reviews seek to assess the causes of control weaknesses, establish appropriate remediation actions and ascertain whether events have implications for other businesses or could have potential impact in the future. They can result in recommendations to impose restrictions on businesses while operational risk management processes and controls are improved. The breach component provides a methodology for evaluating breaches of quantitative and qualitative risk appetite statements. Its goal is to provide senior management with the information needed to make decisions on how to best remediate issues that fall outside agreed risk appetite levels.

Targeted Reviews are focused evaluations with the objective to take a proactive approach in identifying potential risks, control deficiencies, and/or trends. Where applicable, output consists of:
- Root cause/drivers, including impact to risk profile
- Identification of sustainable measures to mitigate relevant risk exposure
- Info/data for further analyses/metrics and monitoring, including potential for Global Read-Across ('GRA') activities/reviews.

Reviews will differ in terms of approach, scope and extent of procedures depending upon a number of factors, such as: impact and/or exposure to the identified risk and corresponding objective(s) to mitigate re-occurrence and/or exposure.

Non-financial scenario analysis a risk management tool used to inform the forward-looking view of risks for hypothetical non-financial risk events and it is used for risk management, risk measurement, capital planning, and required to comply with regulation. These scenarios help businesses assess the suitability of controls in light of potential losses, and they are also an input to the internal models used by the CS group to calculate stressed loss projections as well as economic and regulatory capital. More specifically, the **non-financial stress testing** assesses the impact of specific events during a defined economic downturn on net income and regulatory capital across a number of operational risk categories. **Operational Risk regulatory capital** is based on the Business Indicator Approach which for the internal capital adequacy assessment process is supplemented by internal models and scenario analysis.

Transfer of operational risk to third-party insurance companies
In addition to managing and mitigating operational risks under the ERCF through business- and risk-related processes and organisation, CSS(E)L also transfer the risk of potential loss from certain operational risks to third-party insurance companies in certain instances.

viii) Conduct Risk

CSS(E)L considers conduct risk to be the risk that improper behaviour or judgment by our employees may result in a negative financial, non-financial or reputational impact to our clients, employees or the Company, or negatively impact the integrity of the financial markets. Conduct risk may arise from a wide variety of activities and types of behaviours. A Group-wide definition of conduct risk supports the efforts of our employees to have a common understanding of and consistently manage and mitigate our conduct risk. Further, it promotes standards of responsible conduct and ethics in our employees. Managing conduct risk includes consideration of the risks generated by each business and the strength of the associated mitigating controls. Conduct risk is also assessed by reviewing and learning from past incidents within the CS group and at other firms in the financial services sector.

CSS(E)L seeks to promote responsible behaviour through the Code of Conduct, which provides a clear statement on the conduct standards and ethical values that the Company expects of its employees and members of the Board, so that it maintains and strengthens its reputation for integrity, fair dealing and measured risk-taking. In addition, our cultural values, which include inclusion, meritocracy, partnership, accountability, client focus, and trust, are a key part of the Company's effort to embed its core values into its business strategy and the fabric of the organisation.

The Code of Conduct and the set of Cultural Values are linked to the employee performance assessment and compensation processes.

ix) Technology Risk

Technology risk deserves particular attention given the complex technological landscape that covers our business model. Ensuring that confidentiality, integrity and availability of information assets are protected is critical to our operations.

Technology risk is the risk that system-related failures, such as service outages or information security incidents, may disrupt business activities. Technology risk is inherent not only in our IT assets, but also in the people and processes that interact with them including through dependency on third-party suppliers and the worldwide telecommunications infrastructure. CSS(E)L seek to ensure that the data used to support key business processes and reporting is secure, complete, accurate, available, timely and meets appropriate quality and integrity standards. CSS(E)L require our critical IT systems to be identified, secure, resilient and available and support our ongoing operations, decision-making, communications and reporting. Our systems must also have the capability, capacity, scalability and adaptability to meet current and future business objectives, the needs of our customers and regulatory and legal expectations. Failure to meet these standards and requirements may result in adverse events that could subject us to reputational damage, fines, litigation, regulatory sanctions, financial losses or loss of market share. Technology risks are managed through our technology risk management program, business continuity management plan and business contingency and resiliency plans. Technology risks are included as part of our overall enterprise risk and control assessment based upon a forward-looking approach focusing on the most significant risks in terms of potential impact and likelihood.

Cyber Risk

Cyber risk, which is part of technology risk, is the risk that CSS(E)L will be compromised as a result of cyber attacks, security breaches, unauthorised access, loss or destruction of data, unavailability of service, computer viruses or other events that could have an adverse security impact. Any such event could subject the Company to litigation or cause it to suffer a financial loss, a disruption of our businesses, liability to our clients, regulatory intervention or reputational damage. CSS(E)L could also be required to expend significant additional resources to modify our protective measures or to investigate and remediate vulnerabilities or other exposures.

CSS(E)L recognise that cyber risk represents a rapidly evolving, external risk landscape. The financial industry continues to face cyber threats from a variety of actors who are driven by monetary, political and other motivations. CS actively monitors external incidents and threats and assesses and responds accordingly to any potential vulnerabilities that this may reveal. CS is also an active participant in industry forums and information exchange initiatives and engages in regulatory consultation on this subject.

CSS(E)L has an enterprise-wide Cybersecurity Strategy to provide strategic guidance as part of our efforts to achieve an optimised end-to-end security and risk competence that enables a secure and innovative business environment, aligned with the CS groups risk appetite. CSS(E)L's technology security team leverages a wide array of leading technology solutions and industry best practices to support our ability to maintain a secure perimeter and detect and respond to threats in real time.

CSS(E)L regularly assesses the effectiveness of our key controls and conducts ongoing employee training and awareness activities, including for key management personnel, in order to embed a strong cyber risk culture. As part of the Enterprise and Risk Control Framework, the CSS(E)L Board as well as CSS(E)L risk management committee are given updates on the broader technology risk exposure.

Senior management, including the CSS(E)L Board and its Risk Committee are regularly informed about broader technology risk exposure and the threats and mitigations in place to manage cyber incidents. Notable incidents are escalated to the Risk Committee together with lessons learned and mitigation plans. Related business continuity and cyber incident response plans are rehearsed at all levels, up to and including the Board.

x) Reputational Risk

CSS(E)L highly values its reputation and is fully committed to protecting it through a prudent approach to risk-taking, and responsible approach to business. This is achieved through use of dedicated processes, resources and policies focused on identifying, evaluating, managing and reporting potential reputational risks. This is also achieved through applying the highest standards of personal accountability and ethical conduct as set out in the CS group Code of Conduct, and the CS group approach to Conduct and Ethics.

CSS(E)L acknowledges that as a large global financial institution, with a wide range of businesses and stakeholders, it may be subject to general criticism or negative perception from time to time which may negatively impact its reputation.

CSS(E)L also acknowledges that it will knowingly engage in specific activities where opinions may vary depending on the perspective and standpoint of each party, and which may lead to negative perception from some stakeholders.

In both these cases, CSS(E)L accepts reputational risk only where we can justify at the time decisions are taken that:

- The activity is in line with our stated Code of Conduct, and Conduct and Ethics Standards
- Informed judgement is exercised in line with our internal sector policies and thematic guidelines, including region specific concerns or mitigation, where applicable.

CSS(E)L has no appetite for engaging in activity that exposes the CS group to reputational risk where these conditions are not met.

CSS(E)L has adopted the CS Global Policy on Reputational Risk ('the Policy') which states that each employee is responsible for assessing the potential reputational impact of all businesses in which they engage, and for determining whether any actions or transactions should be formally submitted through the Reputational Risk Review Process ('RRRP') for review.

Reputational risk may arise from a variety of sources, including, but not limited to, the nature or purpose of a proposed transaction, action or client relationship, the identity or nature of a potential client, the regulatory or political climate in which the business will be transacted or significant public attention surrounding the transaction itself.

The CSS(E)L Board has delegated reputational risk issues to be reviewed via the Company's global RRRP which includes an overview of the transaction or action being considered, the risks identified and relevant mitigating factors and views from internal subject matter experts. All formal submissions in the RRRP require review by the UK Senior Manager in the relevant division, and assuming they are supportive of the proposal are then subsequently referred to the CSS(E)L's Reputational Risk Approvers ('RRA'), each of whom is independent of the business divisions and assesses and determines whether the proposed activity is within the appetite of the firm. If the RRA considers there to be a material reputational risk associated with a submission, it is escalated to the IB EMEA Reputational Risk Committee ('the Committee') for further discussion, review and final decision. The Committee is comprised of senior Company entity management across divisions and corporate functions.

Reputational risk is assessed on an entity based approach whereby the region of the RRRP submission is driven by the location of the booking entity. Where a submission relates to a Remote Booking, a submission will be made through to EMEA RRRP and the RRAs in other regions will be consulted as appropriate, which may include escalation to the relevant regional Committee.

41 Offsetting of Financial Assets and Financial Liabilities

The disclosures set out in the following tables include derivative instruments, reverse repurchase and repurchase agreements, securities lending and borrowing transactions, and other financial assets and financial liabilities that:

- are offset in the CSS(E)L Group's Consolidated Statement of Financial Position; or
- are subject to an enforceable master netting agreement or similar agreement (enforceable master netting agreements), irrespective of whether they are offset in the CSS(E)L Group's Consolidated Statement of Financial Position.

Similar agreements include derivative clearing agreements, global master repurchase agreements, global master securities lending agreements, and any related rights to financial collateral.

Financial instruments such as loans and deposits are not disclosed in the following tables. They are not offset in the Consolidated Statement of Financial Position.

Derivatives

The CSS(E)L Group transacts bilateral OTC derivatives mainly under International Swaps and Derivatives Association ('ISDA') Master Agreements. These agreements provide for the net settlement of all transactions under the agreement through a single payment in the event of default or termination under the agreement.

The above ISDA Master Agreements do not meet the criteria for offsetting in the Consolidated Statement of Financial Position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the CSS(E)L Group or the counterparties or following other predetermined events. In addition, the CSS(E)L Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Collateral for OTC derivatives is received and provided in the form of cash and marketable securities. Such collateral may be subject to the standard industry terms of an ISDA Credit Support Annex. The terms of an ISDA Credit Support Annex provide that securities received or provided as collateral may be pledged or sold during the term of the transactions and must be returned upon maturity of the transaction. These terms also give each counterparty the right to terminate the related transactions upon the other counterparty's failure to post collateral. Financial collateral received or pledged for OTC derivatives may also be subject to collateral agreements which restrict the use of financial collateral.

For exchange-traded derivatives, gross derivative assets and liabilities and related cash collateral are offset if the terms of the rules and regulations governing these exchanges respectively central clearing counterparties permit such netting and offset because the CSS(E)L Group:
1 currently has a legally enforceable right to set off the recognised amounts; and
2 intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

To meet criterion (1), the right of set-off:
- must not be contingent on a future event; and
- must be legally enforceable in all of the following circumstances:
  - i the normal course of business;
  - ii the event of default; and
  - iii the event of insolvency or bankruptcy of the entity and all of the counterparties.

Criterion (2) may only be met, if – depending on the settlement mechanism – certain criteria are met (e.g., derivatives with the same currency).

Where no such agreements exist, fair values are recorded on a gross basis.

Under IFRS, the CSS(E)L Group has elected to account for substantially all hybrid financial instruments with an embedded derivative that is not considered closely related to the host contract at fair value. Where these hybrid financial instruments are subject to an enforceable master netting agreement or similar agreement, they are included in the tables Offsetting of 'Funded Derivatives' on the following pages.

The following table presents the gross amount of derivative instruments subject to enforceable master netting agreements, the amount of offsetting, the amount of derivatives not subject to enforceable master netting agreements and the net amount presented in the Consolidated Statement of Financial Position.

Offsetting of derivative instruments

			2020			2019
CSS(E)L Group	Gross	Offsetting	Net [2]	Gross	Offsetting	Net [2]
Derivative Assets (USD million)						
Derivative instruments subject to enforceable master netting agreements	6,343	–	6,343	6,198	–	6,198
Derivative instruments not subject to enforceable master netting agreements [1]	35	–	35	31	–	31
Total derivative instruments presented in the Consolidated Statement of Financial Position	**6,378**	**–**	**6,378**	**6,229**	**–**	**6,229**
of which recorded in trading financial assets at fair value through profit or loss	6,378	–	6,378	6,228	–	6,228
of which recorded in other assets	–	–	–	1	–	1
Derivative Liabilities (USD million)						
Derivative instruments subject to enforceable master netting agreements	6,755	–	6,755	5,867	–	5,867
Derivative instruments not subject to enforceable master netting agreements [1]	258	–	258	97	–	97
Total derivative instruments presented in the Consolidated Statement of Financial Position	**7,013**	**–**	**7,013**	**5,964**	**–**	**5,964**
of which recorded in trading financial liabilities at fair value through profit or loss	7,001	–	7,001	5,958	–	5,958
of which recorded in other liabilities	12	–	12	6	–	6

1 Represents derivative instruments where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place.
2 Above table includes both continued and discontinued operations. Assets and liabilities pertaining to discontinued operations are USD 1,998 million(2019 : 2,141 million) and USD 2,429 million (2019 : 2,146 million) respectively .

Company	Gross	Offsetting	2020 Net [2]	Gross	Offsetting	2019 Net [2]
Derivative Assets (USD million)						
Derivative instruments subject to enforceable master netting agreements	6,368	–	6,368	6,197	–	6,197
Derivative instruments not subject to enforceable master netting agreements [1]	16	–	16	39	–	39
Total derivative instruments presented in the Company Statement of Financial Position	**6,384**	**–**	**6,384**	**6,236**	**–**	**6,236**
of which recorded in trading financial assets at fair value through profit or loss	6,384	–	6,384	6,235	–	6,235
of which recorded in other assets	–	–	–	1	–	1
Derivative Liabilities (USD million)						
Derivative instruments subject to enforceable master netting agreements	6,763	–	6,763	5,846	–	5,846
Derivative instruments not subject to enforceable master netting agreements [1]	253	–	253	114	–	114
Total derivative instruments presented in the Company Statement of Financial Position	**7,016**	**–**	**7,016**	**5,960**	**–**	**5,960**
of which recorded in trading financial liabilities at fair value through profit or loss	7,004	–	7,004	5,954	–	5,954
of which recorded in other liabilities	12	–	12	6	–	6

1 Represents derivative instruments where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place.
2 Above table includes both continued and discontinued operations. Assets and liabilities pertaining to discontinued operations are USD 1,998 (2019 : 2141) million and USD 2,429 (2019 : 2146) million respectively

Reverse repurchase and repurchase agreements and securities lending and borrowing transactions

Reverse repurchase and repurchase agreements are generally covered by global master repurchase agreements. In certain situations, for example in the event of default, all contracts under the agreements are terminated and are settled net in one single payment. Global master repurchase agreements also include payment or settlement netting provisions in the normal course of business that state that all amounts in the same currency payable by each party to the other under any transaction or otherwise under the global master repurchase agreement on the same date shall be set off.

Reverse repurchase and repurchase agreements may also be novated with central clearing counterparties and therefore covered by the central clearing counterparty's rules and regulations.

Bilateral as well as centrally cleared reverse repurchase and repurchase transactions are netted in the Consolidated Statement of Financial Position if the global master repurchase agreements respectively the terms of the rules and regulations governing the central clearing counterparties permit such netting and offset because the CSS(E)L Group:

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

The net settlement criterion in (2) will also be met, if the CSS(E)L Group can settle amounts in a manner such that the outcome is, in effect, equivalent to net settlement. This will occur if, and only if, the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk, and that will process receivables and payables in a single settlement process or cycle.

The amounts offset are measured on the same basis as the underlying transaction (i.e. on an accrual basis or fair value basis).

Securities lending and borrowing transactions are generally executed under global master securities lending agreements with netting terms similar to ISDA Master Agreements. In certain situations, for example in the event of default, all contracts under the agreement are terminated and are settled net in one single payment. Securities lending and borrowing transactions may also be novated with central clearing counterparties and therefore covered by the central clearing counterparty's rules and regulations. Transactions under these similar agreements are not netted in the Consolidated Statement of Financial Position because most securities lending and borrowing transactions do not meet the criterion of having the same settlement date specified at inception of the transaction, and therefore they are not eligible for netting in the Consolidated Statement of Financial Position apart from the other conditions to be met for netting.

Reverse repurchase and repurchase agreements are collateralised principally by government securities, money market instruments and corporate bonds and have terms ranging from overnight to a longer or unspecified period of time. In the event of counterparty default, the reverse repurchase agreement or securities lending agreement provides the CSS(E)L Group with the right to liquidate the collateral held. As is the case in the CSS(E)L Group's normal course of business, substantially all of the collateral received that may be sold or repledged was sold or repledged as of 31 December 2020 and 31 December 2019. 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 securities purchased under resale agreements and securities borrowing transactions

			2020			2019
CSS(E)L Group and Company	Gross	Offsetting	Net [3]	Gross	Offsetting	Net [3]
Securities purchased under resale agreements and securities borrowing transactions (USD million)						
Securities purchased under resale agreements	22,831	(2,229)	20,602	38,881	(5,209)	33,672
Securities borrowing transactions	6,178	–	6,178	8,201	–	8,201
Total subject to enforceable master netting agreements	**29,009**	**(2,229)**	**26,780**	**47,082**	**(5,209)**	**41,873**
Total not subject to enforceable master netting agreements [1]	**510**	**–**	**510**	**1,007**	**–**	**1,007**
Total [2]	**29,519**	**(2,229)**	**27,290**	**48,089**	**(5,209)**	**42,880**

[1] Represents securities purchased under resale agreements and securities borrowing transactions where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place.
[2] USD 15,089 million (2019: USD 35,065 million) of the total gross amount are reported at fair value.
[3] Above table includes both continued and discontinued operations.

The following table presents the gross amount of securities sold under repurchase agreements and securities lending transactions subject to enforceable master netting agreements, the amount of offsetting, the amount of securities sold under repurchase agreements and securities lending transactions not subject to enforceable master netting agreements and the net amount presented in the Consolidated Statement of Financial Position.

Offsetting of securities sold under repurchase agreements and securities lending transactions

			2020			2019
CSS(E)L Group and Company	Gross	Offsetting	Net [3]	Gross	Offsetting	Net [3]
Securities sold under repurchase agreements and securities lending transactions (USD million)						
Securities sold under repurchase agreements	14,285	(2,229)	12,056	36,850	(5,209)	31,641
Securities lending transactions	2,701	–	2,701	8,128	–	8,128
Total subject to enforceable master netting agreements	**16,986**	**(2,229)**	**14,757**	**44,978**	**(5,209)**	**39,769**
Total not subject to enforceable master netting agreements [1]	**40**	**–**	**40**	**76**	**–**	**76**
Total [2]	**17,026**	**(2,229)**	**14,797**	**45,054**	**(5,209)**	**39,845**

[1] Represents securities purchased under resale agreements and securities borrowing transactions where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place.
[2] USD 14,662 million (2019: USD 36,900 million) of the total gross amount are reported at fair value.
[3] Above table includes both continued and discontinued operations.

The following table presents the gross amount of Prime Brokerage Receivables and Funded Derivative Assets subject to enforceable master netting agreements, the amount of offsetting, the amount of Funded Derivative Assets not subject to enforceable master netting agreements and the net amount presented in the Consolidated Statement of Financial Position.

	2020			2019		
CSS(E)L Group and Company	Gross	Offsetting	Net	Gross	Offsetting	Net
Other Assets						
Cash collateral on derivative instruments	2,397	–	2,397	1,840	–	1,840
Total subject to enforceable master netting agreements	**1,712**	**–**	**1,712**	**1,035**	**–**	**1,035**
Total not subject to enforceable master netting agreements	**685**	**–**	**685**	**805**	**–**	**805**
Total	**2,397**	**–**	**2,397**	**1,840**	**–**	**1,840**
Other Liabilities						
Cash collateral on derivative instruments	4,821	–	4,821	5,860		5,860
Total subject to enforceable master netting agreements	**4,737**		**4,737**	**5,478**		**5,478**
Total not subject to enforceable master netting agreements	**84**	**–**	**84**	**382**	**–**	**382**
Total	**4,821**	**–**	**4,821**	**5,860**	**–**	**5,860**

Offsetting of prime brokerage receivables and funded derivative assets

	2020			2019		
CSS(E)L Group and Company	Gross	Offsetting	Net	Gross	Offsetting	Net
Prime brokerage receivables and funded derivative assets (USD million)						
Prime brokerage receivables subject to enforceable master netting agreements	–	–	–	922	–	922
Funded derivative assets subject to enforceable master netting agreements	–	–	–	–	–	–
Total subject to enforceable master netting agreements	**–**	**–**	**–**	**922**	**–**	**922**
Total not subject to enforceable master netting agreements [1]	**-**	**–**	**-**	**7**	**–**	**7**
Total	**–**	**–**	**–**	**929**	**–**	**929**

[1] Represents funded derivative assets where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place.

Funded Derivative Assets are recorded in Non-Trading Financial Assets Mandatorily at Fair Value Through Profit and Loss and Prime Brokerage Receivables are recorded in Other Assets in the Consolidated Statement of Financial Position.

The following table presents the gross amount of Prime Brokerage Payables and Funded Derivative Liabilities subject to enforceable master netting agreements, the amount of offsetting, the amount of Funded Derivative Liabilities not subject to enforceable master netting agreements and the net amount presented in the Consolidated Statement of Financial Position.

Offsetting of prime brokerage payables and funded derivative liabilities

	2020			2019		
CSS(E)L Group and Company	Gross	Offsetting	Net	Gross	Offsetting	Net
Prime brokerage payables and funded derivative liabilities (USD million)						
Prime brokerage payables subject to enforceable master netting agreements	–	–	–	1,617	–	1,617
Funded derivative liabilities subject to enforceable master netting agreements	131	–	131	230	–	230
Total subject to enforceable master netting agreements	**131**	**–**	**131**	**1,847**	**–**	**1,847**
Total not subject to enforceable master netting agreements [1]	**-**	**–**	**-**	**33**	**–**	**33**
Total	**131**	**–**	**131**	**1,880**	**–**	**1,880**

[1] Represents funded derivative liabilities where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place.

Funded Derivative Liabilities are recorded in Financial Liabilities Designated at Fair Value Through Profit and Loss and Prime Brokerage Payables are recorded in Other liabilities in the Consolidated Statement of Financial Position.

The following table presents the net amount presented in the Consolidated Statement of Financial Position of financial assets and liabilities subject to enforceable master netting agreements and the gross amount of financial instruments and cash collateral not offset in the Consolidated Statement of Financial Position. The gross amount of financial instruments not offset in the Consolidated Statement of Financial Position includes amounts related to recognised financial instruments that do not meet some or all of the offsetting criteria in IAS 32.42 as well as non-cash financial collateral. The table excludes derivative instruments, reverse repurchase and repurchase agreements, securities lending and borrowing transactions and funded derivatives not subject to enforceable master netting agreements where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place. Net exposure reflects risk mitigation in the form of collateral.

Amounts not offset in the Consolidated Statement of Financial Position

				2020				2019
CSS(E)L Group	Net [1]	Financial instruments [2]	Cash collateral received/ pledged [2]	Net exposure	Net [1]	Financial instruments [2]	Cash collateral received/ pledged [2]	Net exposure
Financial assets subject to enforceable master netting agreements (USD million)								
Derivative instruments	6,343	(5,630)	(713)	–	6,198	(5,010)	(1,083)	105
Securities purchased under resale agreements	20,602	(20,597)	(5)	–	33,672	(33,625)	(47)	–
Securities borrowing transactions	6,178	(6,144)	–	34	8,201	(7,259)	–	942
Prime brokerage receivables	–	–	–	–	922	–	(922)	–
Total financial assets subject to enforceable master netting agreements	**33,123**	**(32,371)**	**(718)**	**34**	**48,993**	**(45,894)**	**(2,052)**	**1,047**
Financial liabilities subject to enforceable master netting agreements (USD million)								
Derivative instruments	6,755	(4,686)	(572)	1,497	5,867	(4,245)	(301)	1,321
Securities sold under repurchase agreements	12,056	(12,041)	(15)	–	31,641	(31,539)	(102)	–
Securities lending transactions	2,701	(2,684)	–	17	8,128	(7,889)	–	239
Prime brokerage payables	–	–	–	–	1,617	–	–	1,617
Funded derivative instruments	131	–	–	131	230	–	–	230
Total financial liabilities subject to enforceable master netting agreements	**21,643**	**(19,411)**	**(587)**	**1,645**	**47,483**	**(43,673)**	**(403)**	**3,407**

1 Net amount presented in the Consolidated Statement of Financial Position and subject to enforceable master netting agreements, as per the preceding tables.
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.

Amounts not offset in the Company Statement of Financial Position

				2020				2019
Company	Net [1]	Financial instruments [2]	Cash collateral received/ pledged [2]	Net exposure	Net [1]	Financial instruments [2]	Cash collateral received/ pledged [2]	Net exposure
Financial assets subject to enforceable master netting agreements (USD million)								
Derivative instruments	6,368	(5,630)	(738)	–	6,197	(5,010)	(1,083)	104
Securities purchased under resale agreements	20,602	(20,597)	(5)	–	33,672	(33,625)	(47)	–
Securities borrowing transactions	6,178	(6,144)	–	34	8,201	(7,259)	–	942
Prime brokerage receivables	–	–	–	–	922	–	–	922
Funded derivative instruments	–	–	–	–	–	–	–	–
Total financial assets subject to enforceable master netting agreements	**33,148**	**(32,371)**	**(743)**	**34**	**48,992**	**(45,894)**	**(1,130)**	**1,968**
Financial liabilities subject to enforceable master netting agreements (USD million)								
Derivative instruments	6,763	(4,686)	(572)	1,505	5,846	(4,245)	(301)	1,300
Securities sold under repurchase agreements	12,056	(12,041)	(15)	–	31,641	(31,539)	(102)	–
Securities lending transactions	2,701	(2,684)	–	17	8,128	(7,889)	–	239
Prime brokerage payables	–	–	–	–	1,617	–	–	1,617
Funded derivative instruments	131	–	–	131	230	–	–	230
Total financial liabilities subject to enforceable master netting agreements	**21,651**	**(19,411)**	**(587)**	**1,653**	**47,462**	**(43,673)**	**(403)**	**3,386**

1 Net amount presented in the Company Statement of Financial Position and subject to enforceable master netting agreements, as per the preceding tables.
2 The total amount reported in financial instruments and cash collateral is limited to the net amount for the related instruments presented in the Company 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 CDSs. Therefore the net exposure presented in the table is not representative for the CSS(E)L Group's counterparty exposure.

42 Capital Adequacy

The Company's capital adequacy is managed and monitored based on practices developed by the Basel Committee on Banking Supervision ('BCBS') and governed by European Union regulations as set by the European Banking Authority ('EBA'). These are set out in the Capital Requirements Regulation ('CRR') and the Capital Requirements Directive ('CRD'), collectively referred to as CRDIV.

The CS group considers a strong and efficient capital position to be a priority. Consistent with this, the Company closely monitors its capital position on a continuing basis to ensure ongoing stability and support of its business activities. This monitoring takes account of the requirements of the current regulatory regime and any forthcoming changes to the capital framework or to the Company's business model. CS group continues to provide confirmation that it will ensure that the Company is able to meet its debt obligations and maintain a sound financial position over the foreseeable future.

Multi-year business forecasts and capital plans are prepared by the Company, taking into account 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') review 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')). This is supplemented by Tier 2 capital, which consists mainly of subordinated debt instruments. Total capital equals the sum of these with adjustments including regulatory deductions and prudential filters.

The Company's overall capital needs are reviewed to ensure that its own funds can appropriately support the anticipated needs of its businesses. The capital management framework is designed to ensure that own funds are sufficient to support the underlying risks of the business activity, to meet the objectives of management and to meet the requirements of regulators, rating agencies and market participants.

During 2020, Tier 2 subordinated debt issued by CSIUK was amortised to the extent of USD 0.4 million as of 31 December 2020. In 2019, Tier 2 subordinated debt worth USD 0.2 million was repaid to CSPSL and USD 1 billion was repaid to CSIUK.

Overall movements in own funds were as follows:

Company	**2020**	2019
Own Funds (USD million)		
Own Funds at 1 January	**8,164**	**8,886**
Change in Tier 2 Instruments:		
Subordinated Debt Repayment	–	(1,000)
Net movement on Tier 2 capital [1]	(4)	3
Net Movement in shareholder's equity [2]	(27)	(516)
Net movement in regulatory deductions and prudential filters	10	791
Own Funds at 31 December	**8,143**	**8,164**

[1] Net movement on Tier 2 capital includes general provision.
[2] Net move in shareholders equity includes repatriation of capital, injection of share premium for the year, changes in retained earnings, other reserves and capital contribution reserve.

Under the BCBS guidelines, an institution must have a ratio of total eligible capital to aggregate RWA of at least 8%. In addition, the EBA requires a CET1 ratio of 4.5% and a CET1 ratio of 6% in 2020 and 2019. The RWA reflect the credit, market, operational and other risks of the Company calculated using methodologies set out in the CRR.

The Company must at all times monitor and demonstrate compliance with the relevant own funds requirements of the CRR. The Company has put in place processes and controls to monitor and manage its own funds and no breaches were reported to the PRA during the year.

The following table sets out details of the Company's own funds at 31 December 2020 and 2019.

Company	2020	2019
Own Funds (USD million)		
Total shareholders' equity	7,038	7,065
Other deductions:		
Regulatory deductions	(1)	(2)
Excess of expected loss amounts over credit risk adjustments	(26)	(28)
Free deliveries	(5)	(7)
Prudential filters	(113)	(118)
Total Tier 1 capital	**6,893**	**6,910**
Tier 2 capital		
Subordinated debt	1,250	1,250
Standardised General Credit Risk Adjustments	–	4
Total Tier 2 capital	**1,250**	**1,254**
Total Tier 1 and Tier 2 capital	**8,143**	**8,164**
Own Funds	**8,143**	**8,164**

43 CSS(E)L's Subsidiaries and Associates

In accordance with Section 409 of the Companies Act 2006 a list of CSS(E)L's subsidiaries and associates, the country of incorporation and the effective percentage of equity owned at 31 December 2020 is disclosed below.

	Country [2]	Security	Immediate parent	Total (%)
31 December 2020				
Subsidiaries [1]				
Credit Suisse Client Nominees (UK) Limited	United Kingdom	Ordinary Shares	CSS(E)L	100
Credit Suisse Guernsey AF Trust	Guernsey	Beneficiary	CSS(E)L	100
CSSEL Guernsey Bare Trust	Guernsey	Beneficiary	CSS(E)L	100
Redwood Guernsey I Funding Trust	Guernsey	Beneficiary	CSS(E)L	100
Redwood Guernsey I Master Trust	Guernsey	Beneficiary	CSS(E)L	100
Redwood Guernsey I SPIA Trust	Guernsey	Beneficiary	CSS(E)L	100
Redwood Guernsey II Funding Trust	Guernsey	Beneficiary	CSS(E)L	100
Redwood Guernsey II Master Trust	Guernsey	Beneficiary	CSS(E)L	100
Redwood Guernsey II SPIA Trust	Guernsey	Beneficiary	CSS(E)L	100
Sail Guernsey I Funding Trust	Guernsey	Beneficiary	CSS(E)L	100
Sail Guernsey I Master Trust	Guernsey	Beneficiary	CSS(E)L	100
Sail Guernsey I SPIA Trust	Guernsey	Beneficiary	CSS(E)L	100
Sail Guernsey II Funding Trust	Guernsey	Beneficiary	CSS(E)L	100
Sail Guernsey II Master Trust	Guernsey	Beneficiary	CSS(E)L	100
Sail Guernsey II SPIA Trust	Guernsey	Beneficiary	CSS(E)L	100

1 All subsidiaries in above table are consolidated entities
2 Detailed Registered Office Address mentioned in next table.

CSG is the ultimate parent for the above subsidiaries.

31 December 2020

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

44 Subsequent Events

In the UK budget announcement of 3 March 2021, the UK government announced its intention to increase the UK corporation tax rate from 19% to 25% with effect from 1 April 2023. In addition, it announced that it would be undertaking a review of the UK bank corporation tax surcharge rate (currently 8%) in Autumn 2021 to ensure that the combined rate of tax on banks' profits does not increase substantially from its current level, that rates of taxation in the UK are competitive with the UK's major competitors in the US and the EU, and that the UK tax system is supportive of competition in the UK banking sector. Given the uncertainty of the combined rate of tax on bank's profits to apply from 1 April 2023, it is not possible to assess the overall impact of the proposed changed in the UK corporation tax rate and UK bank corporation tax surcharge on deferred tax assets and liabilities.

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

Report on the audit of the country-by-country information

Opinion

In our opinion, Credit Suisse Securities (Europe) Limited's group country-by-country information for the year ended 31 December 2020 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 2020 in the Annual Report 2020.

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 company in accordance with the ethical requirements that are relevant to our audit of the country-by-country information in the UK, which includes the FRC's Ethical Standard, as applicable to 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

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 company's ability to continue as a going concern for a period of at least twelve months from the date on which the country-by-country information is authorised for issue.

In auditing the country-by-country information, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the country-by-country information is appropriate.

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

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

Reporting on other information

The other information comprises all of the information in the Country-by-Country Report - description as defined in the second paragraph of the opinion section above other than the country-by-country information and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the country-by-country information does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

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

Responsibilities for the country-by-country information and the audit

Responsibilities of the directors for the country-by-country information

The directors are responsible for the preparation of the country-by-country information in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013 as explained in the basis of preparation, and for determining that the basis of preparation and accounting policies are acceptable in the circumstances. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of country-by-country information that is free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the country-by-country information

It is our responsibility to report on whether the country-by-country information has been properly prepared in accordance with the relevant requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

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

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

Based on our understanding of the Credit Suisse Securities (Europe) Limited group 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 Credit Suisse Securities (Europe) Limited group engagement team and/or supporting auditors included:

- obtaining an understanding of the relevant laws and regulations, including the relevant requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013;
- determining whether the presentation and classification by country is in accordance with the applicable financial reporting framework;
- obtaining client schedules and other information used to prepare country-by-country disclosures and agree to audit work performed and audit evidence; and
- enquiring with management and, where appropriate, those charged with governance.

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 company's directors in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

The engagement partner responsible for this audit is Duncan McNab.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 April 2021

Country-by-Country Reporting

Article 89 of the Capital Requirements Directive IV (Directive 2013/36/EU) requires institutions (credit institutions or investment firms, their branches, and subsidiaries) to disclose annually: their name, the nature of their activities and geographic location, number of employees, and their turnover, pre-tax profit or loss, taxes paid and public subsidies received, on a country-by-country basis for the year ended 31 December 2020.

Basis of preparation

- **Country:** The geographical location of CSS(E)L, its material branches and subsidiaries considers the country of incorporation or residence as well as the relevant tax jurisdiction. The countries are listed in the table below.
- **Entity details:** the name of the entity, the following entity type, and the nature of activity is defined in these elements. CSS(E)L including its branches, is an investment firm whose activities include arranging finance for clients in the international capital markets, providing financial advisory services and acting as dealer in securities, derivatives and foreign exchange on a principal and agency basis. CSS(E)L's material subsidiaries are disclosed separately.
- **Average Number of Employees:** Defined as the number of employees on a full time equivalent basis, compensated directly by the entity.
- **Turnover:** Defined as net revenues, and is consistent with CSS(E)L's financial statements. Net revenues include total income before impairment and operating expenses, but after net interest, net commissions/fees income and investment and trading income.
- **Pre Tax Profit/(Loss):** Definition of profit/(loss) before tax is consistent with that within CSS(E)L's financial statements, which includes net revenues, less total operating expenses.
- **Corporation Taxes Paid:** Defined as the corporation tax paid for CSS(E)L in each country and does not include taxes refunded back to CSS(E)L on account of tax overpayments in prior years during 2020 or 2019. Other taxes paid are detailed in the Strategic Report, and throughout the Annual Report.
- **Public Subsidies Received:** Interpreted as direct support by the government and there were no public subsidies received by CSS(E)L in 2020 (2019 : Nil).

Country-by-Country report for the year ended 31 December 2020

Name of Entity	Parent, Subsidiary or Branch	Nature of Activity	Average Number of Employees	Turnover USD Million [1]	Pre Tax Profit/(Loss) USD Million [1]	Corporation Taxes Paid USD Million [2]	Public Subsidies Received
United Kingdom							
Credit Suisse Securities (Europe) Limited	Parent	Investment firm	–	1,146	(125)	9	–
Credit Suisse Client Nominees (UK) Limited	Subsidiary	Nominee Company	–	–	–	–	–
Sweden							
Credit Suisse Securities (Europe) Limited, Filial Stockholm	Branch	Branch of an investment firm	–	–	–	–	–
France							
Credit Suisse Securities (Europe) Limited, Paris Branch	Branch	Branch of an investment firm	7	12	–	6	–
Poland							
Credit Suisse Securities (Europe) Limited spolka z. o.o. Oddzial w Polsce	Branch	Branch of an investment firm	–	–	–	–	–
Germany							
Credit Suisse Securities (Europe) Limited, Niederlassung Frankfurt	Branch	Branch of an investment firm	–	–	–	–	–
South Korea							
Credit Suisse Securities (Europe) Limited, Seoul Branch	Branch	Branch of an investment firm	85	128	94	15	–
Credit Suisse Securities (Europe) Limited	Consolidated		92	1,286	(31)	30	–

[1] Variable Interest entities are not included in the above reporting for a full list please see Note 36.-Interests in Other Entities.
[2] The Corporation taxes paid above do not include taxes refunded during 2020. Taxes refunded during 2020 for CSS(E)L amounted to USD 34 million.

Corporation Taxes of USD 9 million were paid in the UK in addition to Bank Levy of USD 12.9 million, employees social security of USD 1 million and irrecoverable UK value added tax of USD 36 million.

Country-by-Country report for the year ended 31 December 2019

Name of Entity	Parent, Subsidiary or Branch	Nature of Activity	Average Number of Employees	Turnover USD Million [1]	Pre Tax Profit/(Loss) USD Million [1]	Corporation Taxes Paid USD Million [2]	Public Subsidies Received
United Kingdom							
Credit Suisse Securities (Europe) Limited	Parent	Investment firm	31	1,129	124	–	–
Credit Suisse First Boston Trustees Limited	Subsidiary	Trustee Company for the Credit Suisse Group Pension and Life Assurance Scheme	–	–	–	–	–
Credit Suisse Client Nominees (UK) Limited	Subsidiary	Nominee Company	–	–	–	–	–
Sweden							
Credit Suisse Securities (Europe) Limited, Filial Stockholm	Branch	Branch of an investment firm	1	–	–	–	–
France							
Credit Suisse Securities (Europe) Limited, Paris Branch	Branch	Branch of an investment firm	75	71	(1)	3	–
Poland							
Credit Suisse Securities (Europe) Limited spolka z. o.o. Oddzial w Polsce	Branch	Branch of an investment firm	–	–	–	–	–
Germany							
Credit Suisse Securities (Europe) Limited, Niederlassung Frankfurt	Branch	Branch of an investment firm	–	1	–	1	–
South Korea							
Credit Suisse Securities (Europe) Limited, Seoul Branch	Branch	Branch of an investment firm	82	114	75	23	–
Credit Suisse Securities (Europe) Limited	Consolidated		189	1,315	198	27	–

[1] Variable Interest entities are not included in the above reporting for a full list please see Note 36-Interests in Other Entities.
[2] The Corporation taxes paid above do not include taxes refunded during 2019. Taxes refunded during 2019 for CSS(E)L amounted to USD 49 million.

Although no Corporation Taxes were paid in the UK, the Company incurred Bank Levy of USD 10 million, employees social security of USD 2 million and irrecoverable UK value added tax of USD 28 million.

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