Credit Suisse International

Unaudited Condensed Consolidated Interim Financial Statements for the Six Months Ended 30 June 2020

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Board of Directors as at 13 August 2020

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

Company Secretary

Paul Hare

Company Registration Number	02500199

John Devine

British Citizen

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

British Citizen

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

European CFO Network, member

Academic awards and grants at Robinson College, Cambridge, Sponsor

Alison Halsey

British Citizen

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)
	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)
	Member of the Advisory Remuneration Committee (2015-2017)
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

Aon UK Limited, Non-Executive Director, Member of the Risk & Compliance and Nominations Committees and Chair of the Audit Committee

Ambitious about Autism, Trustee, Member of Finance and Resources Committee, Member of Investment Committee

Andreas Gottschling

German Citizen

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-present)
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

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, Non-Executive Director, Risk Committee Chair and Audit Committee member

Debra Davies

British Citizen

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

Caroline Waddington

British Citizen

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

NameCo (No.357) Limited, Director

Brook House (Clapham Common) Management Company Limited, Director

Christopher Horne

British Citizen

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

Jonathan Moore

British Citizen

Board member since 2017

Professional history

2001–present	Credit Suisse International Credit Suisse Securities (Europe) Limited
	Executive Director (2017-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

British Citizen

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 (GOS) (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

International Association of Securities Services, Board Member

Interim Management Report for the Six Months Ended 30 June 2020

Credit Suisse International at a glance

Business model

Entity Structure

Credit Suisse International ('CSi' or the 'Bank') is a private unlimited company and an indirect wholly owned subsidiary of Credit Suisse Group AG ('CSG'). CSi is authorised by the Prudential Regulation Authority ('PRA') and regulated by the Financial Conduct Authority ('FCA') and the PRA. CSi is a bank domiciled in the United Kingdom ('UK') and together with its subsidiaries is referred to as the 'CSi group'. The Bank has branch operations in Amsterdam, Madrid, Milan and Sweden. The businesses in the Amsterdam, Stockholm and Milan Branches were transferred to newly set up branches of Credit Suisse Securities Sociedad de Valores S.A. ('CSSSV') on 28th February 2020. These branches will be closed when the final 2019 tax returns have been completed and filed. The Singapore branch was liquidated during the first half of 2020. The Bank also maintains representative offices in Geneva, Hong Kong and Zurich.

CSG, a company domiciled in Switzerland, is a leading wealth manager with strong investment banking and asset management capabilities. Founded in 1856, CS group 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 corporate, institutional and government clients and high-net-worth individuals worldwide, as well as to retail clients in Switzerland. CS group serves its diverse clients through three focused divisions: Swiss Universal Bank ('SUB'), International Wealth Management ('IWM') and Asia Pacific ('APAC'). These businesses are supported by two divisions specialising in investment banking: Global Markets ('GM') and Investment Banking & Capital Markets ('IBCM'). CSi is one of the principal booking entities for the CS group's investment banking business.

Financial statements

The CSi Unaudited Condensed Consolidated Interim Financial Statements are presented in United States Dollars ('USD'), which is the functional currency of the Bank and in accordance with the International Financial Reporting Standards ('IFRS'). CSi's 2020 Unaudited Condensed Consolidated Interim Financial Statements have been prepared in accordance with both IAS 34, "Interim Financial Reporting" as adopted for use in the European Union ('EU') and the UK FCA's Disclosure Guidance and Transparency Rules ('DTR'). The Directors present their Interim Management Report and the Unaudited Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2020. The Unaudited Condensed Consolidated Interim Financial Statements were authorised for issue by the Directors on 13 August 2020.

Purpose

CSi has a purpose to support economies through its activities and to play a constructive role in the broader social and environmental context, while generating long-term sustainable returns. CSi aims to create lasting value for its clients by providing services and products to help them succeed. CSi recognises the importance of its relationship and engages with its stakeholders; shareholders, employees, clients, suppliers and with the wider community. CSi 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 International strategy

CSi's strategy is to build on its strengths as a global hub for CS group's derivative products and as a registered swap dealer for Dodd-Frank clients, to support securities and non-securities sales, trading, risk management and settlement services for GM and IBCM clients in Europe, Middle East, and Africa ('EMEA') markets. The strategy is also to provide solutions for other divisions, and businesses, including wealth management clients; and to provide M&A and underwriting and arrangement services, and bilateral or syndicated loans, for EMEA corporate clients.

In 2020, it is CSi management's strategy to materially transfer all core businesses out of Credit Suisse Securities (Europe) Limited ('CSS(E)L') to 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.

Clients

CSi aims to provide its corporate, institutional and IWM clients with a broad range of financial solutions. To meet clients' evolving needs, CSi serves its clients through an integrated franchise and international presence. CSi is a global market leader in over-the-counter ('OTC') derivative products and offers to its clients a range of interest rate, currency, equity and credit-related products. CSi's business is primarily client-driven, focusing on transactions that address the broad financing, risk management and investment requirements of its worldwide client base. CSi enters into derivative contracts in the normal course of business for market-making, as well as for risk management needs, including mitigation of interest rate, foreign currency and credit risk.

For CSi's corporate clients, CSi provides a wide spectrum of banking products such as traditional and structured lending and investment solutions. In addition, CSi applies its investment banking capabilities to provide customised services in the areas of M&A, equity and debt syndications and structured finance.

Growth driven by principal divisions

The CSi group conducts business in two principal divisions of the CS group, GM and IBCM.

On 30 July 2020, the Chief Executive Officer of CSG announced the CSG Boards decision to create a single, globally integrated Investment Bank ('IB') through the combination of the existing GM, IBCM and APAC Markets businesses to achieve critical scale. This announcement does not impact CSi's Interim Financial Statements.

→ For further details, refer to Note 27 – Subsequent Events.

Global Markets

Business Profile

GM provides a broad range of financial products and services to client-driven businesses and also supports the CS group's IWM, IBCM and APAC businesses and their clients. The suite of products and services includes global securities sales, trading and execution and comprehensive investment research. Clients include financial institutions, corporations, governments, institutional investors, such as pension funds and hedge funds, and private individuals around the world. GM integrated business model enables it to gain a deeper understanding of its clients and delivers creative, high-value, customised solutions based on expertise from across CS group.

Business Strategy

GM continues to focus on further increasing cross-divisional collaboration to drive revenue growth with its core institutional, corporate and wealth management clients, increasing operating leverage with ongoing efficiencies, investing in technology and attracting top talent. In addition, GM remains focussed on defending its market positions across equities and fixed income products. With regard to costs, GM will continue to focus on productivity cost savings, including increasing efficiencies from consolidating redundant platforms and eliminating duplication across functions.

The operating environment in the first half of 2020 was characterised by continued heightened volatility due to the COVID-19 pandemic, increased central bank actions which resulted in higher asset prices and a significant increase in capital issuance activity due to the low interest rate environment which benefited trading and underwriting activities.

Investment Banking & Capital Markets

Business Profile

The IBCM division offers a broad range of investment banking products and services which include advisory services related to M&A, divestitures, takeover defence strategies, business restructurings and spin-offs, as well as debt and equity underwriting of public offerings and private placements. Derivative transactions related to these activities are also offered. Clients include leading corporations, financial institutions, financial sponsors, Ultra High Net Worth Individuals ('UHNWI') and sovereign clients.

IBCM delivers its investment banking capabilities through regional and local teams based in both major developed and emerging market centres. An integrated business model enables the delivery of high value, customised solutions that leverage the expertise offered across CS group and helps clients to unlock capital and value in order to achieve their strategic goals.

Business Strategy

IBCM's strategy focuses on leveraging the Bank's structuring and execution expertise to develop innovative financing and advisory solutions for clients. The divisional strategy is designed to generate sustainable, profitable growth and deliver returns in excess of its cost of capital. IBCM's key strategic priorities include: optimising the client coverage model, growing the M&A advisory and equity underwriting businesses and using the CS group's global platform to meet clients' needs for cross-border expertise in developed and emerging markets.

A key element of division strategy is generating stronger results in M&A advisory and equity underwriting, while maintaining a leading leveraged finance franchise. IBCM expects that reinvigorating efforts in these products will contribute to a revenue mix that is more diversified and less volatile through the market cycle.

IBCM continues to optimise client strategy in order to deliver efficient and effective client coverage. IBCM's strategic objective is to align, and selectively invest in, coverage and capital resources with the largest growth opportunities and where the franchise is well-positioned. IBCM has made progress in the execution of its plans for investment in the technology and healthcare sectors, and also aim to leverage strong sponsors franchise to capture growth in the private equity sector.

IBCM will continue to leverage its global connectivity with other divisions and its platform to drive opportunities for the CS group.

Other divisions

APAC

CSi also facilitates the APAC division, which delivers a range of financial products and services to corporate and institutional clients. The APAC Markets business consists of equities and fixed income sales and trading businesses, which support wealth management activities, but also deals extensively with a broader range of institutional clients.

Corporate Centre

Corporate Centre includes the Asset Resolution Unit ('ARU') and certain other expenses and revenues that have not been allocated to divisions. The ARU's core mandate is active risk monitoring.

European Union ('EU') Exit Strategy

The United Kingdom exit from the EU is expected at the end of the Transition Period on 31 December 2020.

CS group has prepared for a 'Hard Exit', where the UK exit from the EU results in CSi, a UK based bank, losing access to certain EU clients and markets. CS has executed a group-wide plan, building out trading capabilities and market access in existing CS locations and entities, with a number of impacted markets and clients transferred in anticipation of the UK withdrawal. CSi is progressing with the remaining client migrations between now and the end of the Transition Period. A summary of the transfer of CSi activities includes:

- Transferring EU client and EU venue facing broker-dealer business to a member of the CS group incorporated in Madrid, Spain, CSSSV, which has branches in Amsterdam, Stockholm, Paris and Milan;
- Transferring EU client lending business activities to Frankfurt, Germany, Credit Suisse (Deutschland) AG ('CSD'); and
- CSi currently has branches in Amsterdam, Stockholm, Madrid and Milan. The businesses in the Amsterdam, Stockholm and Milan branches have been transferred to branches of CSSSV.

In accordance with IFRS 5, these changes qualified as Held for sale ('HFS') therefore associated profit and loss being reported as Discontinued Operations ('DO').

→ For further details, refer to Note 19 – Discontinued Operations and Asset Held for Sale.

Operating environment

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

COVID-19 impact on CSi

CSi 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. The containment measures introduced to address the COVID-19 outbreak will almost certainly send the world economy into a recession in 2020. However, major central banks and governments around the world have responded by implementing unprecedented monetary and fiscal policy stimulus measures. CSi is closely monitoring the spread of COVID-19 and the effects on our operations and business.

CSi delivered a resilient performance, driven by its GM division. The performance section details the strong profitability during H1 2020 driven by market volatility and increase in client driven transactions. CSi realised losses from three counterparty defaults in the first half of the year totalling USD 156 million. Please refer to Note 7 – Allowance for Credit Losses which showed an increase of USD 19 million and Note 21 – Expected Credit Loss Measurement. CSi's total balance sheet has increased significantly due to its large derivative portfolio, which was caused by market pricing movements. Loan commitments reduced due to the transfer of some of the loan portfolio to CSD, cash being drawn down on the commitments due to market conditions and early termination of commitments.

CSi has reviewed its financial forecasts and currently is on track to remain profitable in 2020.

In considering going concern, the directors have reviewed the capital, liquidity and financial position of CSi including future capital, liquidity and financial plans. With the recent market developments caused by COVID-19, the directors reassessed these components and have concluded the going concern basis is still appropriate. The reassessment was completed with reference to the stress testing processes within the Internal Capital Adequacy Assessment Process ('ICAAP') and Internal Liquidity Adequacy Assessment Process ('ILAAP') which demonstrated that CSi has sufficient capital and liquidity buffers to withstand the current market conditions.

In terms of capital, CSi is holding stress buffers based on stress scenarios which are more severe than both the 2007/2008 crisis and current market movements. Additionally, the Credit Risk Officer ('CRO') includes specific elements of conservatism in the stress testing buffers to ensure idiosyncratic risks are captured including intercompany credit risk, removal of market risk hedging benefits and additional business risk impacts. Reverse stress testing is also used to assess and calibrate internal stress scenarios and ensure sufficient severity of the calibration. The impact of this is the specific scenarios driving the ICAAP Stress Testing capital buffer is an internal scenario which is more severe than both the Bank of England and the Swiss Financial Market Supervisory Authority ('FINMA') scenarios which are also assessed. Additionally we have completed a review of market events during the COVID-19 crisis and incorporated any relevant impacts into our stress testing scenarios. Finally, CSi continues to retain significant capital surplus after ICAAP buffers are applied. In terms of liquidity, CSi holds buffers in accordance with the internal stress methodology as well as regulatory requirements. The stress testing methodology covers a number of scenarios involving both market and idiosyncratic shocks comparable to the 2007/2008 crisis. It is regularly reviewed and refined and the risk drivers are also assessed in the ILAAP.

CSi is reliant on funding from Credit Suisse AG ('CS AG') and has received a letter of support to ensure CSi can meet its debt obligations.

CSi 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 going concern of CSi for the next 12 months.

Furthermore, from an early stage, CSi implemented responsive contingency measures for its own operations globally to help protect against the spread of COVID-19, while providing continuity of service. CSi deployed its robust business continuity management capabilities and took what it believed is the necessary actions to safeguard our operations while ensuring the safety of our teams. In addition, CSi established numerous support measures for our 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 our 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.

Political and Economic environment

First half of 2020

The Bank of England's Monetary Policy Committee ('MPC') sets monetary policy with the aim of meeting the 2% inflation target, this helps to sustain growth and employment. At the 2019 year end, this was 0.75% however emergency interest rates cuts were announced following the economic impact of COVID-19. On the 11 March 2020 the interest rate was reduced to 0.25% and then a week later on the 19 March 2020, it was reduced to 0.1%. This is the lowest rate on record. At the MPC meeting on 6 August 2020, the MPC voted unanimously to maintain the rate at 0.1%. The MPC also voted unanimously for Bank of England to continue with the programme of UK government bond and sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, maintaining the total stock at GBP 745 billion.

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 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. Although these measures were in place, consumer spending fell dramatically with the exception of spending on supermarket food, as households could only eat at home.

The sterling exchange rate index has fallen by 6.5% since 31 December 2019. Volatility in the GBP/USD exchange rate has reached its highest levels since the EU exit referendum in 2016 with GBP/USD plummeting to 1.15 on 19 March 2020. Since then, the exchange rate has been attempting to recover reaching 1.24 on 30 June 2020. Concerns over the handling of the COVID-19 pandemic in the UK and a potential second wave, as well as the UK's exit from the EU at the end of the year appears to be keeping pressure on GBP. The USD is also facing similar weaknesses including concerns over the US handling of the COVID-19, its impact on the US economy as well as political uncertainties also rising.

The UK Gross Domestic Product ('GDP') fell by 2.2% in Q1 2020 which was the largest fall in GDP since Q3 1979. It is expected to continue to fall for Q2 2020. The UK Consumer Prices Index including owner occupiers housing costs ('CPIH') started the year at 1.4% falling to 0.7% in May 2020, rising slightly to 0.8% in June 2020. The fall in both metrics reflect the initial impacts of the COVID-19 pandemic.

The Financial Times Stock Exchange 100 ('FTSE 100') index of top UK-listed shares closed at 6,170 points for 30 June 2020. That was a 13.6% fall since 31 December 2019 and a 17.2% fall from the same time last year. The Standard and Poor's 500 index closed at 3,100 points falling 4% since 31 December 2019 but an increase of 5.4% on the same period last year.

Globally, world trade has reduced significantly in the first half of the year. The spread of the virus has meant all countries have taken measures to protect their citizens resulting in large falls in activity. Job losses worldwide are expected to follow. Countries are starting to ease their strict lock down measures but these are all different and within different timeframes. Economic counsellors at the International Monetary Fund ('IMF') have described it as the worst recession since the Great Depression.

Looking Forward

COVID-19 and a risk of a second wave is expected to continue to have a significant impact on the global economy in the coming months. These impacts are likely to affect CSi business performance, including credit loss estimates in the second half of 2020 and going forward. CSi continues to closely monitor the COVID-19 status and the potential effects on its operations and business. The UK EU Exit will also impact the UK economy over the remainder of the year. CSi's financial forecast still remains profitable and there is no intention to change its strategy, however, it will continue to closely monitor developments.

UK unemployment is expected to increase over the coming months. There is an expectation that the government's CJRS has meant that job losses did not increase substantially since the UK lockdown however with government funding starting to reduce over next few months, a large increase in job losses is expected.

Accounting environment

There have not been any significant changes to accounting policies. The CSi group has adopted IFRS 3 Business Combinations and Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform on 1 January 2020.

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

Regulatory environment

EU Benchmark Regulation

The EU Benchmark Regulation entered into force on 2 January 2018, imposing requirements on EU administrators and users of EU benchmarks, as well as contributors to EU benchmarks. Administrators and users of non-EU and critical benchmarks benefit from an extension to the transition period until 31 December 2021. As at 1 January 2020, EU administrators of non-critical benchmarks must be authorised or registered by their National Competent Authority and must appear on the European Securities and Markets Authority ('ESMA') register. In addition, users of EU benchmarks must ensure that they only use benchmarks on the ESMA register. CSi administers seven families of non-significant benchmarks and successfully registered with the FCA as a benchmark administrator within the regulatory deadline. CSi continues to monitor the impact of this new regulation, the impact of Britain's EU exit and any further expected regulatory updates.

Replacement of interbank offered rates

CSi, together with other CS group entities, has continued its work on the transition from IBOR benchmarks to Alternative Reference Rates, where regulatory expectations and timelines remain unchanged despite the impact of COVID-19 on both the industry and CS group's normal operations. CSi has remained engaged with industry groups and forums, where progress has been made to identify appropriate replacement benchmarks and legal protocols in order to minimise any disruption caused to clients and financial markets arising from this transition.

CS group's IBOR Transition Program continues to implement measures as necessary to prepare CSi for this transition over the next twelve to eighteen months and to enable a smooth and orderly transition, including the placing of certain limitations on CSi from entering into new IBOR referencing contracts.

Particular focus has been placed on identifying the potential impact this transition may have on clients, and new risks that may arise. This is being used to inform how CSi will engage and communicate with its clients, in order to assist them through the whole of the transition period.

The CSi group adopted the Amendments to IFRS 7: Interest Rate Benchmark Reform on 1 January 2020 and the adoption had no impact to the CSi group's financial position, results of operation or cash flows.

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.

CSi is currently enhancing its existing recovery plan and developing resolution capabilities in line with regulatory expectations and industry good practice. CSi will continue to enhance its capabilities to ensure it is sufficiently robust to maintain critical functions provided to the UK economy through any stabilisation, resolution or restructuring events.

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 EBA Outsourcing

In December 2019, following on from the European Banking Authority ('EBA') Outsourcing Guidelines published in early 2019, the Bank of England ('BoE') issued a consultation, CP30/19 – Outsourcing and third party risk management, 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 EBA and BoE requirements broadly align but with some additive requirements of the BoE. The BoE's proposals as a whole are intended to complement the policy proposals in a joint consultation with the FCA on operational resilience, CP29/19 – Operational resilience; impact tolerances for important business services, which were published simultaneously. CP29/19 sets out proposals for new requirements to help strengthen firms' operational resilience.

Operational resilience is described as an outcome; the ability of firms and the financial sector as a whole to prevent, adapt, respond to, recover and learn from operational disruptions. The implementation of EBA Outsourcing Guidelines across Credit Suisse EU entities, including CSi, is continuing while CSi continues to monitor regulatory developments with most of the additive BoE proposals being either included in the EBA project book of work, already included in the UK IB outsourcing framework (such as SMCR requirements) or to be delivered locally through CSi's Outsourcing Governance framework. With regard to CP29/19, CSi has mobilised a project to review the regulatory proposals and assess their impact on CS group.

CSi is actively involved in reviewing and responding back to both of these consultation papers through Industry Groups, as advised by Public Policy. The deadlines for both consultations are 1 October 2020, extended from March 2020 due to COVID-19.

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 and financial risk management practice and through the use of scenario analysis to inform strategy setting and risk assessment and identification. Finally, the

Supervisory Statement discusses approaches to disclosure on the financial risks from climate change.

CSi 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 Environmental, Sustainability and Governance ('ESG') 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 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. The first financial year for which CSi must comply with the new requirements will be for 1 January 2020 to 31 December 2020. CSi is working on ensuring compliance with this new requirement in the 2020 Annual Report.

Dodd-Frank Wall Street Reform and Consumer Protection Act – Security Based Swaps

In accordance with Commodities Futures Trading Commission ('CTFC') implementation of Title VII of the Dodd-Frank Act, CSi has been registered as a swap dealer since 2012. Certain derivatives, security based swaps ('SBS'), are regulated by the United States Securities and Exchange Commission, which has recently finalised its rules governing the security based swaps market. CSi will be seeking registration as an security based swap dealer ('SBSD') and will be subject to rules similar to the CFTC rules for non-security based swaps, including capital, margin and segregation, business conduct requirements, record keeping and reporting, trade acknowledgement, risk mitigation and mandatory cleaning requirements for eligible SBS. The rules also include a cross-border framework that will determine where CSi, as a non-US SBSD, will be deemed to satisfy certain CBS rules through compliance with comparable UK regulatory requirements. CS group has established a change programme to implement these new rules by the registration date, and for certain rules, compliance day on 6 October 2021.

Performance

Key performance indicators ('KPIs')

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

Unaudited	**6M20**	6M19 [1,2]	6M18 [3]	6M17 [3]	6M16 [4]
Earnings					
Net profit/(loss) before tax (USD million): [1]					
Continuing operations	458	238	131	(142)	(140)
Discontinued operations	49	24	-	-	79
Total	507	262	131	(142)	(61)

	6M20	6M19	6M18	6M17	6M16
Extracts from Condensed Consolidated Statement of Financial Position (USD million):					
Total Assets [2]	283,471	233,248	247,165	273,633	444,997
Total Asset growth/(reduction)	21.53%	(5.63)%	(9.67)%	(38.51)%	(1.76)%
Return on Total Assets	0.18%	0.11%	0.05%	(0.05)%	(0.01)%

	6M20	6M19	6M18	6M17	6M16
Capital (USD million):					
Risk Weighted Assets	95,656	77,622	100,354	101,875	163,750
Tier 1 capital	20,328	21,190	21,123	21,153	20,750
Return on Tier 1 capital	2.49%	1.24%	0.62%	(0.67)%	(0.29)%

	6M20	6M19	6M18	6M17	6M16
Liquidity (USD million):					
Liquidity Buffer	14,981	15,939	17,781	17,485	27,134

[1] 6M19 numbers have been restated to disclose the impact of discontinued operations and adjustment relating to negative interest on cash collateral. Details are included in Note 19 – Discontinued Operations and Assets and Liabilities Held for Sale and Note 2 – Significant Accounting Policies respectively.
[2] 2019 numbers have been restated to disclose the effect of adjustments related to offsetting of centrally cleared derivative transactions. Details are included in Note 2 – Significant Accounting Policies.
[3] All operations were reported as continued in 6M18 and 6M17 .
[4] Discontinued operations in 6M16 related to a portfolio transfer of derivatives and securities in the Asia Pacific division to another CS group entity.

Capital

In line with entity strategy, CSi continues to maintain a strong capital position. Risk Weighted Assets ('RWA') have increased by USD 18 billion to USD 96 billion (2019: USD 78 billion) primarily due to the impact of COVID-19 and associated market volatility. The market volatility drove increases in Market Risk and credit exposures, particularly on intercompany relationships, issuance of structured notes added to exposures. The Credit Value Adjustment ('CVA') also increased but impact was mitigated by hedge positions. There have been no capital repatriations during the first half of the year.

The start of 2020 has seen the COVID-19 pandemic replace trade as the major global concern. In the wake of short-term economic disruption, the Bank of England has put in place measures to respond to the economic shock from COVID-19. The Financial Policy Committee ('FPC') has 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 expects to maintain the 0% rate for at least 12 months, so that any subsequent increase would not take effect until March 2022 at the earliest.

Capital Resources

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

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

Liquidity

CSi maintains a strong liquidity position and also has a letter of intent from CS AG ensuring support for meeting CSi's debt obligations and maintaining a sound financial position over the foreseeable future. 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 Bank did not breach any liquidity regulatory limits during the first half of the year.

The liquidity buffer reduced by USD 1 billion to USD 15 billion (2019: USD 16 billion) due to Pillar 1 risk reductions, under the Liquidity Coverage Ratio ('LCR') metric approach.

Commentary on Condensed Consolidated Statement of Income (Unaudited)

Unaudited	**6M20**	6M19 [1]	6M18 [2]	6M17 [2,3]	6M16 [3,4]
Condensed Consolidated Statement of Income (USD million)					
Net revenues	1,385	1,079	1,210	580	634
Total operating expenses	(927)	(841)	(1,079)	(722)	(774)
Profit/(Loss) before tax from continuing operations	**458**	**238**	**131**	**(142)**	**(140)**
Profit before tax from discontinuing operations	**49**	**24**	**-**	**-**	**79**
Profit/(Loss) before tax	**507**	**262**	**131**	**(142)**	**(61)**
Income tax (expense)/benefit from continuing operations	(90)	47	9	1	(10)
Income tax expenses from discontinuing operations	(13)	(4)	-	-	-
Profit/(Loss) after tax	**404**	**305**	**140**	**(141)**	**(71)**

[1] 6M19 numbers have been restated to disclose the impact of discontinued operations and adjustment relating to negative interest on cash collateral. Details are included in Note 19 – Discontinued Operations and Assets and Liabilities Held for Sale and Note 2 – Significant Accounting Policies respectively.
[2] All operations were reported as continued in 6M18 and 6M17 .
[3] Excludes IFRS 15 revenue and expense reclassification.
[4] Discontinued operations in 6M16 related to a portfolio transfer of derivatives and securities in the Asia Pacific division to another CS group entity.

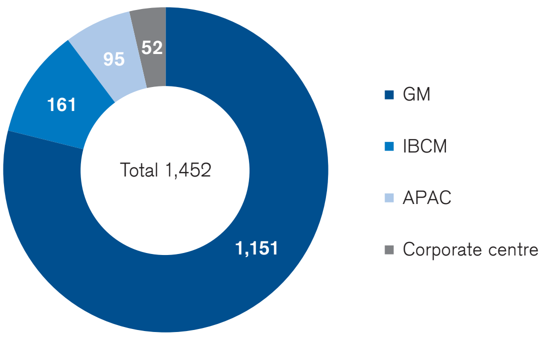
The CSi group reported a net gain attributable to shareholders of USD 404 million (2019: USD 305 million). Profit before tax for the CSi group was USD 507 million (2019: USD 262 million).

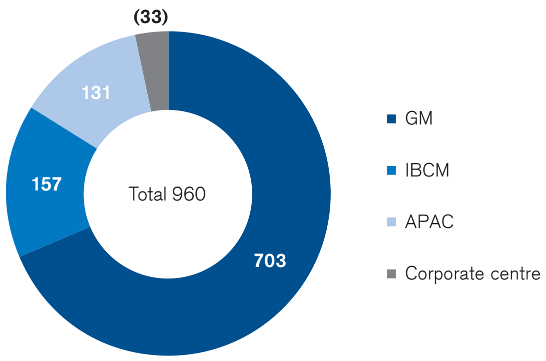
Net Revenues

Unaudited	**6M20**	6M19 [2]	Variance	% Variance
Reconciliation of reportable segment revenues (USD million) [1]				
Total Revenues				
- GM	1,151	703	448	64%
- IBCM	161	157	4	3%
- APAC	95	131	(36)	(27)%
- Corporate centre (Includes ARU)	52	(33)	85	> 100%
- Other	(7)	2	(9)	< (100)%
Transfer pricing arrangements	78	59	19	32%
Cross divisional revenue share	59	29	30	> 100%
Treasury funding	54	290	(236)	(81)%
Shared services	53	(10)	63	> 100%
Provision for credit losses	(26)	(4)	(22)	< (100)%
CSi group to primary reporting reconciliations	(50)	(1)	(49)	< (100)%
Net revenues as per Consolidated Statement of income	**1,620**	**1,323**	**297**	22%
Of which net revenues – discontinued operations	**235**	**244**	**(9)**	(4)%
Of which net revenues – continued operations	**1,385**	**1,079**	**306**	28%

[1] In accordance with IFRS 8, Reportable segements are reported above under US GAAP, as reviewed by the Board of Directors.
[2] 6M19 numbers have been restated to disclose the impact of discontinued operations and adjustment relating to negative interest on cash collateral. Details are included in Note 19 – Discontinued Operations and Assets and Liabilities Held for Sale and Note 2 – Significant Accounting Policies respectively.

Revenues of each reporting segment are:





Historically the first half of the year is the most profitable period for CSi, the second half of the year will be challenging to maintain the current level of profitability in the current market environment. In the first half of 2020, GM revenues increased by 64% driven by Credit, Fixed Income & Wealth Management Products ('FIWM') and Equity Derivatives and Investor Products ('EDIP') offset by International Trading Solutions ('ITS') Management. Credit, FIWM and EDIP increased primarily due to increased trading activity amid the extraordinary moves in volatility during the COVID-19 pandemic. FIWM increases were also driven by the USD curves episodic rally in the first half of the year. ITS Management reported losses primarily due to the insolvency of a counterparty.

Despite challenges to overall market conditions due to COVID-19, IBCM Revenues increased by 3% primarily from fees in the advisory and capital markets business.

Corporate centre reported an increase of USD 85 million primarily driven by the volatility from the COVID-19 pandemic resulting in gains made due to own credit on structured notes. The ARU also generated higher gains due to reductions in collateral allocation charges as a result of trade unwinds and restructurings.

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

- Reduction in Treasury funding of USD 236 million due to the reduction of interest earned on Tier 1 Capital and a significant increase in long term debt costs;
- USD 63 million increase in Shared services due to increased volatility in 2020, which saw significant gains arising from credit spread movements in derivative products, as a result of the COVID-19 pandemic. Within shared services is a business area that manages the risk relating to counterparty credit, own credit, funding risk and collateral risks inherent in OTC transactions; and
- Decrease of USD 49 million in 'CSi group to primary reporting reconciliations' primarily due to accounting adjustments for deferral of day 1 gains on transactions under IFRS which are not deferred under US GAAP. In addition, this has been offset by an adjustment to reclassify distribution fees paid by CSi to CS AG, recorded in trading revenue under US GAAP, but General, administrative and trading expenses under IFRS.

Expenses

Unaudited	**6M20**	6M19 [1]	Variance	% Variance
Operating expenses (USD million)				
Compensation and benefits	(380)	(504)	124	25%
General, administrative and trading expenses	(733)	(557)	(176)	(32)%
Total operating expenses	**(1,113)**	**(1,061)**	**(52)**	(5)%
Of which operating expenses – discontinued operations	**(186)**	**(220)**	**34**	**15%**
Of which operating expenses – continued operations	**(927)**	**(841)**	**(86)**	**(10)%**

[1] 6M19 numbers have been restated to disclose the impact of discontinued operations. Details are included in Note 19 – Discontinued Operations and Assets and Liabilities Held for Sale.

The CSi group's operating expenses increased by USD 52 million.

Compensation and benefits has decreased by USD 124 million primarily due to USD 90 million reduction in deferred compensation awards following the fall in the CSG share price. This was coupled with lower staff costs of USD 9 million driven by higher capitalisation of staff costs in 2020 and USD 6 million reduction in the performance related bonus accrual. Payroll tax subsequently reduced by USD 15 million due to the lower staff costs and performance related bonus accruals.

General, administrative and trading expenses increased by USD 176 million due to:
- Increase of USD 71 million due to higher transfer pricing expenses paid to other CS entities due to the increase in revenues generated in the first half of the year;
- Increase of USD 49 million in brokerage charges and clearing house fees of which USD 19 million related to higher distribution fees paid to CS AG for structured notes. In addition, a further USD 18 million related to inter divisional collaboration primarily in ITS; and
- Increase of USD 30 million on professional service costs driven by increased costs from other CS group Services Companies, primarily the US and India, following the implementation of updated cost allocations.

Commentary on Condensed Consolidated Statement of Financial Position (Unaudited)

Extracts from Condensed Consolidated Statement of Financial Position (USD million)
Unaudited

	6M20	End of 2019 [1]	Variance	% Variance
Assets (USD million)				
Cash and due from banks	6,102	4,438	1,664	37%
Trading financial assets mandatorily at fair value through profit or loss	190,296	143,021	47,275	33%
Non-trading financial assets mandatorily at fair value through profit or loss	18,870	22,294	(3,424)	(15)%
Other assets	43,607	33,223	10,384	31%
Other (aggregated remaining balance sheet assets lines)	24,596	23,272	1,324	6%
Total assets	**283,471**	**226,248**	**57,223**	**25%**
Liabilities (USD million)				
Securities sold under repurchase agreements and securities lending transactions	6,139	3,155	2,984	95%
Trading financial liabilities mandatorily at fair value through profit or loss	164,899	126,830	38,069	30%
Borrowings	8,910	14,116	(5,206)	(37)%
Other liabilities	30,133	22,596	7,537	33%
Debt in issuance	27,183	14,008	13,175	94%
Other (aggregated remaining balance sheet liabilities lines)	23,029	22,757	272	1%
Total liabilities	**260,293**	**203,462**	**56,831**	**28%**

[1] 6M19 numbers have been restated to disclose the impact of netting in listed derivative agency business, considered on principal basis under IFRS. Further details relating to restatement are included in Note 2 – Significant Accounting Policies.

As at 30 June 2020 the CSi group had total assets of USD 283 billion (31 December 2019: USD 226 billion).

Business driven movements in the Unaudited Condensed Consolidated Statement of Financial Position are:
- Trading financial assets mandatorily at fair value through profit or loss have increased by USD 47 billion. The increase was primarily due to market moves on Interest Rate derivatives linked to the EUR, GBP and CHF yield curves as well as the GBP and USD rates rally exceeding the same period last year. Equity Derivative products also increased primarily in listed options and vanilla OTC options on indexes that are used as hedges to the structured note business and market making activity;
- A decrease of USD 3 billion in Non-trading financial assets mandatorily at fair value through profit or loss due a reduction in the HQLA requirements across CSi and other CS group entities;
- Trading financial liabilities mandatorily at fair value through profit and loss have increased by USD 38 billion due to an increase in market moves on Interest Rate derivatives driven by movement on EUR, GBP and CHF yield curves as well as the GBP and USD rates rally exceeding the same period last year; and
- Other assets and other liabilities have increased by USD 10 billion and USD 8 billion respectively primarily due to an increase in cash collateral provided to counterparties in line with the increase in derivative exposures.

Further movements in the Unaudited Condensed 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:
- Cash and due from banks increasing by USD 2 billion due to an increase in overnight cash placed with CS AG, London Branch in USD, for metric management due to higher cash generation. This was partially offset by a decrease in EUR;
- An increase of USD 3 billion in Securities sold under repurchase agreements and securities lending transactions mainly driven by an increase in collateral requirements with CSS(E)L for pledging against stock borrows;
- A reduction of USD 5 billion in Borrowings from CS AG, London Branch driven by a reduction of USD 13 billion in shorter dated liabilities which have been replaced with longer dated (debt in issuance) liabilities due to preparation for the regulatory Net Stable Funding Ratio ('NSFR') implementation in

2021. Partially offset by additional funding requirements, in response to COVID-19; and
- An increase of USD 13 billion in Debt in Issuance with CS AG, London Branch driven by an increase in longer dated liabilities which have replaced shorted dated liabilities (Borrowings) in preparation for the NSFR implementation in 2021.

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

Total Level 3 assets decreased to USD 4.2 billion as at 30 June 2020 (31 December 2019: USD 4.6 billion) mainly driven by equity/index related derivatives. This was equivalent to 1.5% of total assets (2019: 2.0%). Total level 3 liabilities were USD 4.0 billion as at 30 June 2020 (31 December 2019: USD 5.5 billion) primarily driven by equity/index and credit related derivatives. This was equivalent to 1.5% (2019: 2.7%) of total liabilities.

→ Fair value disclosures are presented in Note 24 – Financial Instruments.

CSi branches

The combined assets of CSi's branches were USD 15 million (31 December 2019: USD 80 million) primarily due to the transfer of the CSi Amsterdam, Stockholm and Milan branches businesses into branches of CSSSV. The combined loss before tax of the CSi branches was USD 4 million (30 June 2019: USD Nil).

Dividends

No dividends have subsequently been paid or proposed for the period ended 30 June 2020 (2019: USD Nil). No dividends have subsequently been paid or proposed.

Subsequent events

Organisation structure changes and investment initiatives

On 30 July 2020, the Chief Executive Officer of CSG announced key initiatives to reinforce the CS group strategy. This included an announcement of the CSG Boards decision to create a single, globally integrated Investment Bank ('IB') through the combination of the existing GM, IBCM and APAC Markets businesses to achieve critical scale. A new Sustainability, Research & Investment Solutions ('SRI') function will be launched at the CSG Executive Board level, underlining the sharpened focus on sustainability. Existing Risk Management and Compliance functions will be combined into a single integrated Chief Risk and Compliance Officer function to unlock potential global synergies. Certain refinements and investments in growth measures will be introduced in the SUB, IWM and APAC divisions.

The IB division will be based on a platform built on sales and trading, underwriting and advisory and will include the creation of a Global Trading Solutions ('GTS') unit through the combination of the existing successful businesses of ITS and APAC Solutions. The intention is to capture growth opportunities through investments in a capital-light advisory franchise with a focus on the technology and health care sectors and to enhance Environmental, Social and Governance ('ESG') underwriting and advisory with the support of SRI.

This does not impact the segment reporting disclosure as of 30 June 2020. The impact of this announcement on the segment reporting for future reporting periods are under evaluation, results of which will be published in the 2020 Annual Report.

Corporation tax rate

As per the UK budget announcement on 11 March 2020, the reduction of the UK corporation tax rate from 19% to 17%, which was to become effective from 1 April 2020, was repealed. This tax rate change was substantively enacted on 17 March 2020. The Finance Act 2020 giving effect to this tax rate change received Royal Assent on 22 July 2020.

Principal risks and uncertainties

Principal risks

RISK TYPE	DESCRIPTION	HOW RISKS ARE MANAGED
Climate Change	Risks result from both transitional and physical effects of climate change. This may create a loss of financial, (including revenues, expenditures, assets and liabilities, capital and financing), operational reputational value to the organisation either on a direct or an indirect basis.	The theme of climate change risk has been explicitly considered in the course of CSi's risk identification and assessment process. In these early stages of developing best practice approaches to climate change risk assessment, CSi 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 30 June 2020 direct exposure to fossil fuels and related sectors are immaterial in CSi. 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 CSi is managed by the CSi Credit Risk Management ('CSi CRM') department, which is headed by the CSi Chief Credit Officer ('CSi CCO'). CSi 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 CSi are subject to approval by CSi CRM. COVID-19 impacts in credit risk has been experienced through increased credit risk and deterioration of credit quality in certain industries resulting in moderately increased forecast provisions. During the crisis market demand for credit reduced significantly and still remains restricted for certain counterparties and products.
Liquidity Risk	The risk that a bank is unable to fund assets and meet obligations as they fall due under both normal and stressed market conditions.	The liquidity risk of CSi is managed as 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 CSi 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.	CSi has policies and processes in place to ensure that market risk is captured, accurately modelled and reported, and effectively managed. Trading and non-trading portfolios are managed at various organisational levels, from the overall risk positions at the Bank level down to specific portfolios. CSi uses market risk measurement and management methods in line with regulatory and industry standards. The principal portfolio measurement tools are Value-at-Risk ('VaR'), scenarios and sensitivity analyses, which complement each other in measuring the market risk at the Bank's level. CSi regularly reviews the risk management techniques and policies to ensure they remain appropriate. COVID-19 has impacted market risk measure through additional volatility increasing risk metrics and liquidity in the market 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.
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 CSi'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 CSi's senior management, and with ongoing Executive Board level oversight at the CSi Audit Committee.
Reputational Risk	The risk that an action, transaction, investment or event results in damages to CSi's reputation as perceived by clients, shareholders, the media and the public.	CSi has a Reputational Risk Review Process ('RRRP'). 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 CSi Reputational Risk Approvers ('RRA'), each of whom is independent of the business divisions and has the authority to approve, reject or impose conditions on the Bank's participation. 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 CSi entity management.

For further details on how CSi manages risk, refer to Note 25 – Financial Instruments Risk Position.

Other principal risks

Macro-Economic Environment/COVID-19

Although world markets significantly recovered in May and June as lockdowns and social distancing restrictions induced by the COVID-19 pandemic eased in Europe, the US and Asia, high unemployment and the rise in corporate debt may bring a levelling off in the scale of recovery in the second half of 2020 and during the course of 2021. In addition, the renewed rise in local infection cases in various parts of the world demonstrates that significant downside risks remain, including the reintroduction of economic activity shutdowns in certain regions and otherwise subdued consumer spending and corporate investment activity. CSi is closely monitoring the spread of COVID-19 and the effects on our operations and business including through the reassessment of financial plans and the development of stress scenarios that take into account potential additional negative impacts.

→ For further details, refer to Operating environment.

UK exit from the EU

The UK formally left the EU at the end of January 2020. Uncertainty still surrounds the details of new trading arrangements before the current legislation period finishes on 31 December 2020. CSi 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, CSi's preparations have focussed on the UK's exit from the EU ensuring operational readiness in its EU entities. CSi continues to focus on completing the remaining in-scope migrations through 2020 before the end of the transition period.

→ For further details, refer to Operating environment.

Litigation

The main litigation matters are set out in Note 23 – Contingent liabilities and commitments. Litigation expenses decreased by USD 14 million due a reversal of provision as set out in Note 11 – General, Administrative and Trading Expenses. CSi is the defendant in several legal cases, currently some of these have led to claims being made against the Bank. CSi is defending itself with regard to these claims.

Corporate Governance

Changes to directors

Changes in the directorate since 31 December 2019 and up to the date of this report are as follows:

Appointment	
Resignation	
Michael Dilorio	11.05.20
Paul Ingram	22.05.20

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

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

FRC Wates Governance Principles and Companies Act Section 172

CSi 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. The CSi Board also 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 CSi for the benefit of its shareholders as a whole and having regard to the consequences of decisions and the interests of employees and stakeholders.

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

Purpose and Leadership

CSi has a purpose to support economies through its activities and to play a constructive role within society while generating long-term sustainable returns. CSi aims to create value for its clients by providing services and products to help them succeed. CSi recognises the importance of its relationship and engages with its stakeholders, shareholders, employees, clients, suppliers and with the wider community. CSi 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 CSi strategy is to build on its strengths as a global hub for Credit Suisse derivative products and as a registered swap dealer for Dodd-Frank clients, to provide securities and non-securities sales, trading, risk management and settlement services for GM and IBCM clients in EMEA markets. The strategy is also to provide solutions for other divisions, and businesses, including wealth management clients; and to provide M&A and underwriting and arrangement services, and bilateral or syndicated loans for EMEA corporate clients.

Board 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 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 which was done in 2017. At the beginning of 2020, the Board performed a self-evaluation of its own performance in 2019. The 2019 self-assessment concluded that the Board and Board Committees are operating effectively. The Board has approved the Board and Board Committees' objectives for 2020.

Director Responsibilities

The Board's primary functions and types of decisions taken by the Board are Strategy and Management, Culture, Risk Management, Financial Reporting and Internal Control. The Board will delegate execution of certain duties to the Audit Committee the Risk Committee the Nomination Committee the Advisory Remuneration Committee and the Disclosure Committee while retaining responsibility and accountability.
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.

Opportunity and Risk

The directors are ultimately responsible for the effectiveness of internal control in the CSi group. Procedures have been designed for safeguarding assets, for maintaining proper accounting records; and for assuring the reliability of financial information used within the business, and provided to external users. Such procedures are designed to mitigate and manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement, errors, losses or fraud. The key procedures that have been established are designed to provide effective internal control within the CSi group. Such procedures for the ongoing identification, evaluation and management of the significant risks faced by the Bank have been in place throughout the year and up to 25 March 2020, the date of approval of the CSi Annual Report for 2019. 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 There are well-established business planning procedures in place by the Board 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.

Remuneration

The CSi Board has delegated responsibility for remuneration matters to the CSi Advisory Remuneration Committee ('RemCo') while retaining responsibility and accountability. The purpose of RemCo is to advise the CSG Compensation Committee and the Board in respect of matters relating to remuneration for the employees of CSi, in particular members of the CSi/Executive Committee and CSi's Material Risk Takers ('MRT'). Remuneration for CSi 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 CSi. The Policy can be found from 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.

Stakeholder Relationships and Engagement

Corporate Responsibility

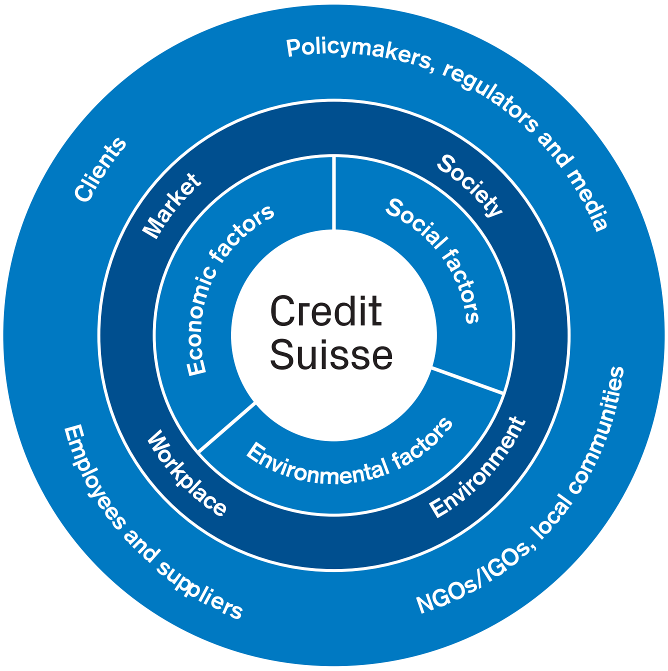
For CSi, corporate responsibility is about creating sustainable value for clients, shareholders, employees and other stakeholders. CSi strives to comply with the ethical values and professional standards set out in the Group Code of Conduct in every aspect of its work, including in the relationship with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

The CSi approach to corporate responsibility is broad and considers respective responsibilities toward clients, shareholders, employees, the environment and society as a whole, which CSi 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. CSi sees itself as an integral part of the economy and society. Through its role as a financial intermediary, CSi 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. CSi also supports various organisations, projects and events. CSi as a material legal entity of CS group supports environmental sustainability, for example, through the development of sustainable and impact investment products and services.

Engaging with Stakeholders

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

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



Clients

The CSi Board 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. 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 GM 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 client performance and service benchmarking 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 CSi 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 CSi can generate profitable growth and build market share.

Equities and Equity Derivatives: The business provides intensified coverage of strategic clients across the Equities pillar with an enhanced client framework. Significant work has taken place to ensure CSi is offering solutions aligned to Prime Services client demand. Investment continues to take place in the electronic/low-touch businesses and incorporating emerging technologies. Developing structured products for distribution to key client sectors remains the key goal for the Derivatives and Investor Products business.

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 GM and ITS businesses.

Fixed Income & Wealth Management: This business provides a consolidated global offering with improved distribution capabilities through leveraging of the IWM, SUB and ITS client pool. Investor Products business continues to differentiate by developing innovative structured solutions catering to client demand. The Financing and Structured Credit business is focused primarily on IWM/SUB clients, Sovereigns, Corporates and Financial Institutions. The Macro and Emerging Markets Trading business targets capital efficient client business. Key strengths also lie in offering clients liquidity and efficient trading solutions via the Electronic and Agency businesses.

Society

CSi working with partner organisations strives to contribute to economic and social development. CSi cultivates a dialogue with policymakers, legislators and regulators, as well as members of the business community and other stakeholder groups. CSi contributes its expertise to discussions about economic, political, environmental and social issues through the involvement in initiatives, associations and forums. This provides CSi with an opportunity to contribute its viewpoint as a global bank and to offer its expertise on a range of topics.

Policymakers and legislators

Government stakeholders and regulators expect CSi to comply with current financial laws and regulations and to respond appropriately to regulatory developments, including new capital and liquidity requirements and rules governing transparency. Regulators and legislators also expect CSi to help 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.

CSi is strongly anchored within its industry and the regulatory environment. This results in an extensive network of organisations and trade bodies, with which CSi maintains an intensive exchange of ideas and information. Key affiliations of CSi 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 CSi Board on strategic topics of relevance. For Credit Suisse main global affiliations please see https://www.credit-suisse.com/ch/en/about-us/responsibility/economy-society/our-network.html

Regulators

CSi works closely with regulators to provide transparency over the strategy the CS group is taking with particular reference to the UK in order to help reduce risk in the industry and provide a more sustainable banking landscape over the long term. CSi has an open and regular engagement with regulators, ensuring clarity and transparency, and sharing views and expectations of CSi. Primary regulatory engagement for CSi is with the Bank of England including the PRA and FCA supervisory teams and senior management.

Workplace and Employees

The dialogue with society involves listening to CSi employees to ensure the needs of its people are taken properly into account. CSi is also in dialogue with suppliers to ensure that they are in line with CSi requirements for responsible social and environmental conduct.

CSi has during the year, engaged with employees through forums and channels, to gather feedback on how CSi is doing, with employees given the opportunity to ask questions directly to its Board members and senior management. These channels include employee surveys, town halls, and senior management and Board meetings with small groups of employees.

CSi has appointed a Board iNED to be responsible for engaging with employees to understand their views, to ensure that these views are fed into Board processes and to assist the Board to comply with its Board 'People' objective. The iNED keeps the Board advised on material employee matters including on key people and culture related insights and trends.

Suppliers

CSi as a material legal entity of CS group strives to maintain a fair and professional working relationship with its suppliers. CSi considers factors like quality and shared values when forming such relationships and strive to work with those who conduct their businesses responsibly. In addition, CSi has developed a framework to monitor these relationships. It is important for business partners to know how CSi'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 CSi expects them 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.

CSi as a material legal entity of CS group has introduced the TPRM Framework to manage financial, operational and reputational risks and to meet the increasing regulatory requirements governing business relationships with third parties. CSi 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 Framework also allows CSi 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 order to monitor and improve timeliness of payments, CSi as a company formed and registered under the Companies Act 2006 reports on a half-yearly basis on its payment practices, policies and performance as a part of payment practices and performance statutory reporting duty.

Environment NGOs/IGOs

CSi 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. CSi as a material legal entity of CS group contributes to the public debate on these topics through its publications, initiatives and events. CSi 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, CSi strives to contribute to economic and social development. CSi is regularly engaged 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

CSi 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 program is guided by its Trustees, all of whom are senior leaders within the region. CSi Board Directors and CS employees are Trustees.

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

By Order of the Board

Paul E Hare
Company Secretary

One Cabot Square
London E14 4QJ
13 August 2020

Statement of Directors' Responsibilities

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the Management Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with an indication of important events that have occurred during the first six months of the financial year and a description of the principal risks and uncertainties that they face.

By Order of the Board:

C. Waddington

Caroline Waddington
Chief Financial Officer

One Cabot Square
London E14 4QJ
13 August 2020

Independent Review Report to Credit Suisse International

Our conclusion

We have reviewed Credit Suisse International's condensed consolidated interim financial statements (the "interim financial statements") in the unaudited condensed consolidated interim financial statements of Credit Suisse International for the 6 month period ended 30 June 2020. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:
- the condensed consolidated interim statement of financial position as at 30 June 2020;
- the condensed consolidated interim statement of income and condensed consolidated interim statement of comprehensive income for the period then ended;
- the condensed consolidated interim statement of cash flows for the period then ended;
- the condensed consolidated interim statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The unaudited condensed consolidated interim financial statements, including the interim financial statements, are the responsibility of, and have been approved by, the directors. The directors are responsible for preparing the unaudited condensed consolidated interim financial statements in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the unaudited condensed consolidated interim financial statements based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the unaudited condensed consolidated interim financial statements and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
London
14 August 2020

Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2020 (Unaudited)

Condensed Consolidated Interim Statement of Income for the six months ended 30 June 2020 (Unaudited)

	Reference to note	in 6M20	Restated 6M19 [1]
Condensed Consolidated Statement of Income (USD million)			
Interest income	4	343	598
- of which Interest income from instruments at amortised cost		*267*	*494*
Interest expense	4	(325)	(509)
- of which Interest expense on instruments at amortised cost		*(289)*	*(415)*
Net interest income		18	89
Commission and fee income	5	207	150
Allowance for credit losses	7	(22)	(3)
Net gains from financial assets/liabilities at fair value through profit or loss	8	1,065	767
Other revenues	9	117	76
Net revenues		**1,385**	**1,079**
Compensation and benefits	10	(318)	(404)
General, administrative and trading expenses	11	(609)	(437)
Total operating expenses		**(927)**	**(841)**
Profit before taxes from continuing operations		**458**	**238**
Income tax (expense)/benefit from continuing operations	12	(90)	47
Profit after tax from continuing operations		**368**	**285**
Discontinued Operations			
Profit before tax from discontinued operations	19	**49**	**24**
Income tax expense from discontinued operations	19	(13)	(4)
Profit after tax from discontinued operations		**36**	**20**
Profit for the period		404	305

[1] 6M19 numbers have been restated to disclose the impact of discontinued operations and adjustment relating to negative interest on cash collateral. Details are included in Note 19 – Discontinued Operations and Assets and Liabilities Held for Sale and Note 2- Significant Accounting Policies respectively.

Condensed Consolidated Interim Statement of Comprehensive Income for the six months ended 30 June 2020 (Unaudited)

	in 6M20	6M19
Condensed Consolidated Statement of Comprehensive Income (USD million)		
Profit for the period	**404**	**305**
Cash flow hedges – effective portion of changes in fair value	(24)	–
Total items that may be reclassified to net income/ retained earnings	**(24)**	**–**
Change in taxes due to tax rate changes	3	–
Realised gains relating to credit risk on designated financial liabilities extinguished during the period reclassed to retained earnings	3	–
Unrealised losses on designated financial liabilities relating to credit risk	(2)	(13)
Total items that will not be reclassified to net income/retained earnings	**4**	**(13)**
Total comprehensive profit	**384**	**292**
Attributable to Credit Suisse International shareholders	384	292

The accompanying notes on pages 33 to 85 are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Financial Position as at 30 June 2020 (Unaudited)

	Reference to note		end of
		6M20	Restated 2019
Assets (USD million)			
Cash and due from banks		6,102	4,438
Interest-bearing deposits with banks		12,045	12,205
Securities purchased under resale agreements and securities borrowing transactions		6,872	6,145
Trading financial assets mandatorily at fair value through profit or loss [1]	13	190,296	143,021
of which positive market values from derivative instruments	*13*	*162,178*	*120,725*
Non-trading financial assets mandatorily at fair value through profit or loss	15	18,870	22,294
Loans and advances [2]		3,224	3,103
Investment property		15	17
Current tax assets		32	51
Deferred tax assets		143	196
Other assets [1]	17	43,607	33,223
Property and equipment		525	535
Intangible assets		477	489
Assets held for sale	19	1,263	531
Total assets		**283,471**	**226,248**
Liabilities (USD million)			
Deposits		366	435
Securities sold under repurchase agreements and securities lending transactions		6,139	3,155
Trading financial liabilities mandatorily at fair value through profit or loss [1]	13	164,899	126,830
of which negative market values from derivative instruments	*13*	*156,965*	*122,811*
Financial liabilities designated at fair value through profit or loss	16	21,111	21,115
Borrowings		8,910	14,116
Current tax liabilities		33	38
Deferred tax liabilities		35	–
Other liabilities [1]	17	30,133	22,596
Provisions		5	22
Debt in issuance [3]	18	27,183	14,008
Lease liabilities [3]		653	716
Liabilities held for sale	19	826	431
Total liabilities		**260,293**	**203,462**
Shareholders' equity (USD million)			
Share capital	20	11,366	11,366
Share premium	20	12,704	12,704
Capital contribution		886	875
Retained earnings		(1,629)	(2,030)
Accumulated other comprehensive income		(149)	(129)
Total shareholders' equity		**23,178**	**22,786**
Total liabilities and shareholders' equity		**283,471**	**226,248**

[1] 2019 numbers have been restated to disclose the effect of adjustments related to offsetting of centrally cleared derivative transactions. Further details relating to restatement are included in Note 2- Significant Accounting Policies.
[2] Net Loans are renamed as 'Loans and advances' to better describe the nature of items under the heading.
[3] Lease liabilities, previously disclosed within Debt in issuance, have been presented as a separate heading.

Approved by the Board of Directors on 13 August 2020 and signed on its behalf by:

C. Waddington

Caroline Waddington
Chief Financial Officer

The accompanying notes on pages 33 to 85 are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Changes in Equity for the six months ended 30 June 2020 (Unaudited)

	Share Capital	Share Premium	Capital contribution	Retained Earnings	AOCI [1]	Total
Condensed Consolidated Interim Statement of Changes in Equity (USD million)						
Balance at 1 January 2020	**11,366**	**12,704**	**875**	**(2,030)**	**(129)**	**22,786**
Profit for the period	–	–	–	404	–	404
Realised gain / (loss) relating to credit risk on designated financial liabilities extinguished during period reclassed to retained earnings	–	–	–	(3)	3	–
Related tax on Realised losses relating to credit risk on designated financial liabilities extinguished during period reclassed to retained earnings	–	–	–	1	–	1
Unrealised loss on designated financial liabilities relating to credit risk	–	–	–	–	(2)	(2)
Cash flow hedges – effective portion of changes in fair value	–	–	–	–	(24)	(24)
Gain on loan sale to CSD	–	–	2	–	–	2
Gain on business transfers to other CS entities	–	–	9	–	–	9
Change in taxes due to tax rate changes	–	–	–	–	3	3
Related taxes on initial application of IFRS16 due to tax rate changes	–	–	–	(1)	–	(1)
Total comprehensive income for the period	**–**	**–**	**11**	**401**	**(20)**	**392**
Balance at 30 June 2020	**11,366**	**12,704**	**886**	**(1,629)**	**(149)**	**23,178**
Condensed Consolidated Interim Statement of Changes in Equity (USD million)						
Balance at 1 January 2019	**12,366**	**12,704**	**–**	**(2,381)**	**(29)**	**22,660**
Profit for the period	–	–	–	305	–	305
Unrealised loss on designated financial liabilities relating to credit risk [2]	–	–	–	–	(13)	(13)
Total comprehensive income for the period	**–**	**–**	**–**	**305**	**(13)**	**292**
Balance at 30 June 2019	**12,366**	**12,704**	**–**	**(2,076)**	**(42)**	**22,952**

[1] AOCI refers to Accumulated Other Comprehensive Income

[2] Losses on designated financial liabilities relating to credit risk was renamed to Unrealised loss on designated financial liabilities relating to credit risk to clarify the nature of this item.

There were no dividends paid during the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

The accompanying notes on pages 33 to 85 are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Cash Flows for the six months ended 30 June 2020 (Unaudited)

	Reference to note	6M20 [2]	6M19 [2]
Cash flows from operating activities (USD million)			
Profit before tax for the period		507	262
Adjustments to reconcile net profit/(loss) to net cash generated from/(used in) operating activities (USD million)			
Non-cash items included in net loss before tax and other adjustments:			
Depreciation, impairment and amortisation	11	91	97
Depreciation and impairment on investment property		2	–
Accrued interest on debt in issuance and leases	4	116	179
Allowances for credit losses	7	26	4
Foreign exchange loss/(gain)		110	(10)
Provisions		(17)	(1)
Total adjustments		**328**	**269**
Cash generated before changes in operating assets and liabilities		**835**	**531**
Net decrease/(increase) in operating assets:			
Interest bearing deposits with banks		160	4,176
Securities purchased under resale agreements and securities borrowing transactions		(727)	4,284
Trading financial assets mandatorily at fair value through profit or loss	13	(47,538)	(10,820)
Non-trading financial assets mandatorily at fair value through profit or loss	15	3,488	2,301
Loans and advances		(382)	73
Other assets	17	(10,720)	200
Net decrease/(increase) in operating assets:		**(55,719)**	**214**
Net (decrease)/increase in operating liabilities:			
Securities sold under repurchase agreements and securities lending transactions		2,984	(1,064)
Trading financial liabilities mandatorily at fair value through profit or loss	13	38,565	8,498
Financial liabilities designated at fair value through profit or loss	16	(97)	(4,828)
Borrowings		(5,206)	(3,733)
Share based compensation (Included in other liabilities & provisions)		(54)	61
Other liabilities and provisions	17	7,480	612
Net (decrease)/increase in operating liabilities		**43,672**	**(454)**
Income taxes paid		(25)	(5)
Net group relief received/(paid)		40	(4)
Net cash (used in)/generated from operating activities		**(11,197)**	**282**
Cash flows from investing activities (USD million)			
Proceeds from property, equipment and intangible assets		19	4
Capital expenditures for property, equipment and intangible assets		(72)	(102)
Net cash used in investing activities		**(53)**	**(98)**
Cash flow from financing activities (USD million)			
Issuances of debt in issuance	18	13,042	1,681
Repayments of debt in issuance and lease liability		(25)	(729)
Net cash flow generated from financing activities		**13,017**	**952**
Net change in cash and cash equivalents		**1,767**	**1,136**
Cash and cash equivalents at beginning of period [1]		4,003	1,201
Effect of exchange rate fluctuations on cash and cash equivalents		(34)	5
Cash and cash equivalents at end of period (USD million)		**5,736**	**2,342**
Cash and due from banks		6,102	3,282
Demand deposits		(366)	(940)
Cash and cash equivalents at end of period (USD million)		**5,736**	**2,342**

[1] At 6M20, USD 36 million (6M19: USD 32 million) was not available for use by CSi relating to mandatory deposits at central banks.
[2] The CSi group has elected to present a Consolidated 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 19 – Discontinued Operations and Assets and Liabilities Held for Sale.
[3] Interest received was USD 428 million (6M19: USD 778 million), interest paid was USD 413 million (6M19: USD 579 million).

The accompanying notes on pages 33 to 85 are an integral part of these condensed consolidated interim financial statements.

Notes to the Condensed Consolidated Interim Financial Statements for the Six Months Ended 30 June 2020 (Unaudited)

Notes to the Condensed Consolidated Interim Financial Statements for the Six Months Ended 30 June 2020 (Unaudited)

1 General

Credit Suisse International ('CSi' or the 'Bank') is a private unlimited company registered in England. The address of the Bank's registered office is One Cabot Square, London, E14 4QJ. The Condensed Consolidated Interim Financial Statements for the half year ended 30 June 2020 comprise CSi and its subsidiaries (together referred to as the 'CSi group').

The Condensed Consolidated Interim Financial Statements were authorised for issue by the Directors on 13 August 2020.

2 Significant Accounting Policies

Basis of preparation

The accompanying unaudited Condensed Consolidated Interim Financial Statements of the CSi group are prepared in accordance with IAS 34 "Interim Financial Reporting" ('IAS 34') as adopted for use in the European Union ('EU') and are stated in United States Dollars ('USD') rounded to the nearest million. Certain financial information, which is normally included in Annual Consolidated Financial Statements prepared in accordance with International Financial Reporting Standards ('IFRS') but not required for interim reporting purposes, has been condensed or omitted. The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2019 and any public announcements made by the Bank during the interim reporting period. For the comparative numbers, the accounting policies applied are the same as those applied by the CSi group in its Consolidated Financial Statements for the year ended 31 December 2019 except as explained in section 'Standards effective in the current period'.

The Condensed Consolidated Interim Financial Statements are prepared on the historical cost basis except where the following assets and liabilities are stated at their fair value: derivative financial instruments, trading financial assets and liabilities mandatorily at fair value through profit or loss (FVTPL), non-trading financial assets mandatorily at fair value through profit or loss and financial instruments designated by the CSi group as at fair value through profit and loss.

The preparation of Condensed Consolidated Interim Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions for certain categories of assets and liabilities. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the Condensed Consolidated Statement of Financial Position and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from management's estimates.

The significant judgements made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Consolidated Financial Statements as at and for the year ended 31 December 2019. However, the spread of COVID-19 has resulted in significant uncertainty. In light of this uncertainty, the CSi group complies with the requirements of IFRS 9 when determining expected credit losses, applying judgement particularly when assessing future macroeconomic scenarios and significant increase in credit risk. Furthermore, CSi 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision has a significant effect on both current and future periods. The same policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements. Accounting policies have been applied consistently by the CSi group entities.

Prior period restatements

Certain reclassifications and restatements have been made to the comparative Condensed Consolidated Interim Financial

Statements of the CSi group for the six-month period ended 30 June 2019 and as at 31 December 2019. The prior period adjustments were made to conform to the current period's presentation or to correct certain errors identified during the current period. The adjustments had no net effect net revenues, profit for the period or shareholders' equity.

(1) Prior period restatement of negative interest

Where financial assets generate negative interest, these amounts are required to be reported as interest expense. Errors were identified in the calculation used to present negative interest on cash collateral as an interest expense. This restatement resulted in the following adjustments being recognised for the six month period ending 30 June 2019:

- 'Interest Income' was overstated by USD 54 million and 'Interest Expense' was overstated by USD 54 million.
- Adjustments were made to correct these errors.
- Notes 4- Net Interest Income were restated as a result of this error.

(2) Prior period restatement in offsetting of centrally cleared derivative transactions

Certain client transactions cleared through central clearing counterparties qualify for offsetting of collateral against open derivative positions. As at 31 December 2019, certain transactions were incorrectly presented gross, resulting in overstatements to the statement of financial position. These errors were caused from errors in manual processes that are required to convert Credit Suisse primary reporting accounting under US GAAP to IFRS. This restatement resulted in the following adjustments being recorded as at 31 December 2019:

- In the statement of financial position: 'Trading Financial Assets mandatorily at fair value through profit or loss' were overstated by USD 5.4 billion, 'Trading Financial Liabilities mandatorily at fair value through profit or loss' were overstated by USD 6.7 billion, 'Other assets' were overstated by USD 2 billion and 'Other liabilities' were overstated by USD 724 million.
- Adjustments were made to correct these errors.
- Notes 13- Trading Financial Assets and Liabilities Mandatorily at Fair Value Through Profit or Loss, Note 14- Derivatives, Note 17- Other Assets and Other Liabilities and Note 24- Financial Instruments were restated as a result of this error.

Going Concern

In considering going concern, the directors have reviewed the capital, liquidity and financial position of CSi including future capital, liquidity and financial plans. With the recent market developments caused by COVID-19, the directors reassessed these components and have concluded the going concern basis is still appropriate. The reassessment was completed with reference to the stress testing processes within the Internal Capital Adequacy Assessment Process ('ICAAP') and Internal Liquidity Adequacy Assessment Process ('ILAAP') which demonstrated that CSi has sufficient capital and liquidity buffers to withstand the current market conditions.

In terms of capital, CSi is holding stress buffers based on stress scenarios which are more severe than both the 2007/2008 crisis and current market movements. Additionally, the Credit Risk Officer ('CRO') includes specific elements of conservatism in the stress testing buffers to ensure idiosyncratic risks are captured including intercompany credit risk, removal of market risk hedging benefits and additional business risk impacts. Reverse stress testing is also used to assess and calibrate internal stress scenarios and ensure sufficient severity of the calibration. The impact of this is the specific scenarios driving the ICAAP Stress Testing capital buffer is an internal scenario which is more severe than both the Bank of England and the Swiss Financial Market Supervisory Authority ('FINMA') scenarios which are also assessed. Additionally we have completed a review of market events during the COVID-19 crisis and incorporated any relevant impacts into our stress testing scenarios. Finally, CSi continues to retain significant capital surplus after ICAAP buffers are applied. In terms of liquidity, CSi holds buffers in accordance with the internal stress methodology as well as regulatory requirements. The stress testing methodology covers a number of scenarios involving both market and idiosyncratic shocks comparable to the 2007/2008 crisis. It is regularly reviewed and refined and the risk drivers are also assessed in the ILAAP.

CSi is reliant on funding from CS AG and has received a letter of support to ensure CSi can meet its debt obligations. Consequently, the directors are confident that the Bank will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared these Condensed Consolidated Interim Financial Statements on a going concern basis.

Standards effective in the current period

The CSi group has adopted the following 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 CSi group adopted the Amendments to IFRS 3 on 1 January 2020. The adoption had no material impact to the CSi 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 CSi group adopted the Amendments to IFRS 9, IAS 39 and IFRS 7 on 1 January 2020. The adoption had no impact to the CSi group's financial position, results of operation or cash flows.

3 Segmental Analysis

The CSi group has 4 reportable segments that are regularly reviewed by the Chief Operating Decision Maker ('CODM') when assessing the performance and allocation of resources. The CODM has been determined to be the Board.

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

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

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

The following table shows the revenue of each operating segment during the six months to June:

	6M20	6M19
Revenues (USD million)		
Global Markets	**1,151**	**703**
- Credit	424	151
- Equities	48	40
- Fixed Income & Wealth Management Products	461	253
- Equity Derivatives & Investor Products	463	319
- International Trading Solutions Management	(244)	(63)
- Global Markets Management	(1)	3
Investment Banking & Capital Markets	161	157
APAC	95	131
Other	(7)	2
Corporate centre (includes ARU)	52	(33)
Total	**1,452**	**960**

The following table shows the profit before taxes of each operating segment during the six months to June:

	6M20	6M19
Consolidated Income/(loss) before taxes (USD million)		
Global Markets	**524**	**342**
- Credit	321	99
- Equities	13	23
- Fixed Income & Wealth Management Products	260	153
- Equity Derivatives & Investor Products	206	150
- International Trading Solutions Management	(243)	(68)
- Global Markets Management	(33)	(15)
Investment Banking & Capital Markets	(46)	(90)
APAC	13	96
Other	(19)	(9)
Corporate centre (includes ARU)	(57)	(50)
Total	**415**	**289**

Reconciliation of reportable segment revenues

	6M20	6M19 [3]
Reconciliation of reportable segment revenues (USD million)		
Total revenues for reportable segments	1,452	960
Transfer pricing arrangements	78	59
Cross divisional revenue share	59	29
Treasury funding	54	290
Shared services	53	(10)
Provision for Credit Losses	(26)	(4)
CSi group to primary reporting reconciliations [1]	(50)	(1)
Net revenues as per Consolidated Statement of Income	**1,620**	**1,323**
Of which net revenues – discontinued operations [2]	**235**	**244**
Of which net revenues – continued operations	**1,385**	**1,079**

[1] This is the difference between the monthly board summaries which are prepared on a US GAAP basis and the CSi group accounts prepared in accordance with IFRS.
[2] Details are included in Note 19 – Discontinued Operations and Assets and Liabilities Held for Sale.
[3] 6M19 numbers have been re-stated to disclose the impact of Discontinued Operations. Details are included in Note 19 – Discontinued Operations and Assets and Liabilities Held for Sale.

	6M20	6M19 [3]
Reconciliation of reportable segment income before taxes (USD million)		
Income before taxes for reportable segments	415	289
Shared services	45	(26)
CSi group to primary reporting reconciliations [1]	47	(1)
Profit before taxes as per Consolidated Statement of Income	**507**	**262**
Of which profit before taxes – discontinued operations [2]	**49**	**24**
Of which profit before taxes – continued operations	**458**	**238**

[1] This is the difference between the monthly board summaries which are prepared on a US GAAP basis and the CSi group accounts prepared in accordance with IFRS.
[2] Details are included in Note 19 – Discontinued Operations and Assets and Liabilities Held for Sale.
[3] 6M19 numbers have been re-stated to disclose the impact of Discontinued Operations. Details are included in Note 19 – Discontinued Operations and Assets and Liabilities Held for Sale.

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

4 Net Interest Income

	6M20	6M19 [1]
Net interest income (USD million)		
Loans and advances	61	57
Securities purchased under resale agreements and securities borrowing transactions	75	120
Cash collateral paid on OTC derivatives transactions	115	194
Interest income on cash and cash equivalents	92	227
Interest income	**343**	**598**
Deposits	(2)	(2)
Borrowings	(41)	(44)
Securities sold under repurchase agreements and securities lending transactions	(60)	(109)
Debt in issuance	(106)	(148)
Lease liabilities [2]	(10)	(12)
Cash collateral received on OTC derivatives transactions	(106)	(194)
Interest expense	**(325)**	**(509)**
Net interest income	**18**	**89**
of which		
Interest income on Financial assets measured at fair value through profit or loss	76	104
Interest income on Financial assets measured at amortised cost	267	494
Interest expenses on Financial liabilities measured at fair value through profit or loss	(36)	(94)
Interest expenses on Financial liabilities measured at amortised cost	(289)	(415)

[1] 6M19 numbers have been restated to disclose the impact of discontinued operations and adjustment relating to negative interest on cash collateral. Details are included in Note 19 – Discontinued Operations and Assets and Liabilities Held for Sale and Note 2- Significant Accounting Policies respectively. In respect of negative interest, the full adjustment relates to cash collateral paid and receive on OTC derivatives transactions.

[2] Interest expense on Lease liabilities has been re-presented separately for better presentation which was previously disclosed within Debt in Issuance.

5 Commission and Fee Income

	6M20	6M19 [1]
Commission and fee income (USD million)		
Lending business	51	31
Brokerage	33	23
Underwriting	53	35
Other client services	70	61
Total commission and fee income	**207**	**150**

[1] 6M19 numbers have been restated to disclose the impact of discontinued operations. Details are included in Note 19 – Discontinued Operations and Assets and Liabilities Held for Sale.

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

	6M20	6M19 [1]
Fee income from financial instruments (USD million)		
Origination fees and other services	14	16
Commitment fees	11	7
Total fee income	**25**	**23**

[1] 6M19 numbers have been restated to disclose the impact of discontinued operations. Details are included in Note 19 – Discontinued Operations and Assets and Liabilities Held for Sale.

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

6 Revenue from contracts with customers

Nature of services

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

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

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

The CSi group also offers brokerage services in its investment banking businesses, including global securities sales, trading and execution and investment research. For the services provided, for example the execution of customer trades in securities or derivatives, CSi group typically earns a brokerage commission when the trade is executed. CSi group generally acts as an agent when buying or selling exchange-traded cash securities, exchange-traded derivatives or centrally cleared OTC derivatives on behalf of customers.

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

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

	6M20	6M19 [2]
Type of Services (USD million)		
Lending business [1]	26	8
Other securities business	–	2
Brokerage	33	23
Underwriting	53	35
Transfer pricing arrangement and other services	129	93
Total	**241**	**161**

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

[2] The table above differs from note 5 – Commission and Fee income as it includes only those contracts with customers that are in scope of IFRS 15 – Revenue from contracts with customers. 6M19 numbers have been restated to disclose the impact of discontinued operations. Details are included in Note 19 – Discontinued Operations and Assets and Liabilities Held for Sale.

Contract balances (USD million)	6M20	2019
Contract receivables	20	11
Revenue recognised in the reporting period included in the contract liabilities balance at the beginning of period	-	1

Remaining performance obligations

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

7 Allowance for Credit Losses

	6M20	6M19 [1]
(Additional)/Release of allowance for credit losses (USD million)		
Allowance for credit losses	(23)	(5)
Allowance for off-balance sheet exposures	(1)	–
Additional allowance for credit losses	**(24)**	**(5)**
Allowance for credit losses	1	1
Allowance for off-balance sheet exposures	1	1
Release of allowance for credit losses	**2**	**2**
(Additional)/Release of allowance for credit losses	**(22)**	**(3)**

[1] 6M19 numbers have been restated to disclose the impact of discontinued operations. Details are included in Note 19 – Discontinued Operations and Assets and Liabilities Held for Sale.

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

	6M20	6M19 [1]
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	278	1,791
Net gains/(losses) from financial liabilities designated at fair value through profit or loss	787	(1,024)
Total net gains from financial assets/liabilities at fair value through profit or loss	**1,065**	**767**

[1] 6M19 numbers have been restated to disclose the impact of discontinued operations. Details are included in Note 19 – Discontinued Operations and Assets and Liabilities Held for Sale.

	6M20	6M19 [1]
Total net (losses)/gains from trading financial assets/liabilities mandatorily measured at fair value through profit or loss	**(138)**	**1,541**
Non-trading financial assets mandatorily measured at fair value through profit or loss (USD million)		
Securities purchased under resale agreements and securities borrowing transactions	462	103
Loans and advances	(71)	49
Other financial assets	25	98
Total net (losses)/gains from non-trading financial assets mandatorily measured at fair value through profit or loss	**416**	**250**
Total net gains from financial assets/liabilities mandatorily measured at fair value through profit or loss	**278**	**1,791**

[1] 6M19 numbers have been restated to disclose the impact of discontinued operations. Details are included in Note 19 – Discontinued Operations and Assets and Liabilities Held for Sale.

	6M20		6M19	
	Profit or Loss	OCI	Profit or Loss	OCI
Net gains/(losses) from financial liabilities designated at fair value through profit or loss (USD million)				
Securities sold under repurchase agreements and securities lending transactions	2	–	(29)	–
Borrowings	80	–	(282)	–
Debt in issuance	723	(2)	(715)	(13)
Other financial liabilities designated at fair value through profit or loss	(18)	–	2	–
Total net (losses)/gains from financial liabilities designated at fair value through profit or loss	**787**	**(2)**	**(1,024)**	**(13)**

9 Other Revenues

	6M20	6M19 [1]
Other revenues (USD million)		
Transfer pricing arrangements	59	35
Other	58	41
Total other revenues	**117**	**76**

[1] 6M19 numbers have been restated to disclose the impact of discontinued operations. Details are included in Note 19 – Discontinued Operations and Assets and Liabilities Held for Sale.

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

10 Compensation and Benefits

	6M20	6M19 [1]
Compensation and benefits (USD million)		
Salaries and variable compensation	(255)	(327)
Social security	(41)	(53)
Pensions	(10)	(17)
Other	(12)	(7)
Total compensation and benefits	**(318)**	**(404)**

[1] 6M19 numbers have been restated to disclose the impact of discontinued operations. Details are included in Note 19 – Discontinued Operations and Assets and Liabilities Held for Sale.

11 General, Administrative and Trading Expenses

	6M20	6M19 [2]
General, administrative and trading expenses (USD million)		
Brokerage charges and clearing house fees	(185)	(143)
Insurance charges	(3)	(1)
Trading expenses	**(188)**	**(144)**
Occupancy expenses	(38)	(33)
Depreciation and amortisation expenses [1]	(77)	(83)
Depreciation and impairment of investment property	(2)	–
Litigation	8	(6)
Auditor remuneration	(1)	(1)
Professional services	(186)	(160)
CSG trademark	(2)	(2)
Net Overheads allocated to other CS group entities	204	222
Transfer pricing arrangements	(256)	(179)
UK Bank Levy	–	4
Market data, publicity and subscription	(20)	(17)
Non income taxes	(25)	(7)
Other	(26)	(31)
General and administrative expenses	**(421)**	**(293)**
Total general, administrative and trading expenses	**(609)**	**(437)**

[1] Depreciation and amortisation expense includes amortisation on right-of-use assets of USD 9 million in 6M20 (6M19: USD 25 million)
[2] 6M19 numbers have been restated to disclose the impact of discontinued operations. Details are included in Note 19 – Discontinued Operations and Assets and Liabilities Held for Sale.

The CSi group incurs expenses on behalf of other CS group companies under common control. These are subsequently recharged to the relevant companies through Net overheads allocated to other CS group entities. The recharges comprise compensation and benefit expenses and general administrative expenses.

12 Income Tax

The income tax expense / (benefit) is recognised based on management's estimate of the effective annual income tax rate expected for the full financial period. The estimated annual tax rate used for the year to 30 June 2020 is 20.3%, which is less than the UK statutory tax rate of 27% and reflects the impact of permanent tax adjustments and the UK corporation tax rate change substantively enacted in March 2020. The estimated annual tax rate used for the year to 30 June 2019 was (16.3)% which included the impact of the reversal of impairment of deferred tax assets and permanent differences.

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

	6M20	2019
Trading financial assets mandatorily at fair value through profit or loss (USD million)		
Debt securities	16,019	14,088
Equity securities	11,165	7,307
Derivative instruments [1]	162,178	120,725
Other	934	901
Trading financial assets mandatorily at fair value through profit or loss	**190,296**	**143,021**
Trading financial liabilities mandatorily at fair value through profit or loss (USD million)		
Short positions	7,934	4,019
Derivative instruments [1]	156,965	122,811
Trading financial liabilities mandatorily at fair value through profit or loss	**164,899**	**126,830**

[1] 2019 numbers have been restated to disclose the effect of adjustments related to offsetting of centrally cleared derivative transactions. Derivatives assets were overstated by USD 5422 million and derivative liabilities were over stated by USD 6706 million . Details are included in Note 2 – Significant Accounting Policies.

14 Derivatives

				6M20 [1]
	Trading		Hedging	
	Gross Derivative Assets	Gross Derivative Liabilities	Gross Derivative Assets	Gross Derivative Liabilities
Derivatives (USD million)				
Interest rate products	125,791	122,905	–	–
Foreign exchange products	21,463	23,740	–	15
Equity/indexed-related products	29,331	24,343	–	–
Credit products	8,574	8,651	–	–
Other products	708	921	–	–
Total derivative instruments	**185,867**	**180,560**	**–**	**15**

[1] Gross Derivative Assets and Liabilities indicate Fair Value. The above table includes both continuing and discontinued operations. Details are included in Note 19 – Discontinued Operations and Assets Held for Sale.

				2019
	Trading [1]		Hedging	
	Gross Derivative Assets	Gross Derivative Liabilities	Gross Derivative Assets	Gross Derivative Liabilities
Derivatives (USD million)				
Interest rate products	95,084 [2]	92,489 [2]	–	–
Foreign exchange products	18,216	21,516	11	2
Equity/indexed-related products	15,675	16,001	–	–
Credit products	5,250	5,722	–	–
Other products	323	516	–	–
Total derivative instruments	**134,548**	**136,244**	**11**	**2**

[1] Gross Derivative Assets and Liabilities indicate Fair Value. The above table includes both continuing and discontinued operations. Details are included in Note 19 – Discontinued Operations and Assets Held for Sale.

[2] 2019 numbers have been restated to disclose the effect of adjustments related to offsetting of centrally cleared derivative transactions. Gross derivative assets were understated by USD 6,537 million and gross derivative liabilities were understated by USD 5,278 million.

Offsetting of derivative instruments

	6M20 [2]			2019 [2 & 3]		
	Gross	Offsetting	Net	Gross	Offsetting	Net
Derivative Assets (USD millions)						
Derivative instruments subject to enforceable master netting agreements	180,358	(23,178)	157,180	132,698	(13,584)	119,114
Derivative instruments not subject to enforceable master netting agreements [1]	5,509	–	5,509	1,861	–	1,861
Total derivative instruments presented in the Condensed Consolidated Statement of Financial Position	**185,867**	**(23,178)**	**162,689**	**134,559**	**(13,584)**	**120,975**
of which recorded in trading financial assets mandatorily at fair value through profit or loss	185,867	(23,178)	162,689	134,548	(13,584)	120,964
of which recorded in other assets	–	–	–	11	–	11
Derivative Liabilities						
Derivative instruments subject to enforceable master netting agreements	179,357	(22,862)	156,495	133,598	(13,200)	120,398
Derivative instruments not subject to enforceable master netting agreements [1]	1,218	–	1,218	2,648	–	2,648
Total derivative instruments presented in the Condensed Consolidated Statement of Financial Position	**180,575**	**(22,862)**	**157,713**	**136,246**	**(13,200)**	**123,046**
of which recorded in trading financial liabilities mandatorily at fair value through profit or loss	180,560	(22,862)	157,698	136,244	(13,200)	123,044
of which recorded in other liabilities	15	–	15	2	–	2

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 Table includes both continuing and discontinued operations. Details are included in Note 19 – Discontinued Operations and Assets Held for Sale.
3 2019 numbers have been restated to disclose the effect of adjustments related to offsetting of centrally cleared derivative transactions. Gross derivative assets were understated by USD 6,537 million and netting on derivative assets was understated by USD 11,959 million and consequently the net derivative assets were overstated by USD 5,422 million. Gross derivative liabilities were understated by USD 5,278 million and netting on derivative liabilities was understated by USD 11,984 million and consequently the net derivative liabilities were overstated by USD 6,706 million. Details included in Note 2 – Significant Accounting Policies.

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

	6M20	2019
Non-trading financial assets mandatorily at fair value through profit or loss (USD million)		
Loans and advances	2,488	1,354
Securities purchased under resale agreements and securities borrowing transactions	14,971	19,880
Other non-trading financial assets mandatorily at fair value through profit or loss	1,411	1,060
Total non-trading financial assets mandatorily at fair value through profit or loss	**18,870**	**22,294**

16 Financial Liabilities Designated at Fair Value Through Profit or Loss

	6M20	2019
Financial Liabilities designated at fair value through profit or loss (USD million)		
Subordinated Debt	28	62
Structured notes (includes debt in issuance and borrowings)	11,002	10,855
Securities sold under repurchase agreement and securities lending transactions	9,131	9,604
Other	950	594
Total financial liabilities designated at fair value through profit or loss	**21,111**	**21,115**

17 Other Assets and Other Liabilities

	6M20	2019
Other assets (USD million)		
Brokerage receivables	7,904	1,955
Interest and fees receivable	350	697
Cash collateral on derivative instruments		
Banks	16,355	16,303
Customers [1]	17,566	12,894
Pension Assets [2]	1,041	1,100
Other	391	274
Total other assets	**43,607**	**33,223**
Other liabilities (USD million)		
Brokerage payables	3,263	397
Interest and fees payable	1,064	1,431
Cash collateral on derivative instruments		
Banks	17,324	13,495
Customers [1]	7,811	6,505
Share-based compensation liability	189	236
Other	482	532
Total other liabilities	**30,133**	**22,596**

[1] 2019 numbers have been restated to disclose the effect of adjustments related to offsetting of centrally cleared derivative transactions. 'Other Assets' and 'Other Liabilities' were overstated by USD 2008 million and USD 724 million respectively. Details are included in Note 2 – Significant Accounting Policies.

[2] 2019 numbers have been restated to conform to the current period's presentation to disclose Pension assets separately. Earlier such assets were included in 'Other'.

Pension Assets

CSi is the primary employer and sponsoring entity of the final salary defined benefit pension plan in the UK ('UK DB Plan') since August 2019, where it took over this role from Credit Suisse Securities (Europe) Limited. The assets of the UK DB Plan are held independently of the Bank's assets in separate trustee administered funds. The UK DB Plan remains in a position of surplus assets over its pension obligations from a solvency and technical provision perspective, the impacts of COVID-19 on the markets did not have a material impact to the funded status of the UK DB Plan.

There has been no significant change in actuarial or other assumptions in the measurement of the defined benefit plan obligation.

18 Debt in Issuance

	Balance as at 1 January 2020	Issuance	Repayments and other movements	Translation FX and Interest movements	Balance as at 30 June 2020
Debt in issuances (USD million)					
Senior debt	13,600	13,043	–	126	26,769
Subordinated debt	408	–	–	6	414
Total Debt in issuance	**14,008**	**13,043**	**–**	**132**	**27,183**

[1] Lease liabilities, previously disclosed within Debt in issuance, have been presented as a separate heading in the consolidated statement of financial position.

	Balance as at 1 January 2019	Issuance	Repayments and other movements	Translation FX and Interest movements	Balance as at 30 June 2019
Debt in issuance (USD million)					
Senior debt [1]	10,652	1,681	(709)	4	11,628
Subordinated debt	1,494	–	–	7	1,501
Total Debt in issuance	**12,146**	**1,681**	**(709)**	**11**	**13,129**

[1] Debt in issuance' was renamed as 'Senior debt' to better describe this line item.

[2] Lease liabilities, previously disclosed within Debt in issuance, have been presented as a separate heading in the consolidated statement of financial position. USD 836 and USD 810 million of lease liabilities balance was inlcuded in Debt in issuance as on 1 January 2019 and 30 June 2019 respectively, which is omitted from the above table.

Total debt in issuance principally comprised vanilla debt issuances managed by treasury which do not contain derivative features, these are issued as part of the CSi group's structured issuance activities.

19 Discontinued Operations and Assets and Liabilities Held for Sale

CSi group's approach to mitigating the risks associated with the UK's withdrawal from the EU is outlined in the section "EU Exit Strategy" within the Interim Management Report. The transition of impacted operations and client migration activities commenced during 2018. During 2020, the CSi group has continued to transfer certain loans and advances, derivative financial instruments, cash collateral and trading Securities to CSSSV as part of the UK EU Exit, facilitated through a sale of positions currently held at fair value. Certain loans held at amortised cost have been sold to CSD at fair value resulting into a gain of USD 2 million. The transfers will continue until the end of 2020.

CSi group considers that the transfers met the criteria for treatment for presentation as Held for Sale during the second half of 2019, and the transfers were discontinued operations as at 30 June 2020. Consequently, CSi group's results for the six month period ended 30 June 2019 have been restated to conform to the current presentation. Post-tax profit or loss has been classified as discontinued operations in CSi group's Consolidated Statement of Income for both periods. 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 outflows of USD 338 million and cash inflows of USD 36 million were used in and generated from discontinued operating and investing activities respectively during the period ended 30 June 2020. No impairment losses were recognised as a result of having to measure the assets or liabilities held for sale at fair value less cost to sell.

During the period, CSi group has also entered into other transactions relating to transfer of branches' business to CSSSV, resulting in a gain of USD 9 million on such transfers.

The impact of the restatements on the financial statements for the period ended 30 June 2019 is presented below.

Statement of Income for Discontinued Operations (USD million)	**6M20**	6M19 [1]
Interest income	57	162
Interest expense	(46)	(82)
Net interest income	**11**	**80**
Commission and fee income	**30**	**47**
Allowances for credit losses	(4)	(1)
Net gains from financial assets/liabilities at FV through profit or loss	167	90
Other revenues	31	28
Net revenues	**235**	**244**
Compensation and benefits	(62)	(100)
General, administrative and trading expenses	(124)	(120)
Total operating expense	**(186)**	**(220)**
Profit before tax	**49**	**24**
Income tax expense	(13)	(4)
Profit after tax	**36**	**20**

[1] 6M19 numbers have been restated to disclose the impact of discontinued operations.
[2] Note 3 to 11 have been restated to disclose the Impact of discontinued operations as detailed in the above table. The amounts shown above were previously reported in the respective disclosures within continuing operations, and so the restated amounts now omit these amounts from mentioned disclosures.

6M20 Statement of Financial Position for Discontinued Operations (USD million)	Discontinued Operations - Portfolio migration to CSSSV	Discontinued Operations - Loan migration to CSD	Total
Trading financial assets mandatorily at fair value through profit or loss	519	–	**519**
of which positive market values from derivative instruments	511	–	
Non-trading financial assets mandatorily at fair value through profit or loss	5	30	**35**
Loans and advances	–	317	**317**
Other assets	392	–	**392**
Total assets held for sale	**916**	**347**	**1,263**
			–
Trading financial liabilities mandatorily at fair value through profit or loss	733	–	**733**
of which negative market values from derivative instruments	733	–	
Financial liabilities designated at fair value through profit or loss	–	–	**–**
Other liabilities	93	–	**93**
Total liabilities held for sale	**826**	**–**	**826**

	Discontinued Operations - Migration of EU Branches	Discontinued Operations - Loan migration to CSD	Discontinued Operations - Portfolio migration to CSSV	**Total**
2019				
Statement of Financial Position for assets and liabilities held for sale (USD million)				
Trading financial assets mandatorily at fair value through profit or loss	–	–	246	**246**
of which positive market values from derivative instruments	–	–	239	
Non-trading financial assets mandatorily at fair value through profit or loss	–	64	35	**99**
Loans and advances	–	80	–	**80**
Other assets	–	–	70	**70**
Property and equipment	36	–	–	**36**
Total assets held for sale	**36**	**144**	**351**	**531**
Trading financial liabilities mandatorily at fair value through profit or loss	–	–	237	**237**
of which negative market values from derivative instruments	–	–	233	
Financial liabilities designated at fair value through profit or loss	–	–	92	**92**
Other liabilities	13	–	48	**61**
Debt in issuance	41	–	–	**41**
Total liabilities held for sale	**54**	**–**	**377**	**431**

20 Called-up Share Capital and Share Premium

	6M20	2019
Share Capital		
Allotted called-up and fully paid (USD million)		
131,158,070,611 Ordinary voting shares of USD 0.08666 each	11,366	11,366
Total allotted called-up and fully paid capital	**11,366**	**11,366**
Share Premium (USD million)		
Share Premium	**12,704**	**12,704**

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights. The Bank is a private unlimited company having share capital.

21 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.

6M20	Not credit impaired 12 Month ECL Stage 1		Not credit impaired Lifetime ECL Stage 2		Credit impaired Lifetime ECL (excluding purchased / originated credit impaired) Stage 3		Total	Total
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
Loans and Advances (USD million)								
Opening balance	2,818	3	–	–	20	7	2,838	10
Transfer to lifetime ECL not credit impaired	(8)	–	8	–	–	–	–	–
Net remeasurement of loss allowance	–	(9)	–	–	–	4	–	(5)
New financial assets originated or purchased	256	25	–	–	–	–	256	25
Financial assets that have been derecognised (including write-offs)	(146)	–	–	–	(12)	(3)	(158)	(3)
Other changes	82	–	–	–	–	–	82	–
Foreign exchange	(23)	–	–	–	–	–	(23)	–
Closing balance	**2,979**	**19**	**8**	**–**	**8**	**8**	**2,995**	**27**

6M19	Not credit impaired 12 Month ECL Stage 1		Not credit impaired Lifetime ECL Stage 2		Credit impaired Lifetime ECL (excluding purchased / originated credit impaired) Stage 3		Total	Total
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
Loans and Advances (USD million)								
Opening balance	3,504	2	12	–	8	4	3,524	6
Transfer to 12 Month ECL	1	–	(1)	–	–	–	–	–
Transfer to lifetime ECL not credit impaired	(7)	–	7	–	–	–	–	–
Net remeasurement of loss allowance	–	(1)	–	2	–	2	–	3
New financial assets originated or purchased	191	–	–	–	–	–	191	–
Financial assets that have been derecognised (including write-offs)	(232)	–	–	–	–	–	(232)	–
Other changes	(44)	–	16	–	–	–	(28)	–
Foreign exchange	(3)	–	–	–	–	–	(3)	–
Closing balance	**3,410**	**1**	**34**	**2**	**8**	**6**	**3,452**	**9**

6M20	12 Month ECL Stage 1 (Not credit impaired)		Lifetime ECL Stage 2 (Not credit impaired)		Lifetime ECL (excluding purchased / originated credit impaired) Stage 3 (Credit impaired)		Total	Total
	Gross commitment amount	Allowance for ECL	Gross commitment amount	Allowance for ECL	Gross commitment amount	Allowance for ECL	Gross commitment amount	Allowance for ECL
Loan commitments (USD million)								
Opening balance	2,370	1	91	–	1	–	2,462	1
Transfer to 12 Month ECL	86	–	(86)	–	–	–	–	–
Transfer to lifetime ECL not credit impaired	(359)	–	359	–	–	–	–	–
Net remeasurement of Loss Allowance	–	2	–	–	–	–	–	2
New Commitments	1,106	1	–	–	–	–	1,106	1
Financial assets that have been derecognised (including write-offs)	(1,246)	–	(20)	–	(1)	–	(1,267)	–
Other changes	(211)	–	(11)	–	–	–	(222)	–
Foreign exchange	(45)	–	10	–	–	–	(35)	–
Closing balance	**1,701**	**4**	**343**	**–**	**–**	**–**	**2,044**	**4**

6M19	12 Month ECL Stage 1 (Not credit impaired)		Lifetime ECL Stage 2 (Not credit impaired)		Lifetime ECL (excluding purchased / originated credit impaired) Stage 3 (Credit impaired)		Total	Total
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
Loan commitments (USD million)								
Opening balance	2,939	–	29	–	–	–	2,968	–
Transfer to lifetime ECL not credit impaired	(6)	–	6	–	–	–	–	–
Net remeasurement of Loss Allowance	–	–	–	–	–	–	–	–
New financial assets originated or purchased	706	–	–	–	–	–	706	–
Financial assets that have been derecognised (including write-offs)	(207)	–	(8)	–	–	–	(215)	–
Other changes	(40)	–	(6)	–	–	–	(46)	–
Foreign exchange	(10)	–	–	–	–	–	(10)	–
Closing balance	**3,382**	**–**	**21**	**–**	**–**	**–**	**3,403**	**–**

6M20	Not credit impaired: 12 Month ECL Stage 1 – Gross carrying amount	Allowance for ECL	Not credit impaired: Lifetime ECL Stage 2 – Gross carrying amount	Allowance for ECL	Credit impaired: Lifetime ECL (excluding purchased / originated credit impaired) Stage 3 – Gross carrying amount	Allowance for ECL	Total – Gross carrying amount	Total – Allowance for ECL
Financial guarantees (USD million)								
Opening balance	205	3	–	–	–	–	205	3
Net remeasurement of loss allowance	–	(1)	–	–	–	–	–	(1)
New financial assets originated or purchased	125	–	–	–	–	–	125	–
Financial assets that have been derecognised (including write-offs)	(200)	(2)	–	–	–	–	(200)	(2)
Other changes	(4)	–	–	–	–	–	(4)	–
Closing balance	**126**	**–**	**–**	**–**	**–**	**–**	**126**	**–**

6M19	Not credit impaired: 12 Month ECL Stage 1 – Gross carrying amount	Allowance for ECL	Not credit impaired: Lifetime ECL Stage 2 – Gross carrying amount	Allowance for ECL	Credit impaired: Lifetime ECL (excluding purchased / originated credit impaired) Stage 3 – Gross carrying amount	Allowance for ECL	Total – Gross carrying amount	Total – Allowance for ECL
Financial guarantees (USD million)								
Opening balance	240	3	–	–	–	–	240	3
Transfer to lifetime ECL not credit impaired	(150)	(3)	150	3	–	–	–	–
Net remeasurement of loss allowance	–	2	–	(3)	–	–	–	(1)
Other changes	49	–	–	–	–	–	49	–
Closing balance	**139**	**2**	**150**	**–**	**–**	**–**	**289**	**2**

	6M20	6M19
Other assets (USD million)		
Opening balance	2	2
Net remeasurement of loss allowance	1	2
Closing balance	**3**	**4**

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

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

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

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

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

Where a relationship to macroeconomic indicators is statistically sound and in line with economic expectations, the parameters are modelled accordingly and, thus, incorporate the CSi group's forward looking forecasts. As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the CSi group measures ECLs considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the CSi group considers a longer period. The maximum contractual period extends to the date at which the CSi group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

The Scenario Design team within CSi group's Enterprise and Operational Risk Management ('EORM') department generates the three relevant macro-economic scenarios for the different geographical segments. The EORM Scenario Design formulate the Baseline projections used for IFRS9 from in-house Credit Suisse Economic Research forecasts and where judged appropriate from external sources. The Downside and Upside scenarios are leveraged off the Baseline view. All three scenarios are subject to a syndication, review and challenge process. That syndication process is with the Credit Suisse Economic Research fraternity and with Credit Risk Managers. The EORM Scenario Design incorporate any feedback from that syndication into the scenario projections. The Scenario Design Working Group for IFRS9 is the governance forum which provides a final review and challenge and approves the macro-economic scenarios.

The following tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios of the geographical segments for the ECL calculations. The figures for 'Subsequent years' represent a long-term average and so are the same for each scenario.

As at 30 June 2020 EMEA Macroeconomic Factors (MEF)	Function-Corporates/ Financial Institutions	ECL Scenario	Assigned Probabili-ties	Latest data	End Period Projections						Impact on ECL from an increase in MEF
			%	June 2020 %	2020 %	2021 %	2022 %	2023 %	2024 %	2025 %	
UK Nominal GDP Growth Rate (%YoY)											↓
	Financial Institutions	Downside	40	-11.1	-11.5	9.4	2.4	3.3	3.8	3.8	
	Financial Institutions	Baseline	50	-10.7	-9.3	18.2	3.7	3.7	3.8	3.8	
	Financial Institutions	Upside	10	-9.0	-7.1	21.7	4.1	3.8	3.8	3.8	
Eurozone Unemployment Rate (%)											↑
	Corporates	Downside	40	10.0	13.0	11.0	10.8	10.1	9.5	9.1	
	Corporates	Baseline	50	8.5	10.0	9.5	8.9	8.4	7.8	7.7	
	Corporates	Upside	10	8.3	9.4	8.1	8.2	8.3	7.8	7.7	
Eurozone House Price Index (%YoY)											↓
	Both	Downside	40	-0.7	-1.2	4.0	1.3	1.6	2.7	3.0	
	Both	Baseline	50	0.1	-0.1	5.0	1.7	2.0	2.7	3.0	
	Both	Upside	10	0.7	1.0	6.3	2.1	2.5	2.7	3.0	
UK 1Y Government Bond Yield (%)											↓
	Financial Institutions	Downside	40	0.0	0.0	0.4	1.1	1.6	1.8	1.8	
	Financial Institutions	Baseline	50	0.1	0.2	0.7	1.2	1.6	1.8	1.8	
	Financial Institutions	Upside	10	0.3	0.5	1.1	1.3	1.6	1.8	1.8	
Euribor 12Mo Rate (%)											↑
	Corporates	Downside	40	-0.2	-0.3	-0.2	0.5	1.0	1.3	1.3	
	Corporates	Baseline	50	-0.1	-0.1	0.0	0.5	1.0	1.3	1.3	
	Corporates	Upside	10	-0.1	0.0	0.2	0.6	1.0	1.3	1.3	
Euro 3Y Swap Rate (%)											↑
	Corporates	Downside	40	-0.4	-0.4	-0.3	0.4	0.9	1.2	1.3	
	Corporates	Baseline	50	-0.3	-0.3	-0.1	0.4	0.9	1.2	1.3	
	Corporates	Upside	10	-0.2	0.0	0.1	0.5	0.9	1.2	1.3	
EuroStoxx 50 Equity Index (levels)											↓
	Corporates	Downside	40	2787	1987	1905	3151	3726	3938	4028	
	Corporates	Baseline	50	3078	3123	3275	3501	3726	3938	4028	
	Corporates	Upside	10	3163	3395	3611	3567	3726	3938	4028	

As at 31 December 2019 EMEA Macroeconomic Factors (MEF)	Function-Corporates/ Financial Institutions	ECL Scenario	Assigned Probabilities	Latest data					End Period Projections		Impact on ECL from an increase in MEF
			%	December 19 %	2019 %	2020 %	2021 %	2022 %	2023 %	2024 %	
UK Nominal GDP Growth Rate (%YoY)											↓
	Financial Institutions	Downside	40	3.2	2.5	0.0	0.5	2.0	3.0	3.2	
	Financial Institutions	Baseline	50	3.2	3.5	3.8	2.8	3.0	3.1	3.2	
	Financial Institutions	Upside	10	3.2	3.6	4.3	3.2	3.2	3.2	3.2	
Eurozone Unemployment Rate (%)											↑
	Corporates	Downside	40	7.4	7.9	9.7	11.0	10.5	9.8	9.2	
	Corporates	Baseline	50	7.4	7.5	7.4	7.4	7.4	7.3	7.3	
	Corporates	Upside	10	7.4	7.5	7.3	7.1	7.3	7.3	7.3	
Eurozone House Price Index (%YoY)											↓
	Both	Downside	40	1.2	-0.1	-2.5	-0.9	-0.3	1.5	2.1	
	Both	Baseline	50	1.2	0.9	1.4	1.6	2.0	2.1	2.1	
	Both	Upside	10	1.2	1.0	2.0	2.2	2.3	2.2	2.1	
UK 1Y Government Bond Yield (%)											↓
	Financial Institutions	Downside	40	0.5	0.2	0.2	1.0	1.8	2.1	2.3	
	Financial Institutions	Baseline	50	0.5	0.6	0.7	1.3	1.8	2.1	2.3	
	Financial Institutions	Upside	10	0.5	0.8	1.1	1.5	1.8	2.1	2.3	
Euribor 12Mo Rate (%)											↑
	Corporates	Downside	40	-0.3	-0.5	-0.5	0.2	0.8	1.1	1.4	
	Corporates	Baseline	50	-0.3	-0.3	-0.2	0.3	0.8	1.1	1.4	
	Corporates	Upside	10	-0.3	-0.2	0.1	0.5	0.8	1.1	1.4	
Euro 3Y Swap Rate (%)											↑
	Corporates	Downside	40	-0.5	-0.6	-0.4	0.2	0.8	1.0	1.3	
	Corporates	Baseline	50	-0.5	-0.4	-0.1	0.4	0.8	1.0	1.3	
	Corporates	Upside	10	-0.5	-0.2	0.3	0.6	0.8	1.0	1.3	
EuroStoxx 50 Equity Index (levels)											↓
	Corporates	Downside	40	3569	3291	2741	3125	3763	3803	3843	
	Corporates	Baseline	50	3569	3620	3710	3733	3762	3802	3842	
	Corporates	Upside	10	3569	3696	3981	3884	3762	3802	3842	

As at 30 June 2020 NORTH AMERICA Macroeconomic Factors (MEF)	Function-Corporates/ Financial Institutions	ECL Scenario	Assigned Probabili-ties	Latest data					End Period Projections		Impact on ECL from an increase in MEF
			%	June 2020 %	2020 %	2021 %	2022 %	2023 %	2024 %	2025 %	
US Unemployment Rate (%)											↑
	Both	Downside	40	6.8	7.9	6.8	6.6	6.3	6.0	5.8	
	Both	Baseline	50	6.0	7.0	6.0	5.9	5.8	5.7	5.7	
	Both	Upside	10	6.0	6.9	5.7	5.7	5.8	5.7	5.7	
US House Price Index (%YoY)											↓
	Corporates	Downside	40	0.0	1.0	3.9	2.9	2.3	2.5	2.5	
	Corporates	Baseline	50	0.9	2.8	5.0	3.7	2.9	2.6	2.5	
	Corporates	Upside	10	1.6	4.7	6.2	4.6	3.6	2.8	2.5	
US 5Y Government Bond Yield (%)											↑
	Corporates	Downside	40	0.2	0.2	1.0	1.9	2.4	2.4	2.4	
	Corporates	Baseline	50	0.3	0.5	1.6	2.0	2.4	2.4	2.4	
	Corporates	Upside	10	0.6	1.0	2.0	2.1	2.4	2.4	2.4	
US 10Y Government Bond Yield (%)											↑
	Corporates	Downside	40	0.5	0.5	1.3	2.3	2.7	2.8	2.8	
	Corporates	Baseline	50	0.7	1.0	2.1	2.4	2.7	2.8	2.8	
	Corporates	Upside	10	1.0	1.5	2.4	2.6	2.7	2.8	2.8	
Dow Jones Total Stock Market Index (levels)											↓
	Both	Downside	40	25985	19601	19532	32268	35159	35670	35907	
	Both	Baseline	50	31074	31644	32988	34451	35159	35670	35907	
	Both	Upside	10	31701	33376	35001	34701	35159	35670	35907	
US Market Volatility Index (VIX Qmax, levels)											↑
	Financial Institutions	Downside	40	70.0	45.0	29.3	25.3	23.9	23.3	23.0	
	Financial Institutions	Baseline	50	57.1	35.0	25.0	24.4	23.9	23.3	23.0	
	Financial Institutions	Upside	10	40.0	25.0	17.6	22.9	23.9	23.3	23.0	
US Corporate BBB Yield (%)											↑
	Corporates	Downside	40	4.2	5.1	5.8	4.6	4.4	4.4	4.4	
	Corporates	Baseline	50	3.4	3.2	3.9	4.2	4.4	4.4	4.4	
	Corporates	Upside	10	3.3	3.4	3.8	4.2	4.4	4.4	4.4	

As at 31 December 2019 NORTH AMERICA Macroeconomic Factors (MEF)	Function- Corporates/ Financial Institutions	ECL Scenario	Assigned Probabili-ties	Latest data	End Period Projections						Impact on ECL from an increase in MEF
			%	December 19 %	2019 %	2020 %	2021 %	2022 %	2023 %	2024 %	
US Unemployment Rate (%)											↑
	Both	Downside	40	3.6	3.9	4.8	5.8	5.8	5.2	4.5	
	Both	Baseline	50	3.6	3.7	3.7	3.8	4.0	4.2	4.2	
	Both	Upside	10	3.6	3.7	3.6	3.6	3.9	4.2	4.2	
US House Price Index (%YoY)											↓
	Corporates	Downside	40	4.3	2.0	-3.0	-3.1	-2.1	1.2	2.4	
	Corporates	Baseline	50	4.3	3.7	2.8	2.4	2.0	2.3	2.4	
	Corporates	Upside	10	4.3	3.8	3.2	2.6	2.1	2.3	2.4	
US 5Y Government Bond Yield (%)											↑
	Corporates	Downside	40	1.5	1.3	0.8	1.8	2.5	2.6	2.6	
	Corporates	Baseline	50	1.5	1.6	1.7	2.3	2.5	2.6	2.6	
	Corporates	Upside	10	1.5	1.8	2.1	2.5	2.5	2.6	2.6	
US 10Y Government Bond Yield (%)											↑
	Corporates	Downside	40	1.7	1.5	1.0	2.1	2.7	2.8	2.8	
	Corporates	Baseline	50	1.7	1.8	2.0	2.6	2.7	2.8	2.8	
	Corporates	Upside	10	1.7	2.0	2.4	2.7	2.7	2.8	2.8	
Dow Jones Equity Index (levels)											↓
	Both	Downside	40	30442	28557	24764	28185	32744	32931	33121	
	Both	Baseline	50	30442	31184	32484	32604	32744	32931	33122	
	Both	Upside	10	30442	31519	33951	33394	32744	32931	33121	
US Market Volatility Index (VIX Qmax, levels)											↑
	Financial Institutions	Downside	40	24.6	40.0	34.0	25.2	22.5	22.8	23.0	
	Financial Institutions	Baseline	50	24.6	22.0	22.0	22.3	22.5	22.8	23.0	
	Financial Institutions	Upside	10	24.6	20.0	16.5	19.2	22.5	22.8	23.0	
US Corporate BBB Yield (%)											↑
	Corporates	Downside	40	3.4	3.4	3.4	4.1	4.5	4.7	4.8	
	Corporates	Baseline	50	3.4	3.4	3.6	4.3	4.5	4.7	4.8	
	Corporates	Upside	10	3.4	3.6	3.9	4.4	4.5	4.7	4.8	

As at 30 June 2020 APAC Macroeconomic Factors (MEF)	Function-Corporates/ Financial Institutions	ECL Scenario	Assigned Probabili-ties	Latest data						End Period Projections	Impact on ECL from an increase in MEF
			%	June 2020 %	2020 %	2021 %	2022 %	2023 %	2024 %	2025 %	
Australia Real GDP Growth Rate (%YoY)											↓
	Both	Downside	40	-8.9	-10.4	3.1	2.3	3.2	3.1	2.9	
	Both	Baseline	50	-8.7	-7.9	8.1	4.2	3.7	3.1	2.9	
	Both	Upside	10	-5.8	-4.7	8.9	4.5	3.8	3.1	2.9	
Australia House Price Index (%YoY)											↓
	Financial Institutions	Downside	40	4.4	-2.3	5.6	2.8	2.8	2.6	2.7	
	Financial Institutions	Baseline	50	4.9	-1.9	7.1	3.5	3.5	2.7	2.7	
	Financial Institutions	Upside	10	5.4	-1.5	8.9	4.4	4.3	2.9	2.7	
China Real GDP Growth Rate (in RMB) (%YoY)											↓
	Corporates	Downside	40	0.8	5.8	4.3	4.9	5.5	5.5	5.5	
	Corporates	Baseline	50	1.0	10.9	5.7	5.6	5.6	5.5	5.5	
	Corporates	Upside	10	1.2	11.7	6.1	5.8	5.6	5.5	5.5	
Japan Unemployment Rate (%)											↑
	Corporates	Downside	40	3.0	3.8	3.2	3.0	2.8	2.7	2.7	
	Corporates	Baseline	50	2.7	3.4	2.9	2.7	2.6	2.6	2.6	
	Corporates	Upside	10	2.7	3.3	2.6	2.6	2.6	2.6	2.6	
G10 Unemployment Rate (%)											↑
	Corporates	Downside	40	7.7	7.7	8.2	7.6	7.1	6.5	5.8	
	Corporates	Baseline	50	6.7	6.7	6.7	6.5	6.2	6.0	5.6	
	Corporates	Upside	10	6.3	6.3	6.1	5.8	5.9	6.0	5.6	

As at 31 December 2019 APAC Macroeconomic Factors (MEF)	Function-Corporates/ Financial Institutions	ECL Scenario	Assigned Probabili-ties	Latest data	End Period Projections						Impact on ECL from an increase in MEF
			%	December 19 %	2019 %	2020 %	2021 %	2022 %	2023 %	2024 %	
Australia Real GDP Growth Rate (%YoY)											↓
	Both	Downside	40	1.7	1.6	0.0	0.3	1.4	2.2	2.2	
	Both	Baseline	50	1.7	2.0	2.8	2.7	2.5	2.3	2.2	
	Both	Upside	10	1.7	2.0	3.1	3.0	2.6	2.3	2.2	
Australia House Price Index (%YoY)											↓
	Financial Institutions	Downside	40	-5.7	-4.8	-6.7	-4.7	-3.0	0.4	2.3	
	Financial Institutions	Baseline	50	-5.7	-2.9	2.0	2.5	3.2	2.2	2.3	
	Financial Institutions	Upside	10	-5.7	-2.7	3.0	3.7	3.8	2.3	2.3	
China Real GDP Growth Rate (in RMB) (%YoY)											↓
	Corporates	Downside	40	6.0	4.3	4.3	4.5	5.3	5.6	5.5	
	Corporates	Baseline	50	6.0	5.9	5.8	5.7	5.7	5.6	5.5	
	Corporates	Upside	10	6.0	6.5	6.4	6.2	5.8	5.6	5.5	
Japan Unemployment Rate (%)											↑
	Corporates	Downside	40	2.4	2.5	2.7	2.9	2.9	2.7	2.5	
	Corporates	Baseline	50	2.4	2.4	2.4	2.4	2.4	2.4	2.4	
	Corporates	Upside	10	2.4	2.4	2.4	2.4	2.4	2.4	2.4	
G10 Unemployment Rate (%)											↑
	Corporates	Downside	40	5.1	5.1	5.7	6.4	6.4	5.8	5.2	
	Corporates	Baseline	50	5.1	4.9	4.8	4.8	4.8	4.8	4.8	
	Corporates	Upside	10	5.1	4.9	4.7	4.6	4.7	4.8	4.8	

The outbreak of COVID-19 led to unforeseen and significant GDP contractions in developed and emerging market economies across the globe. In consequence, Credit Suisse (CS) Economics Research also revised down their projections for GDP for 2020 in the US, the UK, the Euro Area, Australia and Switzerland as compared to December 2019 forecasts to show a collapse in economic activity which was unprecedented in the period since the 1930s Great Depression. Actual March 2020 GDP data for major Developed and Emerging economies and recently published June 2020 GDP data from the US and the Euro Area confirmed the severe impact of COVID-19 induced lockdowns on economic activity. China's year-on-year GDP growth rate decreased sharply in March and was the weakest outcome in several decades before showing positive growth in June 2020. The CS group's projection for the US Unemployment rate was revised significantly higher for 2020 as compared to December 2019 forecasts. Other significant changes to MEF projections includes materially weaker world industrial production while oil market volatility was adjusted to significantly higher levels given the decrease in oil prices due to excess supply and due to the global collapse in oil demand in March 2020. Policy rates were slashed in major economies- US, UK leading to lower Sovereign bond yields in 2020 compared to December 2019 forecasts. But now the re-openings have led to a sharp rebound in economic activity, although new localized COVID-19 outbreaks have cast yet another cloud over the global economic outlook for the second half of the year.

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

22 Related Parties

The CSi group is controlled by CSG, its ultimate parent, which is incorporated in Switzerland. The CSi group's parent company, which holds a majority of the voting rights in the undertaking, is Credit Suisse AG, which is incorporated in Switzerland. The registered address of CSG and Credit Suisse AG is Paradeplatz 8, 8070 Zurich, Switzerland.

The CSi group has significant related party balances with subsidiaries and affiliates of CSG. These transactions largely comprise derivative trades, as the Bank is the principal risk taker for derivatives within the CS group, as well as funding trades via use of loans or deposits, reverse repurchase or repurchase agreements. In addition, the ordinary shares are issued to CSG and subsidiaries of CSG. The Bank is also charged for operating costs that mainly relate to employee-related services and other business expenses. Further, these transactions also include transfer pricing income/charges with CS group entities that provide services in respect of the global derivatives business which is centrally booked in the Bank.

The CSi group generally enters into the above transactions in the ordinary course of business on market terms that could be obtained from unrelated parties. The nature of related party transactions remained consistent for the six months ended 30 June 2020 compared to the year ended 31 December 2019.

23 Contingent Liabilities and Commitments

CSi is the subject of a number of litigation matters. Provision for loss will be made where the IFRS requirements for recognition of a provision are satisfied i.e. i) loss is 'more likely than not' (>50% likelihood of loss); and ii) losses can be reasonably estimated. Furthermore, under IFRS, legal expenses are only accrued where CSi group have accrued for loss otherwise they are expensed when invoiced. 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.

CSi is the defendant in a lawsuit brought by the German public utility company Stadtwerke München GmbH in a German court, in connection with a series of interest rate swaps entered into between 2008 and 2012. The claimant alleges breach of an advisory duty to provide both investor- and investment-specific advice, including in particular a duty to disclose the initial mark-to-market value of the swaps at inception. On 22 March 2019, the trial court (the Regional Court of Frankfurt am Main) dismissed in their entirety claims against CSi. On 29 April 2019, the claimant filed a notice of appeal and an application for a supplementary judgement. On 29 November 2019, the court ruled on the supplementary judgement application, finding that the claimant was entitled to a refund of negative interest from CSi. CSi is appealing this ruling.

Credit Suisse including CSi is responding to requests from regulatory and enforcement 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. Credit Suisse is in ongoing dialogue with certain of these authorities regarding the nature of Credit Suisse's role in these transactions. 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 including CSi, 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 Credit Suisse 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.

24 Financial Instruments

The disclosure of the CSi group's financial instruments below includes the following sections:

- Analysis of financial instruments by categories, and
- Fair value measurement (including fair value hierarchy; transfers between levels; Level 3 reconciliation; qualitative and quantitative disclosures of valuation techniques; sensitivity analysis of unobservable input parameters; and recognition of trade date profit).

Analysis of financial instruments by categories

Financial instruments are measured on an ongoing basis either at fair value or at amortised cost. The following table sets out the carrying amounts and fair values of the CSi group's financial instruments.

Financial assets and liabilities by categories

			Carrying value		Total fair value
As at 30 June 2020	**Total carrying value**	Mandatorily at FVTPL	Designated at FVTPL	Amortised cost	
Financial assets (USD million)					
Cash and due from banks	6,102	–	–	6,102	6,102
Interest-bearing deposits with banks	12,045	–	–	12,045	12,045
Securities purchased under resale agreements and securities borrowing transactions	6,872	–	–	6,872	6,872
Trading financial assets mandatorily at fair value through profit or loss	190,296	190,296	–	–	190,296
Non-trading financial assets mandatorily at fair value through profit or loss	18,870	18,870	–	–	18,870
Loans and advances	2,961	–	–	2,961	2,949
Other assets	43,607	–	–	43,607	43,607
Assets held for sale	1,263	554	–	709	1,263
Total financial assets	**282,016**	**209,720**	**–**	**72,296**	**282,004**
Financial liabilities (USD million)					
Deposits	366	–	–	366	366
Securities sold under repurchase agreements and securities lending transactions	6,139	–	–	6,139	6,139
Trading financial liabilities mandatorily at fair value through profit or loss	164,899	164,899	–	–	164,899
Financial liabilities designated at fair value through profit or loss	21,111	–	21,111	–	21,111
Borrowings	8,910	–	–	8,910	8,910
Other liabilities	30,133	15	–	30,118	30,133
Debt in issuance	27,183	–	–	27,183	27,292
Liabilities held for sale	826	733	–	93	826
Total financial liabilities	**259,567**	**165,647**	**21,111**	**72,809**	**259,676**

As at 31 December 2019			Carrying value		Total fair value
USD million	Total carrying value	Mandatorily at FVTPL	Designated at FVTPL	Other amortised cost	
Financial assets (USD million)					
Cash and due from banks	4,438	–	–	4,438	4,438
Interest-bearing deposits with banks	12,205	–	–	12,205	12,205
Securities purchased under resale agreements and securities borrowing transactions	6,145	–	–	6,145	6,145
Trading financial assets mandatorily at fair value through profit or loss [2]	143,021	143,021	–	–	143,021
Non-trading financial assets mandatorily at fair value through profit or loss	22,294	22,294	–	–	22,294
Loans and advances [3]	2,824	–	–	2,824	2,823
Other assets [2]	33,223	11	–	33,212	33,223
Assets held for sale [1]	495	345	–	150	495
Total financial assets	**224,645**	**165,671**	**–**	**58,974**	**224,644**
Financial liabilities (USD million)					
Deposits	435	–	–	435	435
Securities sold under repurchase agreements and securities lending transactions	3,155	–	–	3,155	3,155
Trading financial liabilities mandatorily at fair value through profit or loss [2]	126,830	126,830	–	–	126,830
Financial liabilities designated at fair value through profit or loss	21,115	–	21,115	–	21,115
Borrowings	14,116	–	–	14,116	14,116
Other liabilities [2]	22,596	2	–	22,594	22,596
Debt in issuance [3]	14,008	–	–	14,008	14,008
Liabilities held for sale	431	237	92	102	431
Total financial liabilities	**202,686**	**127,069**	**21,207**	**54,410**	**202,686**

1 Assets held for sale does not include USD 36 million Premises and equipment as it is out of scope of the Financial instruments disclosure.

2 2019 numbers have been restated to disclose the effect of adjustments related to offsetting of centrally cleared derivative transactions. Details are included in Note 2 – Significant Accounting Policies. Trading financial assets mandatorily at FVTPL and Other assets were overstated by USD 5,422 million and USD 2,008 million respectively. Trading financial liabilities mandatorily at FVTPL and Other liabilities were overstated by USD 6,706 million and USD 724 million respectively.

3 2019 numbers have been restated to exclude the amount of Leases which is not in scope of IFRS 13. 'Lease assets' of USD 279 million and 'Lease liabilities' of USD 715 million was excluded from 'Loans and advances' and 'Debt in issuance' respectively.

Fair value measurement

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

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

In addition, the CSi group holds financial instruments for which no prices are available and which have little or no observable inputs. Further deterioration of financial markets could significantly impact the value of these financial instruments and the results of operations. For these instruments, the determination of fair value requires subjective assessment and varying degrees of judgement, depending on liquidity, concentration, pricing assumptions, the current economic and competitive environment and the risks affecting the specific instrument. In such circumstances, valuation is determined based on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. These instruments include certain OTC derivatives, including equity and credit derivatives, certain corporate equity-linked and mortgage-related securities, certain loans and credit products, including leveraged finance, certain syndicated loans and certain high yield bonds. The fair value measurement disclosures exclude derivatives transactions that are daily settled.

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

CSi group applies Funding Valuation Allowance ('FVA') on uncollateralised derivatives. FVA also applies to collateralised derivatives where the collateral received cannot be used for funding purposes. The banking industry has increasingly moved towards this valuation methodology, which accounts for the funding cost of the uncollateralised derivatives at their present value rather than accruing for these costs over the life of the derivatives.

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

Fair value hierarchy

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

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

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

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

As at 30 June 2020	Level 1	Level 2	Level 3	Impact of netting [1]	Total at fair value
Assets (USD million)					
Debt securities	**8,546**	**6,580**	**893**	**–**	**16,019**
of which UK government	4,775	–	–	–	4,775
of which foreign governments	3,770	386	–	–	4,156
of which corporates	1	6,056	883	–	6,940
of which residential mortgage backed securities	–	138	10	–	148
Equity securities	**9,155**	**1,634**	**376**	**–**	**11,165**
Derivatives	**6,078**	**177,108**	**2,170**	**(23,178)**	**162,178**
of which interest rate products	519	124,673	191	(22,988)	102,395
of which foreign exchange products	53	21,141	186	–	21,380
of which equity/index-related products	5,198	23,211	902	(142)	29,169
of which credit derivatives	–	7,683	891	(36)	8,538
of which other derivative products	308	400	–	(12)	696
Other	**4**	**804**	**126**	**–**	**934**
Trading financial assets mandatorily at fair value through profit or loss	**23,783**	**186,126**	**3,565**	**(23,178)**	**190,296**
Securities purchased under resale agreements and securities borrowing transactions	**–**	**15,132**	**–**	**(161)**	**14,971**
Loans and advances	**–**	**1,882**	**606**	**–**	**2,488**
of which commercial and industrial loans	–	822	298	–	1,120
of which loans to financial institutions	–	918	308	–	1,226
of which government and public institutions	–	43	–	–	43
of which real estate	–	99	–	–	99
Other Non-trading financial assets mandatorily at fair value through profit or loss	**261**	**1,125**	**25**	**–**	**1,411**
of which failed purchases	261	1,078	–	–	1,339
of which other	–	47	25	–	72
Non-trading financial assets mandatorily at fair value through profit or loss	**261**	**18,139**	**631**	**(161)**	**18,870**
Debt securities	**–**	**1**	**–**	**–**	**1**
of which corporates	–	1	–	–	1
Equity securities	**6**	**1**	**–**	**–**	**7**
Derivatives	**–**	**511**	**–**	**–**	**511**
of which interest rate products	–	408	–	–	408
of which foreign exchange products	–	83	–	–	83
of which equity/index-related products	–	20	–	–	20
Trading financial assets mandatorily at fair value through profit or loss	**6**	**513**	**–**	**–**	**519**
Securities purchased under resale agreements and securities borrowing transactions	**–**	**–**	**–**	**–**	**–**
Loans	**–**	**5**	**30**	**–**	**35**
of which commercial and industrial loans	–	–	30	–	30
of which loans to financial institutions	–	5	–	–	5
Assets held for sale	**6**	**518**	**30**	**–**	**554**
Total assets at fair value	**24,050**	**204,783**	**4,226**	**(23,339)**	**209,720**

[1] Derivative contracts/ Securities purchased under resale agreements and securities borrowing transactions are reported on a gross basis by Level. The impact of netting represents an adjustment related to counterparty netting.

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

As at 30 June 2020	Level 1	Level 2 [2]	Level 3	Impact of netting [1]	Total at fair value
Liabilities (USD million)					
Debt securities	**601**	**367**	**–**	**–**	**968**
of which UK government	384	–	–	–	384
of which foreign governments	217	116	–	–	333
of which corporates	–	251	–	–	251
Equity securities	**6,966**	**–**	**–**	**–**	**6,966**
Derivatives	**6,378**	**171,479**	**1,970**	**(22,862)**	**156,965**
of which interest rate products	537	121,742	137	(22,659)	99,757
of which foreign exchange products	53	23,436	86	–	23,575
of which equity/index-related products	5,476	17,928	860	(116)	24,148
of which credit derivatives	–	7,764	887	(40)	8,611
of which other derivative products	312	609	–	(47)	874
Trading financial liabilities mandatorily at fair value through profit or loss	**13,945**	**171,846**	**1,970**	**(22,862)**	**164,899**
Securities sold under resale agreements and securities borrowing transactions	**–**	**9,292**	**–**	**(161)**	**9,131**
Borrowings	**–**	**3,048**	**191**	**–**	**3,239**
Debt in issuance	**–**	**6,217**	**1,574**	**–**	**7,791**
of which structured notes between one and two years	–	1,905	106	–	2,011
of which other debt instruments between one and two years	–	107	–	–	107
of which treasury debt over two years	–	28	–	–	28
of which structured notes over two years	–	1,769	1,295	–	3,064
of which other debt instruments over two years	–	2,370	148	–	2,518
of which non-recourse liabilities	–	38	25	–	63
Other financial liabilities designated at fair value through profit or loss	**57**	**631**	**262**	**–**	**950**
of which failed sales	57	595	204	–	856
of which others	–	36	58	–	94
Financial liabilities designated at fair value through profit or loss	**57**	**19,188**	**2,027**	**(161)**	**21,111**
Derivatives	**–**	**733**	**–**	**–**	**733**
of which interest rate products	–	489	–	–	489
of which foreign exchange products	–	165	–	–	165
of which equity/index-related products	–	79	–	–	79
Trading financial liabilities mandatorily at fair value through profit or loss	**–**	**733**	**–**	**–**	**733**
Liabilities held for sale	**–**	**733**	**–**	**–**	**733**
Total liabilities at fair value	**14,002**	**191,767**	**3,997**	**(23,023)**	**186,743**
Net assets/liabilities at fair value	**10,048**	**13,016**	**229**	**(316)**	**22,977**

1 Derivative contracts/Securities sold under resale agreements and securities borrowing transactions are reported on a gross basis by Level. The impact of netting represents an adjustment related to counterparty netting.
2 Fair value of cash flow hedging derivatives of USD 15 million is included in 'Other liabilities'. These are level 2 instruments. The same is not included in the above table.

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

As at 31 December 2019	Level 1	Level 2	Level 3	Impact of netting [1]	**Total at fair value**
Assets (USD million)					
Debt securities	**8,117**	**4,769**	**1,202**	**–**	**14,088**
of which UK government	5,008	–	–	–	5,008
of which foreign governments	3,028	546	31	–	3,605
of which corporates	81	4,057	1,171	–	5,309
of which residential mortgage backed securities	–	166	–	–	166
of which commercial mortgage backed securities	–	–	–	–	–
Equity securities	**4,558**	**2,153**	**596**	**–**	**7,307**
Derivatives	**15,012**	**117,350**	**1,947**	**(13,584)** [3]	**120,725**
of which interest rate products	12,201	82,469	211	(13,503)	81,378
of which foreign exchange products	48	17,971	181	–	18,200
of which equity/index-related products	2,444	12,210	1,003	(16)	15,641
of which credit derivatives	123	4,573	552	(63)	5,185
of which other derivative products	196	127	–	(2)	321
Other	**–**	**647**	**254**	**–**	**901**
Trading financial assets mandatorily at fair value through profit or loss	**27,687**	**124,919**	**3,999**	**(13,584)**	**143,021**
Securities purchased under resale agreements and securities borrowing transactions	**–**	**20,210**	**–**	**(330)**	**19,880**
Loans	**–**	**793**	**561**	**–**	**1,354**
of which commercial and industrial loans	–	218	421	–	639
of which loans to financial institutions	–	461	137	–	598
of which government and public institutions	–	58	3	–	61
of which real estate	–	56	–	–	56
Other non-trading financial assets mandatorily at fair value through profit or loss	**–**	**1,034**	**26**	**–**	**1,060**
of which failed purchases	–	992	–	–	992
of which other	–	42	26	–	68
Non-trading financial assets mandatorily at fair value through profit or loss	**–**	**22,037**	**587**	**(330)**	**22,294**
Equity securities	**7**	**–**	**–**	**–**	**7**
Derivatives	**–**	**239**	**–**	**–**	**239**
of which interest rate products	–	203	–	–	203
of which foreign exchange products	–	16	–	–	16
of which equity/index-related products	–	18	–	–	18
of which credit derivatives	–	2	–	–	2
Trading financial assets at fair value through profit or loss	**7**	**239**	**–**	**–**	**246**
Loans	**–**	**77**	**22**	**–**	**99**
of which commercial and industrial loans	–	42	22	–	64
of which loans to financial institutions	–	35	–	–	35
Assets held for sale	**7**	**316**	**22**	**–**	**345**
Total assets at fair value	**27,694**	**147,272**	**4,608**	**(13,914)**	**165,660**

[1] Derivative contracts/ Securities purchased under resale agreements and securities borrowing transactions are reported on a gross basis by Level. The impact of netting represents an adjustment related to counterparty netting.

[2] Fair value of cash flow hedging derivatives of USD 11 million is included in 'Other assets'. These are level 2 instruments.The same is not included in the above table.

[3] 2019 numbers have been restated to disclose the effect of adjustments related to offsetting of centrally cleared derivative transactions. Gross derivative assets were understated by USD 6,537 million and netting on derivative assets was understated by USD 11,959 million and consequently the net derivative assets were overstated by USD 5,422 million. Gross derivative liabilities were understated by USD 5,278 million and netting on derivative liabilities was understated by USD 11,984 million and consequently the net derivative liabilities were overstated by USD 6,706 million. Details included in Note 2 – Significant Accounting Policies.

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

As at 31 December 2019	Level 1	Level 2	Level 3	Impact of netting [1]	Total at fair value
Liabilities (USD million)					
Debt securities	**398**	**352**	**–**	**–**	**750**
of which UK government	361	–	–	–	361
of which foreign governments	37	65	–	–	102
of which corporates	–	287	–	–	287
Equity securities	**3,269**	**–**	**–**	**–**	**3,269**
Derivatives	**15,276**	**117,982**	**2,753**	**(13,200) [3]**	**122,811**
of which interest rate products	12,172	79,985	154	(13,083)	79,228
of which foreign exchange products	48	21,330	110	–	21,488
of which equity/index-related products	2,734	11,418	1,829	(49)	15,932
of which credit derivatives	123	4,932	660	(60)	5,655
of which other derivative products	199	317	–	(8)	508
Trading financial liabilities mandatorily at fair value through profit or loss	**18,943**	**118,334**	**2,753**	**(13,200)**	**126,830**
Securities sold under resale agreements and securities borrowing transactions	**–**	**9,934**	**–**	**(330)**	**9,604**
Borrowings	**–**	**2,234**	**617**	**–**	**2,851**
Debt in issuance	**–**	**6,140**	**1,926**	**–**	**8,066**
of which structured notes between one and two years	–	1,874	239	–	2,113
of which other debt instruments between one and two years	–	113	–	–	113
of which treasury debt over two years	–	62	–	–	62
of which structured notes over two years	–	1,891	1,545	–	3,436
of which other debt instruments over two years	–	2,091	125	–	2,216
of which non-recourse liabilities	–	109	17	–	126
Other financial liabilities designated at fair value through profit or loss	**–**	**428**	**166**	**–**	**594**
of which failed sales	–	424	135	–	559
of which other	–	4	31	–	35
Financial liabilities designated at fair value through profit or loss	**–**	**18,736**	**2,709**	**(330)**	**21,115**
Equity securities	**4**	–	–	–	**4**
Derivatives	**–**	**233**	**–**	**–**	**233**
of which interest rate products	–	178	–	–	**178**
of which foreign exchange products	–	28	–	–	**28**
of which equity/index-related products	–	20	–	–	**20**
of which credit derivatives	–	7	–	–	**7**
Trading financial liabilities at fair value through profit or loss	**4**	**233**	**–**	**–**	**237**
Debt in issuance	**–**	**67**	**25**	**–**	**92**
of which other debt instruments between one and two years	–	67	25	–	92
Financial liabilities designated at fair value through profit or loss	**–**	**67**	**25**	**–**	**92**
Liabilities held for sale	**4**	**300**	**25**	**–**	**329**
Total liabilities at fair value	**18,947**	**137,370**	**5,487**	**(13,530)**	**148,274**
Net assets/liabilities at fair value	**8,747**	**9,902**	**(879)**	**(384)**	**17,386**

[1] Derivative contracts/Securities sold under resale agreements and securities borrowing transactions are reported on a gross basis by Level. The impact of netting represents an adjustment related to counterparty netting.

[2] Fair value of cash flow hedging derivatives of USD 2 million is included in 'Other liabilities'. These are level 2 instruments. The same is not included in the above table.

[3] 2019 numbers have been restated to disclose the effect of adjustments related to offsetting of centrally cleared derivative transactions. Gross derivative assets were understated by USD 6,537 million and netting on derivative assets was understated by USD 11,959 million and consequently the net derivative assets were overstated by USD 5,422 million. Gross derivative liabilities were understated by USD 5,278 million and netting on derivative liabilities was understated by USD 11,984 million and consequently the net derivative liabilities were overstated by USD 6,706 million. Details included in Note 2 – Significant Accounting Policies.

Transfers between Level 1 and Level 2

The following table shows the transfers between Level 1 to Level 2 of the fair value hierarchy.

	6M20		2019	
USD million	Transfers out of Level 1 to Level 2	Transfers to Level 1 out of Level 2	Transfers out of Level 1 to Level 2	Transfers to Level 1 out of Level 2
Assets				
Trading financial assets mandatorily at fair value through profit or loss	25	2,320	89	2,697
Total transfers in assets at fair value	**25**	**2,320**	**89**	**2,697**
Liabilities				
Trading financial liabilities mandatorily at fair value through profit or loss	–	1,956	3	3,070
Total transfers in liabilities at fair value	**–**	**1,956**	**3**	**3,070**

[1] Amounts in the above table includes both continuing and discontinued operations.

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

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

Movements of Level 3 instruments

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

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

6M20	Balance as at 1 January 2020	Transfers in	Transfers out	Purchases	Sales	Issuances	Settlements	Trading revenues On transfers in/out [1]	Trading revenues On all other	Balance as at 30 June 2020
Assets at fair value (USD million)										
Debt securities	**1,202**	**73**	**(556)**	**1,274**	**(1,205)**	**–**	**–**	**67**	**38**	**893**
of which foreign governments	31	2	(2)	12	(39)	–	–	1	(5)	–
of which corporates	1,171	56	(554)	1,262	(1,166)	–	–	66	48	883
of which residential mortgage-backed securities	–	15	–	–	–	–	–	–	(5)	10
Equity securities	**596**	**–**	**–**	**12**	**(192)**	**–**	**–**	**(9)**	**(31)**	**376**
Derivatives	**1,947**	**654**	**(1,345)**	**–**	**–**	**1,517**	**(1,759)**	**(220)**	**1,376**	**2,170**
of which interest rate products	211	20	(38)	–	–	44	(22)	(21)	(3)	191
of which foreign exchange products	181	19	(30)	–	–	20	(37)	12	21	186
of which equity/index-related products	1,003	251	(959)	–	–	951	(1,085)	(293)	1,034	902
of which credit derivatives	552	364	(318)	–	–	502	(615)	82	324	891
Other	**254**	**103**	**(151)**	**402**	**(510)**	**55**	**(19)**	**(1)**	**(7)**	**126**
Trading financial assets mandatorily at fair value through profit or loss	**3,999**	**830**	**(2,052)**	**1,688**	**(1,907)**	**1,572**	**(1,778)**	**(163)**	**1,376**	**3,565**
Loans	**561**	**148**	**(145)**	**–**	**(217)**	**197**	**(35)**	**(10)**	**107**	**606**
of which commercial and industrial loans	421	148	(145)	–	(217)	145	(29)	(10)	(15)	298
of which loans to financial institutions	137	–	–	–	–	52	(6)	–	125	308
of which government and public institutions	3	–	–	–	–	–	–	–	(3)	–
Other non-trading financial assets mandatorily at fair value through profit or loss	**26**	**3**	**(4)**	**–**	**–**	**1**	**–**	**1**	**(2)**	**25**
of which other	26	3	(4)	–	–	1	–	1	(2)	25
Non-trading financial assets mandatorily at fair value through profit or loss	**587**	**151**	**(149)**	**–**	**(217)**	**198**	**(35)**	**(9)**	**105**	**631**
Loans	**22**	**35**	**–**	**–**	**(22)**	**–**	**(3)**	**–**	**(2)**	**30**
of which commercial and industrial loans	22	35	–	–	(22)	–	(3)	–	(2)	30
Assets held for sale	**22**	**35**	**–**	**–**	**(22)**	**–**	**(3)**	**–**	**(2)**	**30**
Total assets at fair value	**4,608**	**1,016**	**(2,201)**	**1,688**	**(2,146)**	**1,770**	**(1,816)**	**(172)**	**1,479**	**4,226**

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

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

6M20	Balance as at 1 January 2020	Transfers in	Transfers out	Purchases	Sales	Issuances	Settlements	Trading revenues On transfers in/out [1]	Trading revenues On all other	Balance as at 30 June 2020
Liabilities at fair value (USD million)										
Derivatives	**2,753**	**450**	**(891)**	**–**	**(3)**	**815**	**(1,340)**	**144**	**42**	**1,970**
of which interest rate products	154	–	(12)	–	(3)	18	(8)	(7)	(5)	137
of which foreign exchange products	110	3	(4)	–	–	2	(49)	25	(1)	86
of which equity/index-related products	1,829	91	(499)	–	–	248	(610)	(307)	108	860
of which credit derivatives	660	356	(376)	–	–	547	(673)	433	(60)	887
Trading financial liabilities mandatorily at fair value through profit or loss	**2,753**	**450**	**(891)**	**–**	**(3)**	**815**	**(1,340)**	**144**	**42**	**1,970**
Borrowings	**617**	**9**	**(80)**	**–**	**–**	**266**	**(535)**	**1**	**(87)**	**191**
Debt in issuance	**1,926**	**94**	**(348)**	**–**	**–**	**483**	**(428)**	**21**	**(174)**	**1,574**
of which structured notes between one and two years	239	40	(166)	–	–	130	(104)	16	(49)	106
of which structured notes over two years	1,545	32	(162)	–	–	301	(303)	8	(126)	1,295
of which other debt instruments over two years	125	22	(20)	–	–	24	(2)	(3)	2	148
of which non-recourse liabilities	17	–	–	–	–	28	(19)	–	(1)	25
Other financial liabilities designated at fair value through profit or loss	**166**	**65**	**(122)**	**–**	**136**	**–**	**–**	**(2)**	**19**	**262**
of which failed sales	135	48	(108)	–	136	–	–	(2)	(5)	204
of which others	31	17	(14)	–	–	–	–	–	24	58
Financial liabilities designated at fair value through profit or loss	**2,709**	**168**	**(550)**	**–**	**136**	**749**	**(963)**	**20**	**(242)**	**2,027**
Debt in issuance	**25**	**–**	**–**	**–**	**–**	**–**	**(25)**	**–**	**–**	**–**
of which other debt instruments over two years	25	–	–	–	–	–	(25)	–	–	–
Liabilities held for sale	**25**	**–**	**–**	**–**	**–**	**–**	**(25)**	**–**	**–**	**–**
Total liabilities at fair value	**5,487**	**618**	**(1,441)**	**–**	**133**	**1,564**	**(2,328)**	**164**	**(200)**	**3,997**
Net assets/liabilities at fair value	**(879)**	**398**	**(760)**	**1,688**	**(2,279)**	**206**	**512**	**(336)**	**1,679**	**229**

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

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

6M19	Balance as at 1 January 2019	Transfers in	Transfers out	Purchases	Sales	Issuances	Settlements	Trading revenues: On transfers in/out [1]	Trading revenues: On all other	Balance as at 30 June 2019
Assets at fair value (USD million)										
Debt securities	**1,154**	**224**	**(322)**	**697**	**(690)**	**–**	**–**	**–**	**50**	**1,113**
of which foreign governments	49	–	(44)	39	(48)	–	–	3	1	–
of which corporates	1,090	224	(278)	658	(642)	–	–	(3)	51	1,100
of which commercial mortgage backed securities	12	–	–	–	–	–	–	–	1	13
of which residential mortgage-backed securities	3	–	–	–	–	–	–	–	(3)	–
Equity securities	**611**	**–**	**(3)**	**1**	**(67)**	**–**	**–**	**–**	**55**	**597**
Derivatives	**3,047**	**373**	**(616)**	**–**	**–**	**418**	**(934)**	**(95)**	**(264)**	**1,929**
of which interest rate products	204	12	–	–	–	16	(23)	3	40	252
of which foreign exchange products	276	15	(14)	–	–	29	(19)	(1)	(27)	259
of which equity/index-related products	2,009	274	(511)	–	–	305	(726)	(94)	(256)	1,001
of which credit derivatives	558	72	(91)	–	–	68	(166)	(3)	(21)	417
Other	**249**	**43**	**(186)**	**208**	**(180)**	**5**	**(20)**	**(2)**	**3**	**120**
Trading financial assets mandatorily at fair value through profit or loss	**5,061**	**640**	**(1,127)**	**906**	**(937)**	**423**	**(954)**	**(97)**	**(156)**	**3,759**
Loans	**273**	**–**	**–**	**17**	**(95)**	**22**	**(69)**	**–**	**16**	**164**
of which commercial and industrial loans	98	–	–	–	(24)	21	(25)	–	2	72
of which loans to financial institutions	175	–	–	17	(71)	1	(44)	–	14	92
Other non-trading financial assets mandatorily at fair value through profit or loss	**78**	**8**	**(50)**	**–**	**–**	**–**	**–**	**(2)**	**(13)**	**21**
of which failed purchases	51	–	(49)	–	–	–	–	(2)	–	–
of which other	27	8	(1)	–	–	–	–	–	(13)	21
Non-trading financial assets mandatorily at fair value through profit or loss	**351**	**8**	**(50)**	**17**	**(95)**	**22**	**(69)**	**(2)**	**3**	**185**
Total assets at fair value	**5,412**	**648**	**(1,177)**	**923**	**(1,032)**	**445**	**(1,023)**	**(99)**	**(153)**	**3,944**

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

[2] In previous periods, movements of Level 3 financial instruments were presented for the period from 1 July to 31 December. Movements of Level 3 financial instruments for 2019 have been re-presented to facilitate comparison of the associated trading revenues with the comparative six month period ended 30 June 2019.

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

6M19	Balance as at 1 January 2019	Transfers in	Transfers out	Purchases	Sales	Issuances	Settlements	Trading revenues On transfers in/out [1]	Trading revenues On all other	Balance as at 30 June 2019
Liabilities at fair value (USD million)										
Derivatives	**1,919**	**164**	**(316)**	**–**	**–**	**94**	**(479)**	**67**	**753**	**2,202**
of which interest rate products	199	8	(5)	–	–	15	(23)	1	39	234
of which foreign exchange products	136	13	(10)	–	–	1	(13)	(2)	6	131
of which equity/index-related products	1,010	72	(203)	–	–	60	(294)	64	643	1,352
of which credit derivatives	574	71	(98)	–	–	18	(149)	4	65	485
Trading financial liabilities mandatorily at fair value through profit or loss	**1,919**	**164**	**(316)**	**–**	**–**	**94**	**(479)**	**67**	**753**	**2,202**
Borrowings	**460**	**38**	**(122)**	**–**	**–**	**481**	**(368)**	**2**	**33**	**524**
Debt in issuance	**2,302**	**453**	**(910)**	**–**	**–**	**691**	**(506)**	**29**	**57**	**2,116**
of which structured notes between one and two years	126	65	(54)	–	–	141	(80)	1	12	211
of which other debt instruments between one and two years	–	–	–	–	–	–	–	–	–	–
of which structured notes over two years	1,894	360	(536)	–	–	94	(325)	18	65	1,570
of which other debt instruments over two years	256	24	(320)	–	–	448	(87)	10	(20)	311
of which non-recourse liabilities	26	4	–	–	–	8	(14)	–	–	24
Other financial liabilities designated at fair value through profit or loss	**130**	**29**	**(75)**	**2**	**(24)**	**3**	**–**	**(1)**	**(11)**	**53**
of which failed sales	99	25	(64)	–	(17)	–	–	(1)	–	42
of which others	31	4	(11)	2	(7)	3	–	–	(11)	11
Financial liabilities designated at fair value through profit or loss	**2,892**	**520**	**(1,107)**	**2**	**(24)**	**1,175**	**(874)**	**30**	**79**	**2,693**
Total liabilities at fair value	**4,811**	**684**	**(1,423)**	**2**	**(24)**	**1,269**	**(1,353)**	**97**	**832**	**4,895**
Net assets/liabilities at fair value	**601**	**(36)**	**246**	**921**	**(1,008)**	**(824)**	**330**	**(196)**	**(985)**	**(951)**

[1] For all transfers to Level 3 or out of Level 3, the CSi group determines and discloses as Level 3 events, all gains or losses through the last day of the reporting period.
[2] In previous periods, movements of Level 3 financial instruments were presented for the period from 1 July to 31 December. Movements of Level 3 financial instruments for 2019 have been re-presented to facilitate comparison of the associated trading revenues with the comparative six month period ended 30 June 2019.

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

	6M20	6M19
Trading revenues (USD million)		
Net realised and unrealised gains/(losses) included in net revenues	1,343	(1,181)
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	800	73
Non-trading financial assets mandatorily at fair value through profit or loss	(6)	7
Non-trading financial liabilities mandatorily at fair value through profit or loss	17	–
Trading financial liabilities mandatorily at fair value through profit or loss	(374)	(853)
Financial liabilities designated at fair value through profit or loss	12	(75)
Total changes in unrealised gains/(losses) relating to assets and liabilities still held as of the reporting date	**449**	**(848)**

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 as at 30 June 2020 amounted to USD 830 million and USD (2,052) million, respectively. Transfers into Level 3 mainly comprised USD 615 million mainly related to equity/index-related and credit derivatives and USD 103 million related to trading loans. Transfers out of Level 3 mainly comprised USD (1,277) million of equity/index-related derivatives and credit derivatives, USD (566) million related to trading debt securities and USD (151) million related to trading loans.

Trading financial assets transferred into and out of Level 3 as at 30 June 2019 amounted to USD 640 million and USD (1,127) million, respectively. Transfers into Level 3 mainly comprised USD 373 million mainly related to equity/index-related and credit derivatives and USD 224 million related to trading debt securities. Transfers out of Level 3 mainly comprised USD (616) million of equity/index-related derivatives and credit derivatives, USD (322) million related to trading debt securities and USD (186) million related to trading loans.

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

Non-trading financial assets mandatorily at fair value through profit or loss transferred into and out of Level 3 in 2020 amounted to USD 151 million and USD (149) million respectively. Both transfers into and out of Level 3 pertain to loan commitments amounting to USD 148 million and USD (145) million respectively.

Non-trading financial assets mandatorily at fair value through profit or loss transferred into and out of Level 3 as at 30 June 2019 amounted to USD 8 million and USD (50) million respectively. Transfers in Level 3 pertain to loan commitments and transfers out of Level 3 were mainly related to failed purchases.

Trading financial liabilities at fair value through profit or loss

Trading financial liabilities transferred into and out of Level 3 as at 30 June 2020 amounted to USD 450 million and USD (891) million, respectively. Both transfers into and out of Level 3 were mainly related to equity/index-related and credit derivatives.

Trading financial liabilities transferred into and out of Level 3 as at 30 June 2019 amounted to USD 164 million and USD (316) million, respectively. Both transfers into and out of Level 3 were mainly related to equity/index-related and credit derivatives.

Financial liabilities designated at fair value through profit or loss

Financial liabilities designated at fair value through profit or loss transferred into and out of Level 3 as at 30 June 2020 amounted to USD 168 million and USD (550) million, respectively. The transfers into and out of Level 3 were mainly related to Debt in Issuance and Failed sales.

Financial liabilities designated at fair value through profit or loss transferred into and out of Level 3 as at 30 June 2019 amounted to USD 520 million and USD (1,107) million, respectively. The transfers into and out of Level 3 were mainly related to Borrowings and Debt in Issuance.

Qualitative disclosures of valuation techniques

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

On a monthly basis, meetings are held for each business line with senior representatives of the 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 Group Finance to discuss independent price verification results, valuation issues, business and market updates, as well as a review of significant changes in fair value from the prior quarter, significant unobservable inputs and prices used in valuation techniques, and valuation adjustments.

The results of these meetings are aggregated for presentation to the Valuation and Risk Management Committee ('VARMC') and the Audit Committee. The VARMC, which is comprised of CSG Executive Board members and the heads of the business and control functions, meets to review and ratify valuation review conclusions, and to resolve significant valuation issues for the CSi group. VARMC includes a formal CSi voting sub-committee comprising the CEO CSi, CFO CSi and CRO CSi, who ratify decisions relevant to the entity. Oversight of the valuation control framework is through specific and regular reporting on valuation directly to the CSG Executive Board and CSi 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 CSi group performs a sensitivity analysis of its significant level 3 financial instruments. This sensitivity analysis estimates a fair value range by changing the related significant unobservable inputs value. Where a model-based technique is used to determine the fair value of the level 3 financial instrument, an alternative input value is utilised to derive an estimated fair value range. Where a price-based technique is used to determine the fair value of the level 3 financial instrument, 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.

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

The CSi group enters into transactions involving securities borrowed and securities loaned transactions as part of the CSi group's matched-book activities to accommodate clients, finance the CSi group's trading inventory, obtain securities for settlement and earn interest spreads.

Debt securities

Foreign governments and corporates

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

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

Equity securities
The majority of the CSi group's positions in equity securities are traded on public stock exchanges for which quoted prices are readily and regularly available and are therefore categorised as level 1 instruments. Level 2 and level 3 equities include fund-linked products, convertible bonds or equity securities with restrictions that are not traded in active markets. Significant unobservable inputs may include earnings before interest, taxes, depreciation and amortisation, ('EBITDA') multiple, discount rate and capitalisation rate.

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

The fair values of OTC derivatives are determined on the basis of either industry standard models or internally developed proprietary models. Both model types use various observable and unobservable inputs in order to determine fair value. The inputs include those characteristics of the derivative that have a bearing on the economics of the instrument. The determination of the fair value of many derivatives involves only a limited degree of subjectivity because the required inputs are observable in the market place, while more complex derivatives may use unobservable inputs that rely on specific proprietary modelling assumptions. Where observable inputs (prices from exchanges, dealers, brokers or market consensus data providers) are not available, attempts are made to infer values from observable prices through model calibration (spot and forward rates, mean reversion, benchmark interest rate curves and volatility inputs for commonly traded option products). For inputs that cannot be derived from other sources, estimates from historical data may be made. OTC derivatives where the majority of the value is derived from market observable inputs are categorised as level 2 instruments, while those where the majority of the value is derived from unobservable inputs are categorised as level 3 of the fair value hierarchy.

The valuation of derivatives includes an adjustment for the cost of funding uncollateralised OTC derivatives.

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

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

Equity and index-related derivatives
Equity derivatives include vanilla options and swaps in addition to different types of exotic options. Inputs for equity derivatives can include market comparable price, correlation, volatility, skew and buyback probability. Generally, volatility, forward skew, correlation and gap risk are positively correlated.

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

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

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

Non-trading financial assets mandatorily at fair value through profit or loss
Loans
The CSi group's loan portfolio which is measured at fair value primarily consists of commercial and industrial loans, loans to government and public institutions, and loans to financial institutions. These categories include commercial loans, real estate loans, corporate loans, leverage finance loans and emerging market loans. Fair value is based on recent transactions and quoted prices, where available. Where recent transactions and quoted prices are not

available, fair value may be determined by relative value benchmarking (which includes pricing based upon another position in the same capital structure, other comparable loan issues, generic industry credit spreads, implied credit spreads derived from CDS for the specific borrower, and enterprise valuations) or calculated based on the exit price of the collateral, based on current market conditions.

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

Other 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.

Financial liabilities designated at fair value through profit or loss

Borrowings and Debt in issuance

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

Other financial liabilities designated at fair value through profit or loss

Failed sales

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

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 "Financial assets and liabilities by categories". These instruments include: cash and due from banks deposits, 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.

Sensitivity of fair value measurements to changes in significant unobservable inputs

For level 3 assets with a significant unobservable input of buyback probability, contingent probability, correlation, price, volatility, mean reversion and discount rate in general, an increase in the significant unobservable input would increase the fair value. For level 3 assets with a significant unobservable input of prepayment rate, recovery rate and credit spread, in general, an increase in the significant unobservable input would decrease the fair value.

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

Interrelationships between significant unobservable inputs

Except as noted above, there are no material interrelationships between the significant unobservable inputs for the financial instruments. As the significant unobservable inputs may move independently, generally an increase or decrease in one significant unobservable input may have no impact on the other significant unobservable inputs.

Quantitative disclosures of valuation techniques

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

As at 30 June 2020 USD million, except as indicated	Fair Value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average
Assets at fair value						
Debt securities	**893**					
of which corporates	883					
of which	347	Option model	Correlation, in %	(50)	93	43
	56		Gap risk, in %	–	2	–
	273		Volatility, in %	0	213	15
of which	19	Discounted cash flow	Credit spread in bp	132	1,558	415
of which	66	Market comparable	Price in %	–	207	146
Equity securities	**376**					
of which	4	Market comparable	Price in %	5	5	5
	372	Vendor price	Fund NAV, in USD million	1	55	3
Derivatives	**2,170**					
of which interest rate products	191					
of which	40	Option model	Correlation in %	5	99	47
	–		Mean reversion, in %	15	15	15
	116		Prepayment rate in %	1	27	9
	35		FX Volatility, in %	(3)	0	(2)
of which foreign exchange products	186					
of which	87	Option model	Correlation in %	5	70	29
	32		Prepayment rate in %	23	27	25
	12		Volatility in %	–	85	6
of which equity/index-related products	902					
of which	16	Option model	Buyback probability, in %	50	100	70
	267		Correlation, in %	(50)	93	52
	511		Volatility, in %	(83)	213	8
of which credit derivatives	891					
of which	–	Discounted cash flow	Correlation, in %	97	97	97
	251		Credit spread, in bp	2	2,866	347
	–		Default rate, in %	1	5	3
	154		Discount rate, in %	8	30	21
	22		Funding spread, in bps	112	154	116
	–		Loss severity, in %	10	95	59
	335		Recovery rate, in %	–	49	11
	105		Volatility, in %	60	103	89
of which	–	Option model	Prepayment rate, in %	2	7	5
of which	–	Market comparable	Price, in %	98	113	109
Other	**126**					
of which trading	20	Discounted cash flow	Credit spread in bp	21	21	21
	85	Market comparable	Price in %	–	106	62
Loans	**661**					
of which commercial and industrial loans	298					
	154	Discounted cash flow	Credit spread in bp	300	300	300
	109	Market comparable	Price in %	10	90	88
of which loans to financial institutions	308					
	87	Discounted cash flow	Credit spread in bp	255	478	340
	170	Market comparable	Price, in %	98	98	98
of which loans held-for-sale	41	Market comparable	Price, in %	–	99	77

As at 30 June 2020 USD million, except as indicated	Fair Value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average
Liabilities at fair value (USD million)						
Derivatives	**1,970**					
of which interest rate products	137					
of which	12	Option model	Correlation, in %	5	99	33
	18		Mean reversion, in %	(10)	15	(4)
	104		Prepayment rate, in %	1	27	6
of which foreign exchange products	86					
of which	16	Option model	Correlation, in %	35	70	53
	40		Prepayment rate, in %	23	27	25
of which	8	Discounted cash flow	Contingent probability, in %	95	95	95
of which equity/index-related products	860					
of which	60	Option model	Buyback probability, in %	50	100	70
	167		Correlation, in %	(50)	93	48
	604		Volatility, in %	(83)	213	12
of which credit derivatives	887					
of which	–	Discounted cash flow	Correlation, in %	97	97	97
	230		Credit spread, in bp	2	2,866	388
	–		Default rate, in %	–	5	2
	154		Discount rate, in %	8	30	20
	110		Funding spread, in bps	112	154	119
	–		Loss severity, in %	–	95	59
	266		Recovery rate, in %	–	45	16
	100		Volatility, in %	62	102	84
	–	Option model	Prepayment rate, in %	–	7	5
Debt in issuance	**1,574**					
of which structured notes over two years	1,295					
of which	899	Discounted cash flow	Credit spread, in bp	23	391	25
	–		Recovery rate, in %	25	40	40
	–		CS own spread, in bps	(15)	168	47
of which	262	Option model	Buyback probability, in %	50	100	70
	58		Correlation, in %	(50)	93	49
	41		Gap risk, in %	–	2	–
	34		Volatility, in %	0	213	16
of which other debt over two years	148					
of which	120	Option model	Buyback probability, in %	50	100	70
	17		Correlation, in %	(50)	93	49
	11		Gap risk, in %	–	2	–
of which structured notes between one and two years	106					
of which	30	Option model	Buyback probability, in %	50	100	70
	75		Gap risk, in %	–	2	–
Borrowings	**191**					
of which	150	Option model	Buyback probability, in %	50	100	70
	3		Correlation, in %	(50)	93	49
	33		Gap risk, in %	–	2	–
Other Financial liabilities designated at fair value	**262**					
of which failed sales	178	Market comparable	Price in %	–	98	84

As at 31 December 2019 USD million, except as indicated	Fair Value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average
Assets at fair value						
Debt securities	**1,202**					
of which corporates	1,171					
of which	658	Option model	Correlation in %	(60)	100	63
	277		Volatility in %	–	275	26
of which	79	Discounted cash flow	Credit spread in bp	108	560	241
of which	3	Market comparable	Price in %		101	97
Equity securities	**596**					
of which	4	Market Comparables	Price, in %	6	7	7
	590	Vendor price	Fund NAV, in USD million	–	9	–
Derivatives	**1,947**					
of which interest rate products	211					
of which	45	Option model	Correlation in %	5	100	49
	1		Mean reversion, in %	(55)	15	13
	99		Prepayment rate in %	1	28	10
	40		Volatility skew, in %	(4)	1	(1)
of which foreign exchange products	181					
of which	96	Option model	Correlation in %	5	70	30
	35		Prepayment rate in %	23	28	25
	1		Volatility in %	80	80	80
of which equity/index-related products	1,003					
of which	513	Option model	Correlation in %	(60)	100	57
	434		Volatility in %	1	275	26
	11		Buyback probability in %	50	100	70
of which credit derivatives	552					
of which	–	Discounted cash flow	Correlation in %	97	97	97
	109		Credit spread in bp	2	1,033	99
	51		Recovery rate in %	–	–	–
	159		Discount rate in %	8	27	16
	–		Default rate in %	1	20	4
	219		Funding spread in bps	112	115	113
	–		Loss severity in %	29	85	69
	–	Option model	Prepayment rate, in %	–	7	4
	–	Market comparable	Price, in %	100	110	100
Other	**254**					
of which trading	20	Discounted cash flow	Credit spread in bp	6	8	8
	222	Market comparable	Price in %	–	106	73
of which loans held-for-sale	70	Market comparable	Price, in %	–	99	75
Loans	**561**					
of which commercial and industrial loans	421					
	362	Market comparable	Price in %	25	103	100
of which loans to finance institutions	137					
	54	Discounted cash flow	Credit spread in bp	256	717	716
	55	Market comparable	Price, in %	108	108	108

As at 31 December 2019 Group (USD million except as indicated)	Fair Value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average
Liabilities at fair value (USD million)						
Derivatives	**2,753**					
of which interest rate products	154					
of which	32	Option model	Correlation, in %	5	100	30
	14		Mean reversion, in %	(10)	15	(3)
	87		Prepayment rate, in %	1	28	7
	5	Discounted cash flow	Funding spread, in bps	115	115	115
of which foreign exchange products	110					
of which	14	Option model	Correlation, in %	55	55	55
	34		Prepayment rate, in %	23	28	25
	5	Discounted cash flow	Contingent probability, in %	95	95	95
	32		Credit spread, in bp	47	147	71
of which equity/index-related products	1,829					
of which	86	Option model	Buyback probability, in %	50	100	70
	619		Correlation, in %	(50)	100	66
	1,116		Volatility, in %	–	275	25
of which credit derivatives	660					
of which	–	Discounted cash flow	Correlation, in %	97	97	97
	282		Credit spread, in bp	2	1,033	127
	–		Default rate, in %	1	20	4
	159		Discount rate, in %	8	27	15
	6		Funding spread, in bps	112	154	137
	–		Loss severity, in %	29	85	69
	107		Recovery rate, in %	–	49	23
	–		Funding Spread, in %			
of which	–	Option model	Prepayment rate, in %	–	8	5
Debt in issuance	**1,951**					
of which structured notes over two years	1,545					
of which	932	Discounted cash flow	Credit spread, in bp	8	1,260	66
	–		Recovery rate, in %	25	40	37
	–		CS own spread, in bps	(2)	23	13
of which	240	Option model	Buyback probability, in %	50	100	70
	244		Correlation, in %	(50)	100	59
	–		Credit spread, in bp	(2)	32	18
	21		Gap risk, in %	–	2	–
	107		Volatility, in %	0	275	22
of which other debt over two years	150					
of which	113	Option model	Buyback probability, in %	50	100	70
	16		Correlation, in %	(50)	100	66
	11		Gap risk, in %	–	2	–
of which structured notes between one and two years	239					
of which	13	Option model	Buyback probability, in %	50	100	70
	48		Correlation, in %	25	92	51
	–		Credit spread, in bp	(15)	15	6
	64		Gap risk, in %	–	2	–
	94		Volatility, in %	11	100	43
Borrowings	**617**					
of which	273	Option model	Buyback probability, in %	50	100	70
	112		Correlation, in %	(50)	100	46
	–		Credit spread, in bp	(40)	15	5
	32		Gap risk, in %	–	2	–
	192		Volatility, in %	12	99	43
Other Financial liabilities designated at fair value	**166**					
of which failed sales	115	Market comparable	Price in %	–	58	54

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 previous tables. The level of aggregation and diversity within the financial instruments disclosed in the tables above result in certain ranges of significant inputs being wide and unevenly distributed across asset and liability categories.

Discount rate

The discount rate is the rate of interest used to calculate the present value of the expected cash flows of a financial instrument. There are multiple factors that will impact the discount rate for any given financial instrument including the term and the underlying risk of the expected cash flows.

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

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

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

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

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

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

Price
Bond equivalent price is a primary significant unobservable input for bonds and loans. Where market prices are not available for an instrument, benchmarking may be utilised to identify comparable issues (same industry and similar product mixes) while adjustments are considered for differences in deal terms and performance.

Buyback probability
Buyback probability is the probability assigned to structured notes being unwound prior to their legal maturity.

Gap Risk
Gap risk is the primary significant unobservable input for fund linked Constant Proportion Portfolio Insurance ('CPPI') products and structures where the payoff may be sensitive to "discontinuity" in the hedging portfolio.

Mean Reversion
Mean reversion is the primary significant unobservable input for callable Constant Maturity Swap ('CMS') spread exotics and represents the idea that prices and returns eventually move back towards the historical average.

Funding Spread
Funding spread is the primary significant unobservable input for SPV funding facilities. Synthetic funding curves which represent the assets pledged as collateral are used to value structured financing transactions. The curves provide an estimate of where secured funding can be sourced and are expressed as a basis point spread in relation to the referenced benchmark rate.

Basis Spread
Basis spread is the primary significant unobservable input for non-callable constant maturity treasury-CMS products and is used to determine interest rate risk as a result of differing lending and borrowing rates.

Contingent Probability
Contingent probability is the primary significant unobservable input for contingent foreign exchange forward trades where the delivery or exercise and the premium payment are contingent

on an event such as completion of an M&A deal or regulatory approval for a product.

Sensitivity analysis of unobservable input parameters
The fair value of certain financial instruments recognised in the Condensed Consolidated Interim 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:

	Impact on net income/(loss)	
	Favourable changes	Unfavourable changes
As at 30 June 2020 (USD million)		
Derivative assets and liabilities	321	(336)
Assets-backed securities, loans and derivatives	1	(1)
Debt and equity securities	66	(51)
Loans and advances	49	(47)
Total	**437**	**(435)**

	Impact on net income/(loss)	
	Favourable changes	Unfavourable changes
As at 31 December 2019 (USD million)		
Derivative assets and liabilities	233	(275)
Assets-backed securities, loans and derivatives	–	(1)
Debt and equity securities	53	(44)
Loans and advances	21	(17)
Total	**307**	**(337)**

When the fair value of an instrument has multiple unobservable inputs, there is assumed to be no correlation between those inputs, as such the total sensitivity reflected in the table may be larger than if correlation had been included in the analysis. The analysis also ignores any correlation between the different categories of financial instruments listed in the table.

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

Asset backed securities, loans and derivatives include, ABS CDO and balance guaranteed swap positions. ABS CDO positions were subjected to sensitivities to underlying asset prices, as well as recovery rates on the underlying assets. The underlying asset prices were subjected to a range of downward movements with no movement up. Balance guaranteed swap positions were subjected to sensitivities on prepayment speeds which were estimated based on management's assessment of fast/slow notional bands for movements up and down.

Debt and equity securities include equity fund linked products, variable funding notes and corporate and emerging market bonds. The primary parameters subjected to sensitivity analysis for equity fund linked products and variable funding notes include price, gap risk and secondary market reserves. Price sensitivity is generally estimated based on a +/- bump in the price of the underlying security. Gap risk sensitivity is estimated by using limited pricing service information and valuing to the conservative side of the range of values. The parameter subjected to sensitivity for emerging market positions is price.

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

Recognition of trade date profit

If there are significant unobservable inputs used in the valuation technique, the financial instrument is recognised at the transaction price and any profit 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 profit or loss at the beginning and end of half year with a reconciliation of the changes of the balance during the year:

	6M20	2019
Deferred trade date profit (USD million)		
Balance at the beginning of period	503	458
Increase due to new trades	241	219
Reduction due to passage of time	(44)	(73)
Reduction due to redemption, sales, transfers or improved observability	(98)	(101)
Balance at the end of period	**602**	**503**

25 Financial Instruments Risk Position

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

There have been no material changes in the risk management policies since the year ended 31 December 2019.

Development of trading portfolio risks

The table below shows the trading related market risk exposure along with foreign exchange and commodity risks in the banking book for the CSi group, as measured by ten-day holding period, 99% confidence level Value at Risk ('VaR'). The VaR model used by the CSi group 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

	Interest rate and credit spread	Foreign exchange	Commodity	Equity	Diversification benefit [1]	Total
6M20 (USD million)						
Average	66	5	3	27	(60)	41
Minimum	16	2	1	12	– [2]	15
Maximum	151	10	8	58	– [2]	84
End of period	102	5	4	32	(89)	54
2019 (USD million)						
Average	28	6	4	17	(26)	29
Minimum	18	3	2	8	– [2]	16
Maximum	49	17	9	43	– [2]	57
End of period	20	3	3	13	(20)	19

[1] VaR estimates are calculated separately for each risk type and for the whole portfolio using the historical simulation methodology. Diversification benefit reflects the net difference between the sum of the 99% percentile loss.
[2] As the minimum and maximum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification benefit.
[3] Along with the trading related market risk exposure, foreign exchange and commodity risks in the banking book is included in the VaR computation.

VaR results

The Bank's ten-day, 99% regulatory VaR as at 30 June 2020 was USD 53 million (31 December 2019: USD 19 million). The increase in VAR is mainly driven by increased Equity and Credit Spread risks from the positions within the Global Markets division due to the COVID-19 pandemic market impact.

Various techniques are used to assess the accuracy of the VaR model used for trading portfolios, including back-testing. The Bank performs back-testing using both i) actual and ii) hypothetical daily trading revenues. These daily trading revenues are compared with VaR calculated using a one-day holding period for the trading related market risk exposure. A back-testing exception occurs when either revenue type presents a loss in excess of the daily VaR estimate.

For capital purposes, a back-testing multiplier is added to the capital multiplier and increases (up to a maximum of 1) for every back-testing exception over four in the prior rolling 12-month period. This is calculated using the higher number of exceptions under either actual or hypothetical daily trading revenues. The back-testing multiplier is equal to 0.85 as the Bank had nine back-testing exceptions in the 12-months period ending 30 June 2020 mainly driven by the abrupt increase in market volatility due to the COVID-19 pandemic (31 December 2019: one).

Interest rate sensitivity position in the non-trading portfolio

Interest rate risk on banking book is measured using sensitivity analysis that estimates the potential change in value resulting from changes in interest rate yield curves. The impact of a one-basis-point parallel move on the fair value of interest rate-sensitive positions would be USD 0.1 million as at 30 June 2020 compared to USD 0.07 million as at 31 December 2019.

Non-trading interest rate risk is also assessed using the potential value change resulting from scenarios prescribed by BCBS 368 which include parallel shifts, flattening, steepening and shock to the short end of the yield curves.

As at 30 June 2020, the worst fair value potential impacts were driven by a downward shock of the short term interest rates leading to a fair value loss of USD 21 million. In comparison, the 31 December 2019 worst fair value potential impacts were generated by a downward shock of short term interest rate driving a fair value loss of USD 24 million.

Counterparty exposure before Collateral by rating

	6M20		2019	
	USD million	%	USD million	%
AAA	1,216	3	768	2
AA+ to AA-	10,981	27	8,499	26
A+ to A-	12,006	29	9,302	28
BBB+ to BBB-	10,128	25	8,691	26
BB+ to BB-	2,751	7	2,097	6
B+ and below	4,046	10	3,846	12
	41,128	**101**	**33,203**	**100**

Unsecured exposure by rating (including provisions)

	6M20		2019	
	USD million	%	USD million	%
AAA	385	2	203	2
AA+ to AA-	6,012	36	4,091	28
A+ to A-	3,425	20	3,217	22
BBB+ to BBB-	2,990	18	3,178	22
BB+ to BB-	1,333	8	1,205	8
B+ and below	2,646	16	2,517	18
	16,791	**100.00**	**14,411**	**100**

Credit Risk Overview

Credit risk exposure (defined as the current mark-to-market value of traded products and committed amounts for loans, net of risk mitigation such as collateral, credit insurance, guarantees, etc.) increased by 17% to USD 16,791 million from December 2019 to June 2020. This increase was driven by market moves for uncollateralised derivatives, higher CCP margining and new loan facilities for corporate clients. The portfolio remains weighted towards strong counterparties in industrialised countries, with 76% of exposure rated investment grade.

The main drivers of exposure are derivatives and lending, which account for USD 11,179 million and USD 4,663 million of exposure respectively. Derivatives exposure increased by USD 3,775 million versus December 2019, while lending exposure reduced by USD 1,501 million.

The top exposures by industry are shown in the following table. Central Clearing Counterparties make up 36% of exposure with the Sovereign and Securitisation sectors being the next largest at 6%.

Industry	High Risk	Current Exposure (USD bn)	Current Exposure Net of Risk Mitigation (USD bn)	Net Exposure as % of Total Exposure
Commercial & Investment Banks		11.35	0.42	3%
Central Clearing Parties		6.11	6.11	36%
Other Financial Companies		3.87	0.48	3%
Asset Management & Investment Funds		2.99	0.52	3%
Insurance		2.13	0.33	2%
Sovereigns, Monetary Authorities, Central & Development Banks		1.92	1.00	6%
Securitizations		1.74	1.02	6%
Hedge Funds & Funds of Hedge Funds	Y	1.53	0.54	3%
Pension Funds		1.53	0.24	1%
Telecommunications		1.20	0.63	4%
Food, Beverage and Tobacco Manufacturing		0.94	0.80	5%
Services		0.83	0.66	4%
Oil & Gas	Y	0.75	0.51	3%
Utilities		0.59	0.54	3%
Media		0.58	0.33	2%
Other Industries		3.08	2.65	16%
Total		**41.13**	**16.79**	**100%**

CRM maintain a Watchlist which serves as a tool for monitoring and reporting counterparties with negative factors requiring enhanced monitoring but which are not severe enough for the counterparty to be considered impaired. Watchlist counterparties are classified as Amber when they are performing but potential weaknesses (early signs of potential financial difficulty) have been identified which require closer and continuous monitoring. Counterparties are classified as Red if they are performing but well-defined weaknesses and actual stress are apparent; there are increasing signs of declining credit worthiness but those signs are not yet severe enough to indicate impairment. During H1 2020, there were a number of additions to the Watchlist, and exposure on the Watchlist increased from USD 222 million in December 2019 to USD 778 million in June 2020 (4.6% of all exposures). As at June 2020, 22% of Watchlist exposure is classified as Red.

IFRS 9 expected credit losses have increased from USD 17 million in December 2019 to USD 34 million in June 2020, owing to the COVID-19 crisis and the subsequent change in economic outlook which has been reflected in updated economic scenarios. Further reasons behind this increase include counterparty rating downgrades, counterparties moving to Stage-2 and increased balance drawdowns.

CSi realised losses from three counterparties in H1 2020 totalling USD 156 million of which the majority was directly attributable to the COVID-19 impact on the market.

26 Subsidiaries and Associates

Composition of the CSi group

CSi has interests in a number of entities where it has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of these entities are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The following table sets forth the full list of related undertakings in subsidiaries of the CSi group owns, directly or indirectly.

Composition of the CSi group

Entity Name	Domicile	Currency	Percentage of ownership held June 2020	Percentage of ownership held December 2019
30 June 2020				
AI3 (USD) Segregated Portfolio	Cayman Islands	USD	100	100
Ajanta Limited	Gibraltar	EUR	100	100
Andrea Cell 1000 EUR	Jersey	EUR	100	100
Andrea Cell 1000 USD	Jersey	USD	100	100
Andrea Investments (Jersey) PCC (MASTER VEHICLE)	Jersey	GBP	100	100
Andrea Investments (Jersey) PCC: 1000	Jersey	USD	100	100
Argentum Capital Series 2015-25, 2015-51, 2016-20	Luxembourg	USD	–	100
Argentum Capital Series 2015-53, 2016-06, 2015-79, 2014-9	Luxembourg	USD	100	100
Argentum Capital Series 2015-71	Luxembourg	USD	100	–
Argentum Capital Series 2018-64	Luxembourg	USD	–	100
Arundel (International) Limited	Gibraltar	EUR	100	100
Bellingham Properties Limited	Gibraltar	EUR	100	100
Boats Investments (Jersey) Ltd Series 557,567,568,577,587,590,600,603,605, 608,613,619,620,621,627,628,630,631,632,633,634,637,639,641,642,643,645,645	Jersey	USD	100	100
Boats Investments (Jersey) Ltd Series 605,618,624,638	Jersey	USD	–	100
Boats Investments (Jersey) Ltd Series 646,647,648,649	Jersey	USD	100	–
CARMF Alternative 1	France	USD	100	100
Carmil Properties Limited	Gibraltar	EUR	100	100
Cepheus Holdings Limited	Gibraltar	EUR	100	100
Clearwater Seller Limited	United Kingdom	USD	100	100
COXARO HOLDINGS LIMITED	Cyprus	USD	–	100
Crown Alternative Investments (Segregated Portfolio)	Cayman Islands	USD	–	100
Custom Markets QIAIF plc	Republic of Ireland	USD	100	100
Dutch Holding Rembrandt B.V.	Netherlands	EUR	–	100
Dutch Property Company Rembrandt 1BV, 2BV, 3BV, 4BV, 5BV,6BV,7BV,8BV,9BV	Netherlands	EUR	–	100
Global Bond Fund	Republic of Ireland	USD	100	100
HOLT Emerging Markets Equity Fund	Republic of Ireland	USD	100	100
Interleuvenlaan 15 Real Estate Ltd	Gibraltar	EUR	100	100
Kaylen Properties Limited	Gibraltar	EUR	100	100
Mistral (SPC) (MASTER VEHICLE)	Cayman Islands	USD	100	100
Mistral (SPC) Long/Short Equity	Cayman Islands	USD	100	100
Morstan Investments B.V.	Netherlands	USD	100	100
New Jersey S.A.	Luxembourg	EUR	100	100
Ramper Investments (Jersey) Limited – Series 13	Jersey	USD	100	100
SAPIC Separate Account EV (Ecureuil Vie) Segregated Portfolio	Cayman Islands	USD	100	100
Silver Hake Limited	Gibraltar	EUR	100	100
Simplon Capital Ltd. SPC – Alphalgo Seg Port (EUR) FLP3457	Cayman Islands	EUR	100	100
Sontex (International) Limited	Gibraltar	EUR	100	100
Weiveldlaan 41 Real Estate Ltd	Gibraltar	EUR	100	100
Westwood S.A	Portugal	USD	100	100
YI Active Spezial ESPA Fund.	Austria	EUR	100	100
Zephyros Limited	Cayman Islands	USD	100	100

27 Subsequent Events

Organisation structure changes and investment initiatives

On 30 July 2020, the Chief Executive Officer of CSG announced key initiatives to reinforce the CS group strategy. This included an announcement of the CSG Boards decision to create a single, globally integrated Investment Bank ('IB') through the combination of the existing GM, IBCM and APAC Markets businesses to achieve critical scale. A new Sustainability, Research & Investment Solutions ('SRI') function will be launched at the CSG Executive Board level, underlining the sharpened focus on sustainability. Existing Risk Management and Compliance functions will be combined into a single integrated Chief Risk and Compliance Officer function to unlock potential global synergies. Certain refinements and investments in growth measures will be introduced in the SUB, International Wealth Management and APAC divisions.

The IB division will be based on a platform built on sales and trading, underwriting and advisory and will include the creation of a Global Trading Solutions ('GTS') unit through the combination of the existing successful businesses of ITS and APAC Solutions. The intention is to capture growth opportunities through investments in a capital-light advisory franchise with a focus on the technology and health care sectors and to enhance Environmental, Social and Governance ('ESG') underwriting and advisory with the support of SRI.

This does not impact the segment reporting disclosure as of 30 June 2020. The impact of this announcement on the segment reporting for future reporting periods are under evaluation, results of which will be published in the 2020 Annual Report.

Corporation tax rate

As per the UK budget announcement on 11 March 2020, the reduction of the UK corporation tax rate from 19% to 17%, which was to become effective from 1 April 2020, was repealed. This tax rate change was substantively enacted on 17 March 2020. The Finance Act 2020 giving effect to this tax rate change received Royal Assent on 22 July 2020.

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